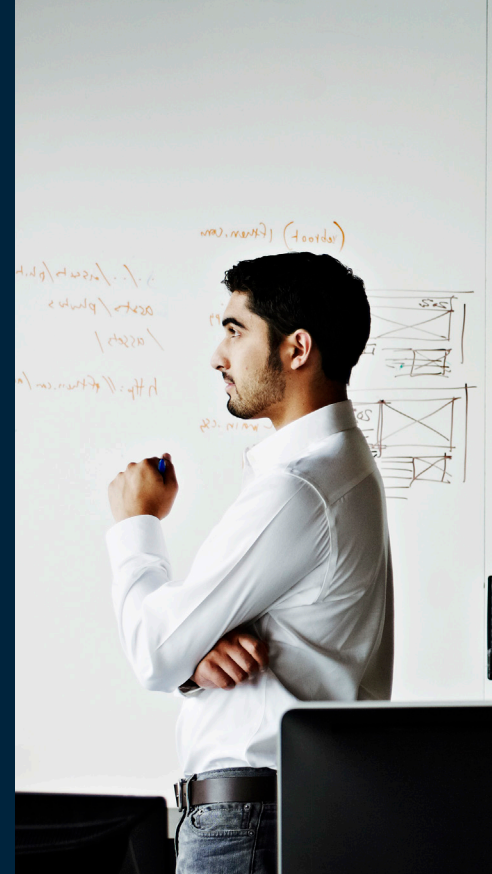


CUSTODY CLIENTS: ARE YOU PREPARED FOR T+1?

FEBRUARY 2024



By taking these steps, clients and investors can better prepare for the T+1 settlement transition. A proactive approach can set you up for compliance, operational readiness and continued efficiency in the financial activities of your organization.

TRADE TIMING



- **Get Ready for More Timely Instructions**
Prepare for less time between trade date and settlement date as of May 28, 2024.
Does your current operating model give adequate coverage?
Do you batch process items EOD, and should these be moved up and processed intraday?
- **Consider Time Zone Impacts**
Review the timing of USD, MXN and CAD transactions.
Should you change operating hours to meet the new settlement deadlines?
- **Manage Trading Partners**
Talk to investment managers, brokers and other trading partners.
Can they support confirmations and settlements during North American trading hours?
- **Be Set for Trade Matching (Canada Only)**
Prepare to meet the pre-matching deadline to be compliant with the NI 24-101 requirements.

AFFIRMATION MODELS (DTCC)



- **Determine the Appropriate Affirmation Model for your Business**
BNY Mellon has three compatible affirmation models for clients: BNY Auto-Affirmation, Auto-Match, or Third-Party Affirmation, or alternatively, you can choose to Self-Affirm using other industry products. For more information, ask your BNY Mellon representative for our Trade Affirmation factsheet.
- **Apply for a TradeSuite ID**
Regardless of U.S. Security and Exchange Commission (SEC) requirements, we encourage all clients to get their own Institution TradeSuite ID (TSID). Using your own TSID will give you greater transparency into the process and access to more options for trade management.
- Apply for a TSID before February 28, 2024. For more details, read the [information on TSIDs from the U.S. Depository Trust and Clearing Corporation \(DTCC\)](#).

RECORDKEEPING



- **Understand Rule 204-2**

If Rule 204-2 is applicable to you, consider the recordkeeping impact.

Will you need to make specific changes to meet the requirements, such as creating and recording details of allocations, confirmations, and affirmations, including date and time stamps?

Following SEC requirements, SEC-registered Investment Advisors must keep timestamped records of allocation, confirmation and affirmation.

- As a Custodian, BNY Mellon does not have the full lifecycle of these transactions. So, these records are not available through a Custodian.
- Instead, we recommend using **DTCC Trade Archive**. For access, you will need a TSID registered in your organization's name.
- Apply for a TSID through DTCC no later than February 28, 2024, so you can be set up in time for May 28, 2024.

As previously mentioned, we encourage all clients to get their own TSID for full benefit of affirmation, regardless of SEC requirements. Clients that utilize their own TSID have greater transparency into the process and access to more options for trade management.

FX FUNDING



- **Assess the Impact on FX Funding**

Review your liquidity and FX requirements, including trading hours, timing of funding and automation. In particular, be aware of the impact on liquidity; the faster settlement cycle may affect cash and securities management. Other factors may present operational challenges too, so consider:

- Continuous Linked Settlement (CLS) deadlines and limited same-day capabilities.
- Your pre-funding requirements.
- Whether automated custody FX solutions would address operational issues with the shortened timeframe.
- Staffing support across time zones.

SECURITIES LENDING



- **Review the Costs, Benefits and Implications for Settlement Timing**

Review your security lending operating model to ensure the changes in timing do not impact your settlement rate. Focus areas will be ensuring notification of sales is sent to your lending agent as close to execution as possible, and that your agent has the ability to reallocate loans to ensure timely settlement.

CORPORATE ACTIONS



- **Consider the Global Impacts on Settlement Timeframes**

How will T+1 impact your entitlement processes, given the conversion of execution and record date?

Using automation in your Corporate Action processing can help with the shortened settlement window.

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