

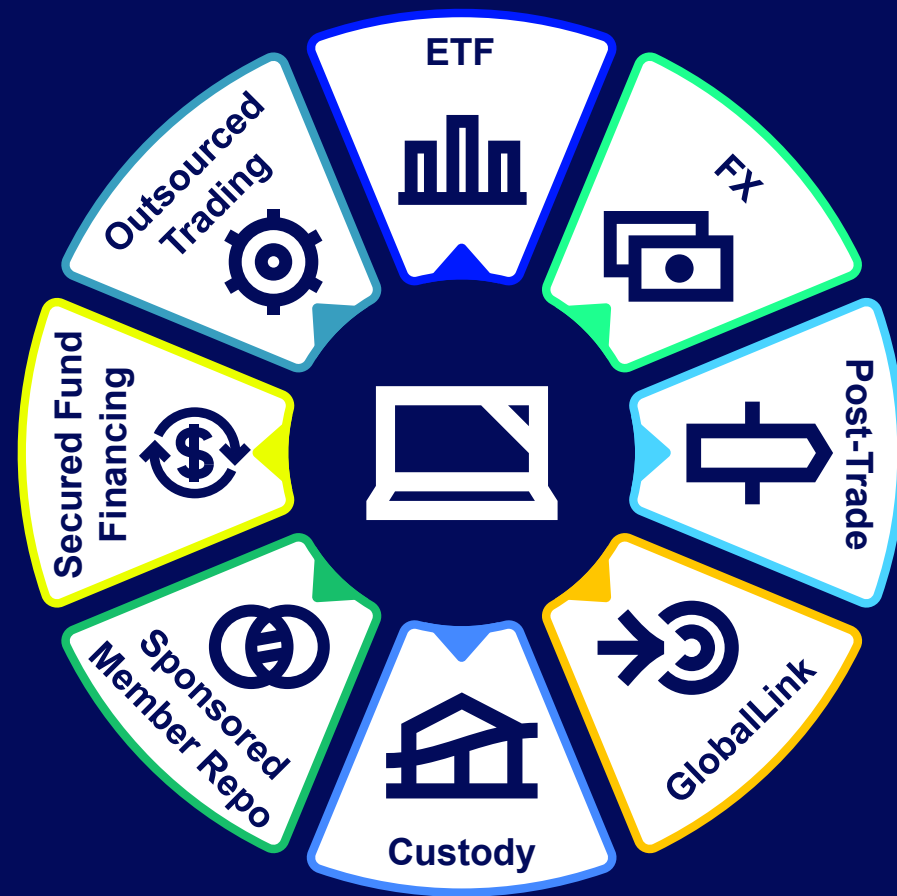


# Achieving T+1 Settlement

The coming shift to T+1 trade settlement for United States and Canadian securities on May 28, 2024, has large implications for investment managers and the industry as a whole.

Here's how State Street is supporting our clients with offerings that help manage the move to T+1.

Learn more at [statestreet.com/T-plus-1](https://statestreet.com/T-plus-1)



# Are You Ready?

The change is intended to reduce risk for market participants and promote greater efficiency and market liquidity, but early preparation is crucial as failure to adhere to the new deadlines may cause an increase in failed settlements and risk to a firm's reputation.

State Street has taken a proactive approach in responding to the T+1 shift by establishing an enterprise-wide response across our business lines and has directly engaged with multiple industry groups on advocacy, planning, and testing strategies.





# FX (Foreign Exchange)

Our StreetFX® and Indirect FX products can help investment managers address the risks and challenges associated with T+1 FX processing.

Our rules-based foreign exchange service enables investment managers to define their FX execution strategy and completely automate the FX trade execution lifecycle.

- Integration capabilities that capture FX requirements as soon as the related security is filled and booked (DTCC ITP CTM, FIX, SWIFT, File, middle office providers )
- Automatic generation of FX orders off the back of the linked security message- and custodian agnostic
- Clients can set pricing schedules to meet tighter custodian payment deadlines. Same day value pricing supported for State Street custody funds as well as 3rd party funds (with some exceptions )
- 24/6 high-touch oversight and triage of FX processing- from order delivery to settlement instructions to your custodian

- Automatic generation of FX orders off the back of the linked security message or standing instruction- sent directly to custody records
- Choice of 2 services to meet your workflow needs: multiple pricing times (gross pricing) throughout the day to minimize execution window from order receipt as well as once per day pricing service to benefit from net pricing. Same day value execution also available
- 24/6 high-touch oversight and triage of FX processing from order delivery to settlement



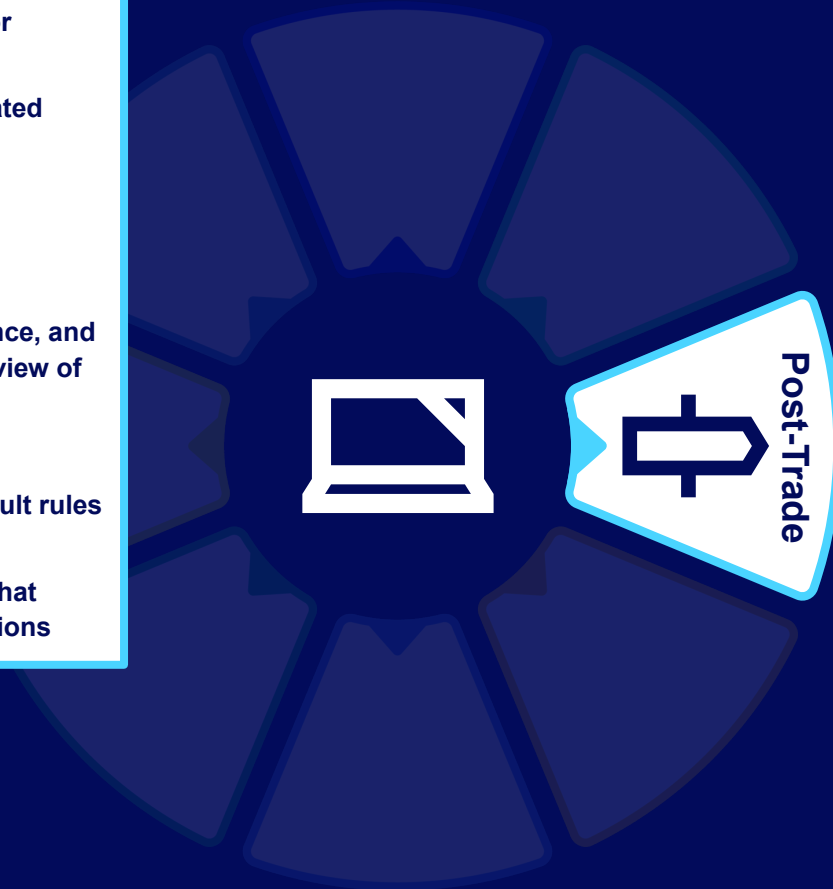


# Post-Trade & Settlement

Charles River's post-trade & settlement solution supports the automated, straight-through workflows needed for a smooth transition to T+1.

We offer centralized, post-trade processing with real-time, enterprise-wide visibility with end-to-end confirmation, reconciliation, and settlement workflows.

- Post-trade lifecycle management in one system for simplified workflows
- Centralized trade confirmation through an automated straight-through-processing workflow
- Central Trade Matching (CTM) match-to-instruct functionality
- Fast identification of failed trades and exceptions
- Dealers and traders, portfolio managers, compliance, and operations personnel all have the same real-time view of all post-trade processing activity
- Exception handling at the allocation level
- Consistent and accurate standing settlement default rules and instructions
- Automatic leverage of commission and fee rules that support override and post-trade matching corrections





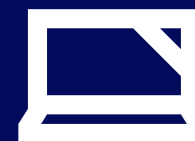
# GlobalLink

Our GlobalLink suite of technology solutions offer investment managers the ability to execute trades and process post-trade confirmations across multiple banks in a seamless and timely manner.

- FX Connect® offers “best-in-class” execution and allocations features allowing users to automate and streamline their trading workflows
- FX Connect has developed several leading-edge automated trading features such as, Auto Pilot which allows users to automatically create and submit sessions based on flexible, customized rules and Automated Order Router (AOR) which has the ability to auto-accept trades based on personalized parameters
- Users have the ability to create and submit sessions directly from their OMS, execute and return to the OMS filled – with no manual intervention. A user can override the FX Connect’s automation at any stage

- Post-execution, TradeNeXus™ offers a centralized dashboard for post-trade confirmations and matching, with direct integration with FX Connect and Charles River® Development
- TradeNeXus offers customized rules for matching, netting and multiple settlement workflows including CLSTradeMonitor for clients to view their CLSSettlement trades

- GlobalLink Digital™ platform allow users to create interoperable and customizable trading and workflow solutions with proprietary and 3rd party platforms
- GlobalLink Digital allows for a firm’s data to be shared with platforms of their choice based on specific criteria important to that user and/or that firm, making confirmations and settlements more timely





# Integrated Custody Services

Our integrated custody services offer a differentiated approach providing scale, proactive client engagement, and a singular focus on driving dedication and continuous improvement.

- Depending on client preference and requirements, State Street offers and supports three affirmation models for T+1 settlement. Direct Affirmation by the Investment Manager, a Direct Affirmation Hybrid Model and a delegation of the affirmation process to State Street
- Leverage State Street's resources and knowledge from our cross-organizational T+1 program and engagement within the industry regarding infrastructure, testing, conversion planning, and support for standardization of processes
- Member of the ALERT Global Custodian Direct (GC Direct) workflow automating the exchange of standing settlement instructions (SSIs) between a custodian's central repository and the ALERT host allowing State Street to own the SSI database creating a "Golden Copy" of SSI data
- Ability to create trade instruction from the Investment Managers automated affirmation without having to send a trade instruction
- Standing instruction service that automatically triggers FX execution from the security settlement messages available to our custody clients here at State Street
- Consult with clients using metrics to provide insight based on their specific needs

- Integration with DTCC products M2I and CTM fully automating the post trade process
- Integration with DTCC TradeSuite, an automated workflow process between the Investment Manager, the executing broker and DTCC



Custody



# Sponsored Member Repo (FICC)

For managers transacting across jurisdictions, shortened USD settlement cycles in comparison to other currencies and jurisdictions may present funding gaps.

Our Sponsored member repo (FICC) offering provides a highly liquid outlet to raise cash against US treasuries, providing USD liquidity to bridge funding gaps.

- Sponsored member repo allows buy-side firms to unlock the benefits of centrally cleared repo (competitive rates, high liquidity, reduced counterparty credit risk) without having to satisfy the obligations of a direct clearing member
- Counterparty Strength: FICC credit ratings: AA/A-1+ (S&P) and Aaa / P-1 (Moody's)<sup>1</sup>
  - Sponsored Member cash provider transactions are collateralized at 102%; allocated securities held in customer account at the Federal Reserve Bank of Boston

- Operational Ease: We manage infrastructure and trade activity. FICC guarantees settlement for all matched trades
- Capacity with Competitive Pricing: Greater capacity due to central counterparty's lower risk weigh under Basel III. Proven source of liquidity, including over month and quarter ends; Sponsored Member cash investors may transact until 5:00 p.m. ET, subject to market conditions



<sup>1</sup>As of December 31, 2021 source: FICC Credit Ratings



# Secured Fund Financing

For managers transacting across jurisdictions, shortened USD settlement cycles in comparison to other currencies and jurisdictions may present funding gaps that could trigger overdrafts.

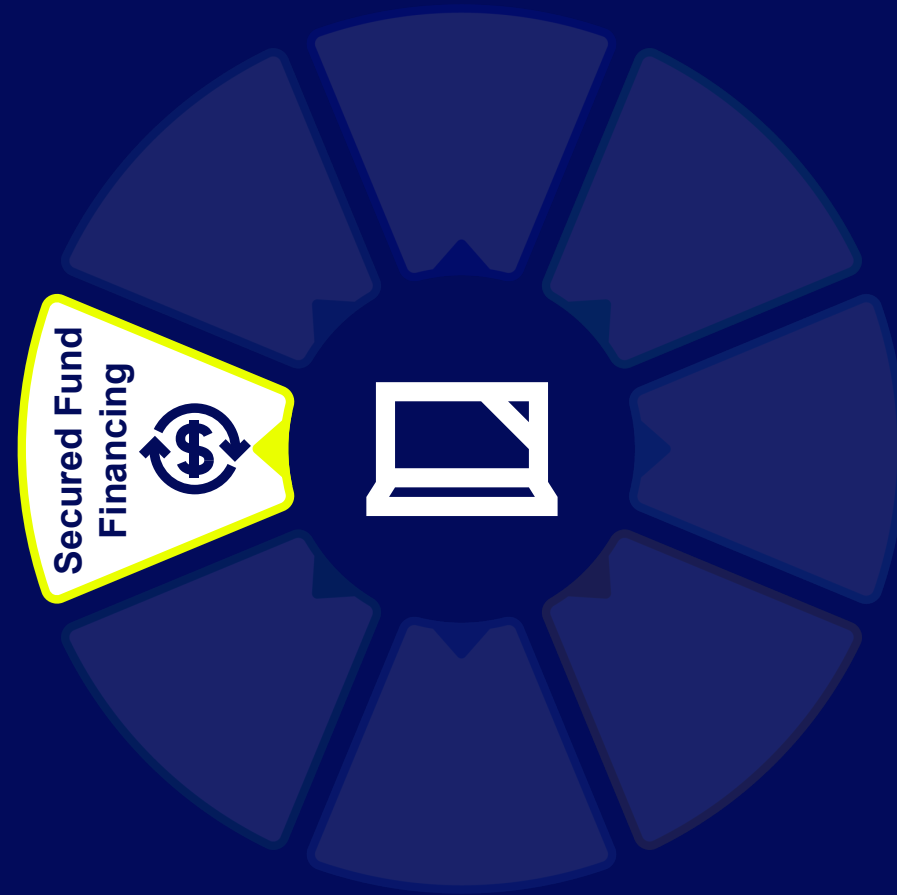
With an overdraft facility through Secured Fund Financing, a manager can pledge assets from their custody account to access cash for meeting funding gaps at flexible terms. Securities can then be re-hypothecated through State Street agency lending, a transparent and low-risk alternative to traditional re-hypothecation that helps make the overall facility pricing more competitive than a traditional leverage line

## Improved Transparency

Memo pledge long positions directly in your existing custody account, offering transparency over traditional rehypothecation. Holistic and flexible reporting on a daily, monthly or quarterly basis

## Operational Efficiency

Lending performed in-house by established agency program with robust operational safeguards, including dedicated counterparty risk management with client input. Expansion to existing custody relationship requires no complicated account adjustments.







# Outsourced Trading

The fast-approaching shift to T+1 trade settlement in the United States and Canada has major implications for investment managers and the industry.

Our Outsourced Trading capabilities help you navigate changing regulatory landscapes and market volatility by streamlining processes, reducing costs and integrating infrastructure to focus on core competencies crucial for your growth and alpha generation.

- Our 24/6 follow-the-sun support model and global footprint has us well positioned to support your Outsourced Trading needs
- With the shift to T+1, the trade allocation and affirmation process will begin in the evening (Eastern Standard Time). This can be a constraint for clients outside of North America. Our teams in global locations can facilitate and manage the settlement process in line with prescribed deadlines and avoid the risk of failed settlements

- Clients can execute with an agency, multi broker counterparty that sources and navigates liquidity from multiple channels, supported by market leading execution technology and algorithms
- Our bespoke agency liquidity pool can be leveraged to source off-market executions
- Investments in pre- and post-trade transaction cost analytics can be utilized to provide transparency, evaluate execution quality and improve execution outcomes





# ETF (Exchange-Traded Fund)

State Street TotalETF can facilitate the shift to T+1 settlement for our clients and the broader industry. Managing ETFs in a T+1 environment requires a controlled, automated, and expedited solution purpose-built to accommodate the nuances of the ETF lifecycle.

Our solution supports the entire lifecycle from the point of order via Fund Connect® to basket processing to primary market settlement through our ETF Global Platform.

## Fund Connect

- Pre-market order window to accommodate shortened settlement times
- Displays breakout of ETF share settlement from underlying basket settlement
- Supports extended or reduced settlement cycles in addition to T+1

## InvestTA / DTCC Team

- Enhancement to support earlier deposit of ETF shares for further delivery to the authorized participants

## Industry and Thought Leadership

- Hosted a client and issuer roundtable to discuss the changes associated with T+1, the impact to the ETF ecosystem and the role State Street will play to support our clients during this change
- Lead Securities Industry and Financial Markets Association (SIFMA) industry discussions for ETF workflow design supporting both T+1 and T+0



## ETF Global Platform

- Collateral enhancements to source prior day net (NAV) for any shortened settled orders
- Continuous net settlement (CNS) changes to support T+1 and T+0
- Collateral enhancements allow for same-day returns as well as calculation changes to reduce the collateral required.



# Learn more about our

# T+1 solution at:

[statestreet.com/T-plus-1](https://statestreet.com/T-plus-1)



# Disclaimers and Important Risk Information



This communication is not intended for retail clients, nor for distribution to, and may not be relied upon by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to applicable law or regulation. This communication or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of State Street.

State Street Alpha<sup>®</sup> is the business name of State Street Corporation<sup>®</sup>. Products and services are generally offered by State Street Bank and Trust Company or its bank and non-bank affiliates, and may not be available in all jurisdictions.

This document is a general marketing communication. It is not intended to suggest or recommend any investment or investment strategy, does not constitute investment research, nor does it purport to be comprehensive or intended to replace the exercise of an investor's own careful independent review and judgment regarding any investment decision.

This communication and the information herein does not constitute investment, legal, or tax advice and is not a solicitation to buy or sell securities or any financial instrument nor is it intended to constitute a binding contractual arrangement or commitment by State Street of any kind. The information provided does not take into account any particular investment objectives, strategies, investment horizon or tax status. The views expressed herein are the views of State Street as of the date specified and are subject to change, without notice, based on market and other conditions. The information provided herein has been obtained from sources believed to be reliable at the time of publication, nonetheless, we make no representations or assurances that the information is complete or accurate, and you should not place any reliance on said information. State Street hereby disclaims any warranty and all liability, whether arising in contract, tort or otherwise, for any losses, liabilities, damages, expenses or costs arising, either direct or consequential, from or in connection with any use of this document and/or the information herein.

State Street may from time to time, as principal or agent, for its own account or for those of its clients, have positions in and/or actively trade in financial instruments or other products identical to or economically related to those discussed in this communication. State Street may have a commercial relationship with issuers of financial instruments or other products discussed in this communication.

This document may contain statements deemed to be forward-looking statements. These statements are based on assumptions, analyses and expectations of State Street in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes appropriate under the circumstances. All information is subject to change without notice. Clients should be aware of the risks trading foreign exchange, equities, fixed income or derivative instruments or in investments in non-liquid or emerging markets. Derivatives generally involve leverage and are therefore more volatile than their underlying cash investments. Past performance is no guarantee of future results.

Japan: State Street Trust and Banking Co., Ltd. introduces and markets products and services of business of State Street to the customers in Japan. While State Street Trust and Banking Co., Ltd. also provides customer support, it does not necessarily act as a party of contract and/or dealing with the customers.

GenAlpha 2021-06.

To learn how State Street looks after your personal data, visit: <http://www.statestreet.com/utility/data-processing-and-privacy-notice.html>

State Street Corporation  
1 Congress St, Boston, MA 02114  
©2024 State Street Corporation and/or its applicable third-party licensor  
All Rights Reserved