

Delta Capita

A PRYTEK Financial Services Business

Achieving Post Trade Efficiency
in response to CSDR, T+1 and future shorter
settlement cycle market objectives

October 2023

Xceptor **SSIMPLE**

Settlement Fails Continue | Regulatory & Market Impact

CSDR has been in operation since 2022, yet the market continues to struggle in meeting its settlement expectations



It is estimated that over **€1.6 billion*** in cash penalties were issued to T2S market investment banks for settlement fails **in 2022**, according to the European Central Bank (ECB)



Despite year-on-year increases in cash penalties from 2019 to 2022, trade settlement efficiency has **decreased by 4.34%***



Upon the go-live of **T+1 settlement**, AFME estimates market participants will be moving from having **12 hours** to **2 hours** of post-trade operations time, **an 83% reduction****

With T+1 expecting to go live in the US in May 2024 and other markets expected to follow suit, firms should already be in peer testing and achieving >90% T+1 settlement rates

What are the blockers? | Operational Bottlenecks

SSI inefficiencies and unstructured data in settlement processes caused 30-40% of securities trading settlement fails

These fails resulted in an estimated €473 million in losses within the T2S network in 2022*

80% of time is spent processing 20% of trades; a huge operational overhead



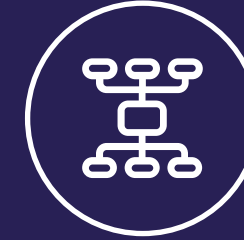
MANUAL SSI DATA MANAGEMENT

- ▶ Over **5 million** SSIs sit outside of industry standard platforms
- ▶ These SSIs carry significant operational overheads due to completely manual processes
- ▶ This is further exacerbated due to organisational silos



INEFFICIENCIES IN TRADE CONFIRMATIONS

- ▶ A significant proportion of confirmations are still processed outside of electronic platforms like CTM
- ▶ All transactions between counterparties with non-ALERT SSIs need to be processed manually either via emails or PDF
- ▶ This exposes transactions to increased settlement failure risk



BLOCK TRADES AND ALLOCATIONS

- ▶ Many clients still send allocation messages via email, PDF, and fax (**unstructured data sources**)
- ▶ This increases the **operational risk** around processing settlement instructions
- ▶ **Mismatches are not spotted early, and not enough time is available for reconciliations and remediation** to adhere to T+1



Cost of doing nothing?

- ▶ Heightened possibility of failures and continued financial losses through CSDR fines
- ▶ Increasing cost of operations; cost per trade has increased more than 60% for some of our clients
- ▶ Increased reputational loss as the market transitions to T+1

Why partner with Delta Capita? | Our Expertise

We are experts in capital markets and the post trade lifecycle. We support our clients to achieve increased efficiency within SSI Management, Trade Confirmations and Block Allocation processes by combining our consulting & operational services with innovative technology offerings.



Consulting and Delivery

Accelerate process reengineering, automation adoption, organisational change, and improve post trade efficiency across multiple functions with the help of our expertise



Operational Services

We Provide low-cost operational capacity, industry-leading training, industry best practices, and regulatory compliance support to support BAU post trade activities at scale



Technology-enabled solutions

We enable you to adopt and embed best-in-class Post Trade tooling to give you a competitive edge

Automating SSI Management

With
SSIMPLE
Xceptor

Automate SSI management processes that are not on the ALERT ecosystem and provide centralised SSI management, gaining access to an extensive library of pre-validated SSIs at trade capture

Automating Trade Confirmations

With
Xceptor

Automatically generate formal confirmation documentation in defined formats and match incoming confirmations across any asset class; **proven to achieve 95% STP**

Automating Block Allocations

With
Xceptor

Capture, process, aggregate, and validate structured, semi-structured and unstructured client-provided allocation data from multiple formats; **proven to improve processing time by 86%**