



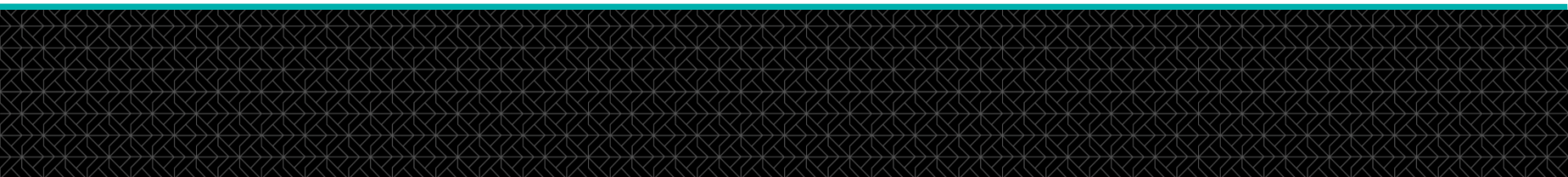
Securing Today. Shaping Tomorrow.®

Anatomizing the Pain of Trade Exceptions

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Agenda

1

Listening to the Industry

- Movement to T+2 Settlement – Need for greater automation
- Industry Feedback and Analysis

2

Introducing DTCC Exception Manager

- Primary Objective and Functionality
- Community Building Efforts

Global Shortening of the Settlement Cycle (T+2)



- **US / Canada in September 2017**
- **Mexico, Argentina, Peru also moved to T+2**
- **EU in October 2014**

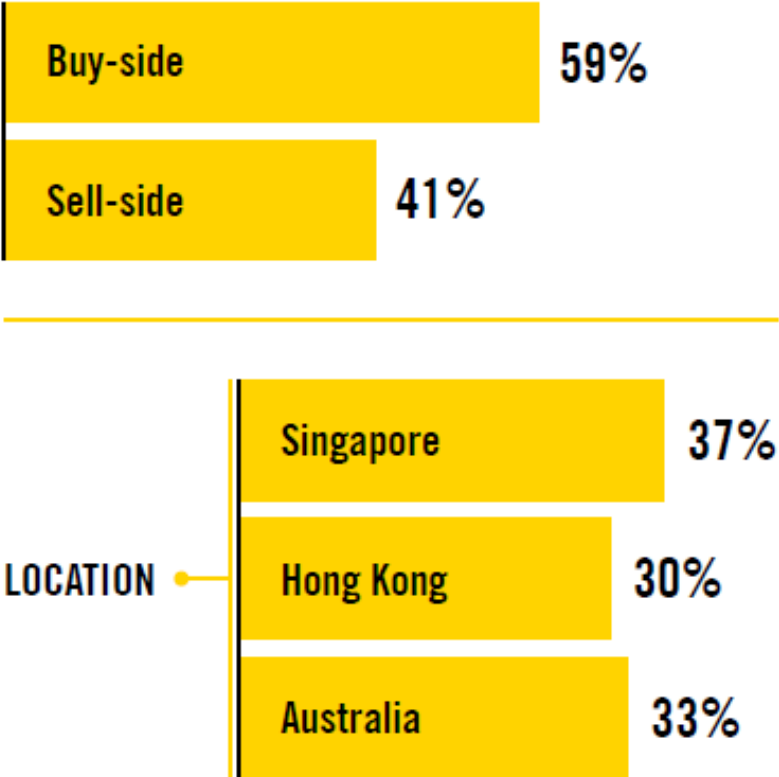
Asia:

- Thailand was one of earliest movers to T+2
- Singapore as moved to T+2 settlement in 2018
- Malaysia has just recently moved to T+2
- Rest of SEA expected to follow-suit

2% of Trade Failure translates to USD 3 Bn in losses!

Industry's View on Trade Exceptions

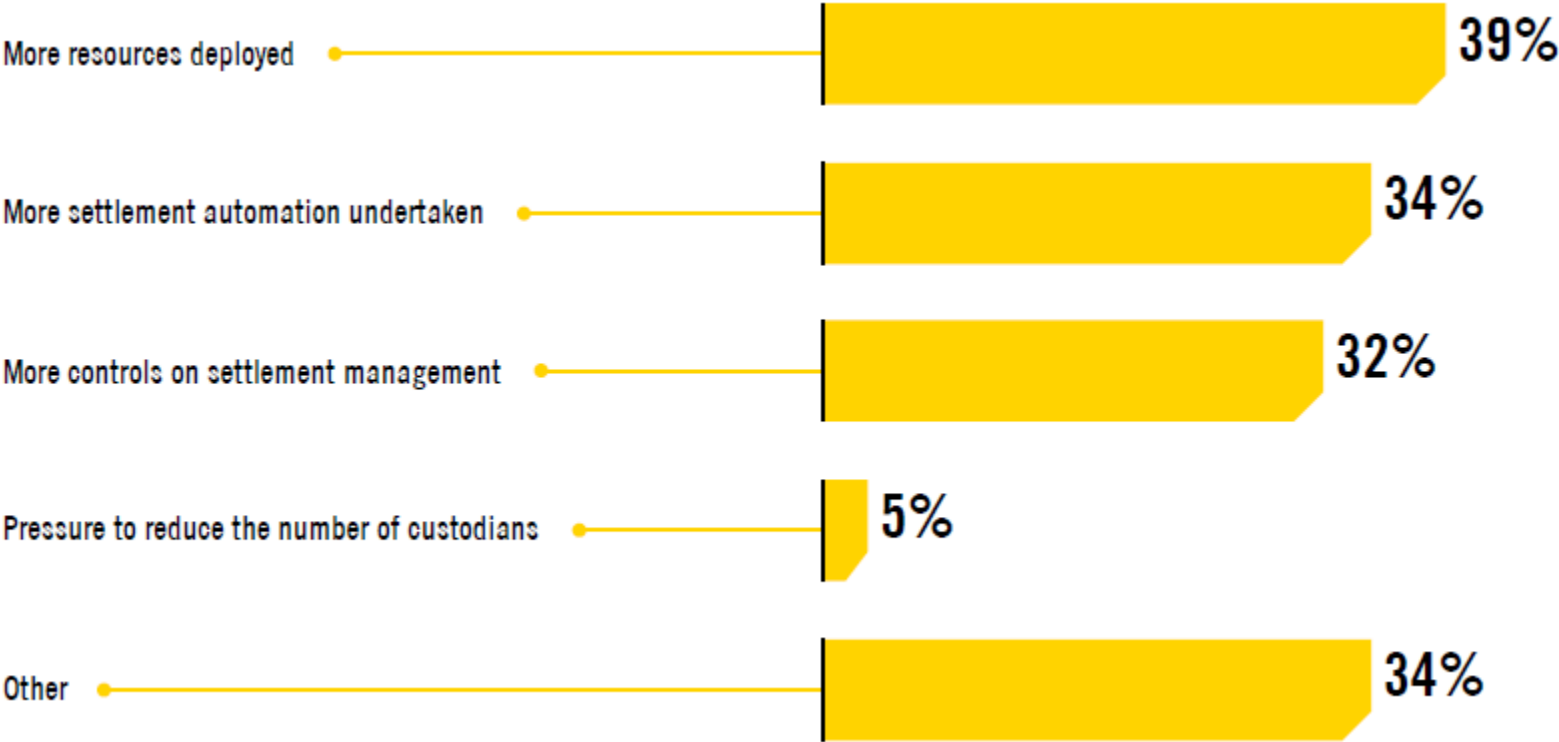
RESEARCH PARTICIPANTS



Industry's View on Trade Exceptions

T+2 IMPACT ON TRADE SETTLEMENT

QUESTION:
*With key markets in Asia Pacific moving to T+2, how has this impacted your operational management of trade settlement?
(Multiple response permitted)*

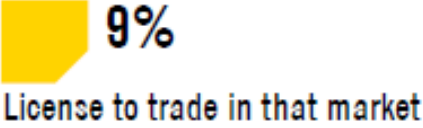


Industry's View on Trade Exceptions

SETTLING TRADES ON TIME

QUESTION:

What is your firm's primary concern if trades are not able to settle on settlement date?

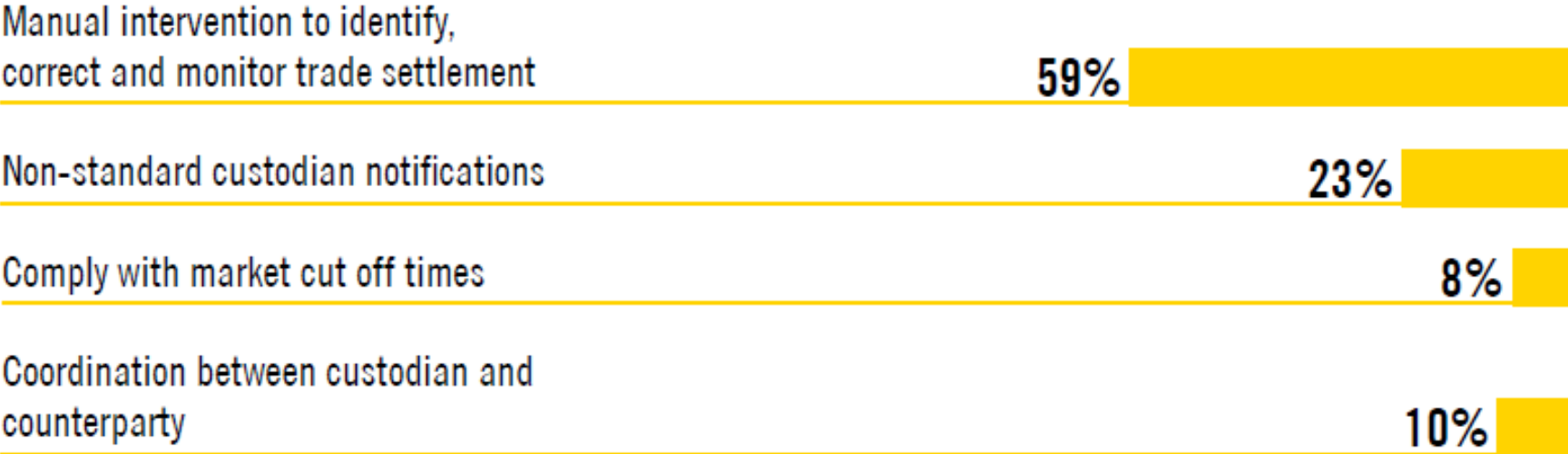


Industry's View on Trade Exceptions

TIME MANAGING TRADES

QUESTION:

Which of the following consumes a significant amount of your firm's time when managing and monitoring trades on settlement?



Industry's View on Trade Exceptions

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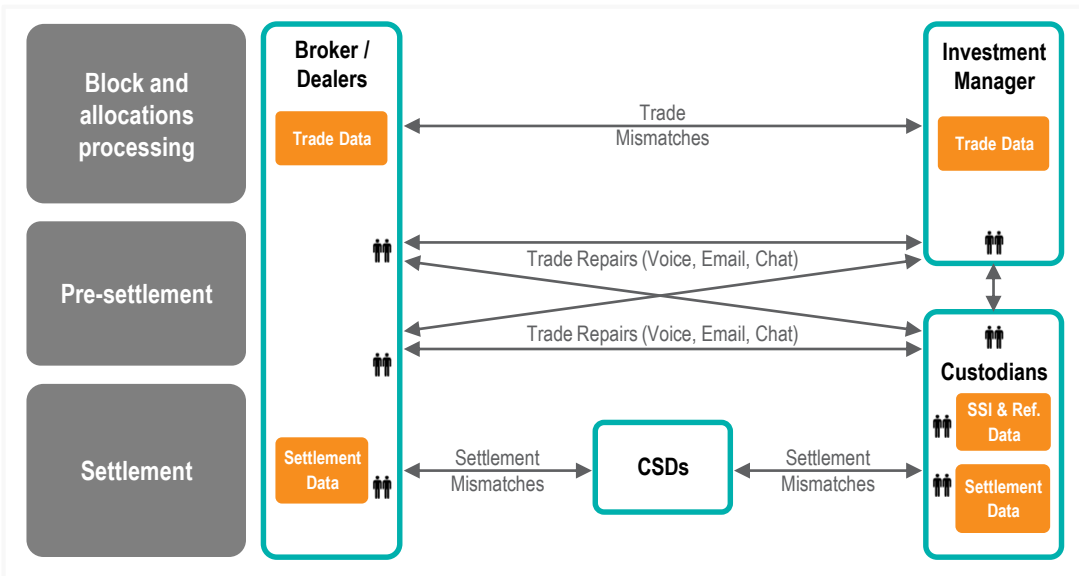
Biggest Pain Points in Manual Processing:

Email Communication between counterparties

Missing or incomplete standing settlement instructions

Different platforms / teams managing post trade allocation, confirmation matching, pre-settlement processing

Current State Exception Processing



Key Challenges:

Data consolidation – across systems, counterparties, market infrastructures

Exception handling is cumbersome, overwhelming

Buy-side and outsourcers

- Often no view into settlement finality until after settlement date
- Dealing with multiple brokers and custodians on bilateral basis with disparate data sources

Broker

- Significant resources devoted to pre-settlement & fail exceptions
- Difficulties in researching mismatched trades and fails

Custodian

- No visibility on issues with trade prior to settlement
- Trade failures driving work and introducing risk into corporate action processing

DTCC Exception Manager

DTCC Exception Manager

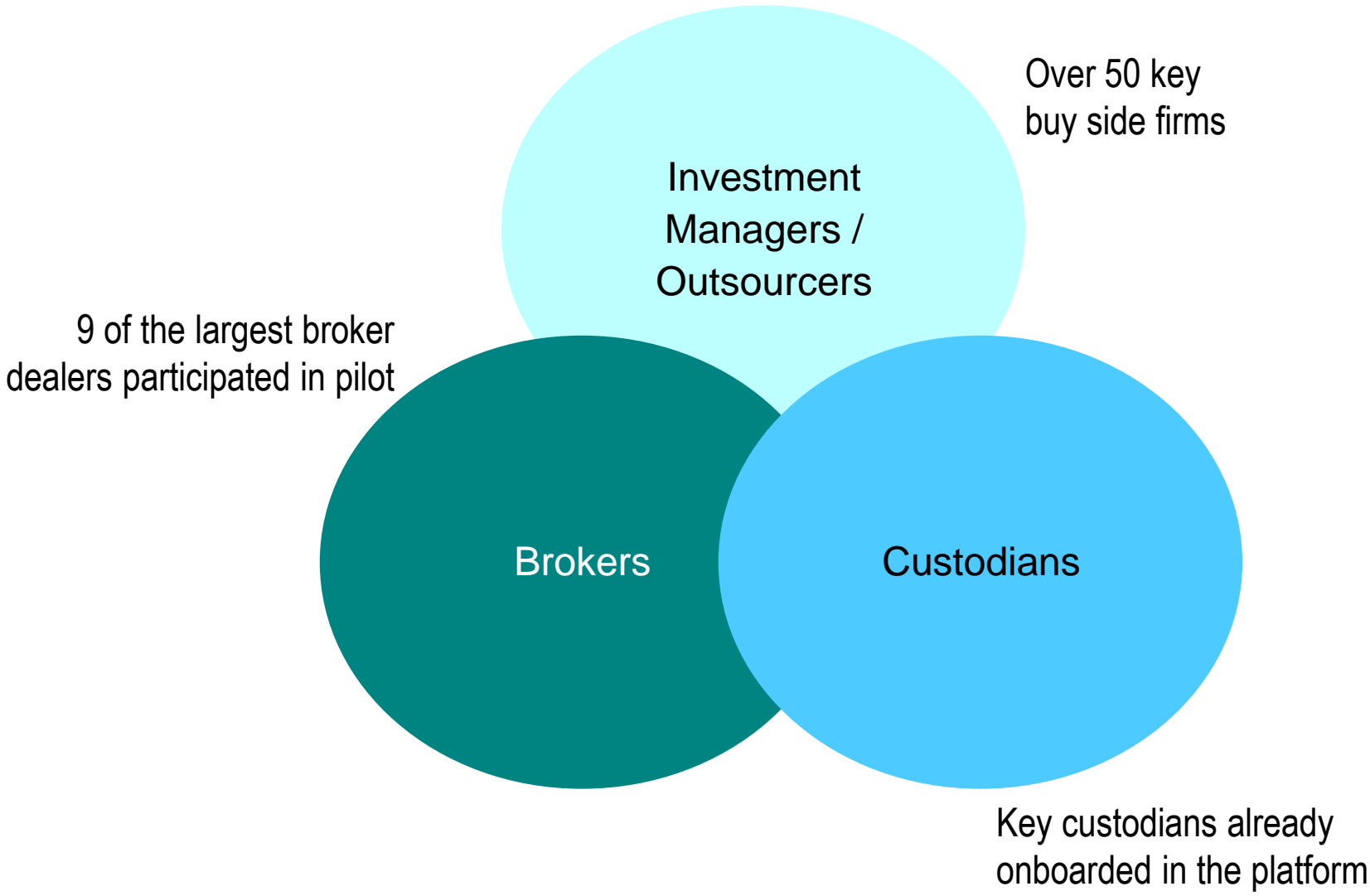
Central portal for the entire industry, providing single view of all exceptions

A configurable risk **dashboard** with the ability to measure and chart exceptions based on your risk criteria, organized your way, with trade drill-down capability. Customizable views.

Efficient work **assignment** and **collaboration** on exceptions with assignment to staff, enabling resolution between different groups.

Communication functionality linked to exceptions, audit trails and reports based on customizable fields.

Roadmap – Community Building



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