Sharegain

# T+1 is coming

# Next stop T+0?





info@sharegain.com

sharegain.com

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Next year, the US Securities and Exchange Commission (SEC) is shortening the standard trade settlement cycle from the current two days (T+2) to one day:

**T+1 = Trade date + 1 day**

This new settlement period applies to securities traded on stock exchanges, bonds, municipal securities, and mutual funds traded via brokerages.

## Why?

- ▲ Increase efficiency in the market
- ▲ Improve capital requirements
- ▲ Promote investor protection
- ▲ Serve as a catalyst for industry change

- ▼ Reduce firms' open exposures over the settlement period
- ▼ Reduce margin requirements
- ▼ Reduce liquidity risk

The move in the US will put pressure on other major markets – where the US goes, the EU usually follows, and often APAC too.

# The challenge

The shortened settlement lifecycle involves major adjustments, meaning successful implementation and adoption will have multiple dependencies:

- Investment in operations and technology
- Market infrastructure support
- Compliance costs
- Risk mitigation
- Disruption to existing processes.

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The SEC estimates the change will cost the industry up to:

**$4.9B** to implement[1] → **$5.5M** In compliance cost per institution

[1]https://www.sec.gov/rules/proposed/2022/34-94196.pdf

# How will this affect securities lending?

## Custodians

borrowers, lenders, agents and collateral managers need to adjust to the new shortened funding model and mobilization of collateral, amongst other considerations.

## Accuracy of booking

will be incredibly important – right first time becomes the minimum standard, as there will be less time to remediate errors in advance of settlement.

## Firms

will have only one day to source required inventory from the street, when looking to meet funding obligations or other securities deliveries.

## Corporate event

cycles will change (record dates and everything else), as processing of announcements will be shorter.

## Recalls

Firms working on batched, end of day cycles will need major infrastructure updates to manage new compressed timelines.

# What does this mean for Sharegain's clients?

SLaaS → T+1

Sharegain's SLaaS (Securities Lending as a Service) was built to deal with trades in real time.

Meaning our lenders are far less impacted by the shift to T+1.

### Sales & recalls shift together to T+1

Lenders will need to implement new operations to comply with the new cycle with borrowers.

SLaaS takes care of it all, plus gives clients full control through a real-time dashboard.

### Corporate events

Changes in existing announced dates will need to shift accordingly in the schedules.

SLaaS manages this process and accommodates any necessary market shifts in this space.

### Global lenders

Lenders that cater for borrowers on a global basis will need to have operations across time zones.

SLaaS works in real time across geographic boundaries and time zones.

# What about T+0?

## Whether it’s T+1 or T+0, Sharegain is ready

SLaaS caters for intraday files and even real time sales, recalls, settlement and exposure management, making it the perfect platform for global securities lending operations.

Whether it's T+1 or T+0, our tech and team of experts will support you with any aspect of adjusting your securities lending activity.

Earn your share.

[Contact us to out find how]

With securities lending, as with other investment activities, your capital may be at risk.

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info@sharegain.com

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