

T+1 ACCELERATED SETTLEMENT – US, CANADA, AND MEXICO

CORPORATE AND INSTITUTIONAL BANKING
GLOBAL MARKETS
2024

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BNP PARIBAS

The bank
for a changing
world

The transition to T+1

THE U.S., CANADA, & MEXICO

On February 15th, 2023, the [U.S. Securities and Exchange Commission](#) (SEC) adopted certain amendments to rules shortening the settlement cycle for securities from T+2 to T+1. The same was followed in Canada and Mexico. **The effective date for the change for Canada and Mexico in-scope products is May 27th, 2024 and May 28th, 2024 for U.S. in-scope products.**

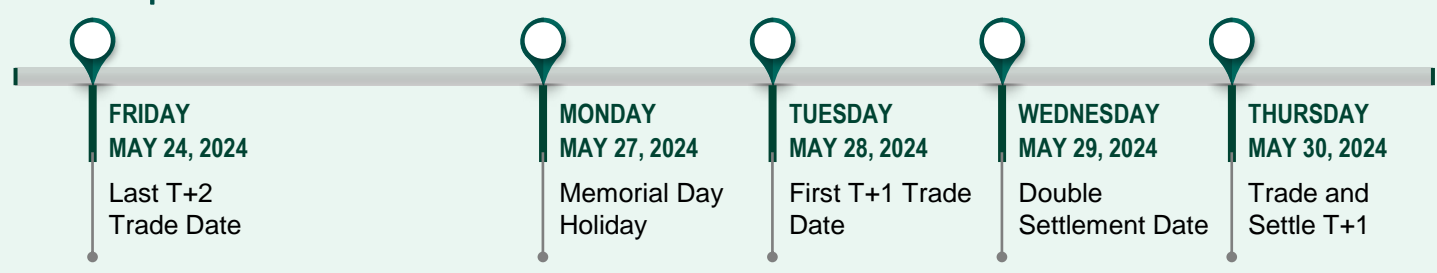
U.S. : Any U.S. security (regardless of their traded location) trading in the secondary market and currently settling at Depository Trust and Clearing Corporation (DTCC) on a T+2 basis will transition to T+1 settlement. The list of securities in scope, published by DTCC, is available at [T-1-Product-List \(dtcc.com\)](#). U.S. primary market securities are out of scope.

Canada : Canada will transition to T+1 settlement on May 27th, 2024. The list of securities in scope, published by the Canadian Capital Markets Association, is available at [Canadian T+1 Asset List](#).

Mexico : The Mexican Contraparte Central de Valores (CCV) and the Mexican Association of Brokerage Firms (AMIB) have also announced their [intention to transition to T+1 settlement](#), for Equities in the Domestic and SIC “Sistema Internacional de Cotizaciones” markets. If the Mexican Financial Authorities approve the request, **Mexico** will also transition to T+1 settlement on **May 27th, 2024**.

GO-LIVE DATES

U.S. | MAY 2024



CANADA/MEXICO | MAY 2024



ALLOCATION, CONFIRMATION & AFFIRMATION FOR TRADING LISTED SECURITIES

For U.S., Canada, and Mexico, after the T+1 effective date, the pre-settlement process will need to be completed earlier than current deadlines:

- **Allocations** must be completed by clients as soon as technologically practicable on trade date (T0), and **no later than the industry-recommended cut-off time of 7:00 p.m. U.S. Eastern Time (ET) on trade date (T0)**.
- Confirmations & Affirmations will need to be completed **no later than DTCC's new cut-off time of 9:00 p.m. U.S. Eastern Time on trade date (T0)**.

The transition to T+1

T+1 IMPLICATIONS

FX Settlement: EMEA and APAC clients who settle in local currency will need to review their FX procedures for their U.S., Canadian & Mexican trading activity. BNP Paribas is working to ensure that its FX trading desks globally are able to continue offering clients capacity to execute between U.S. Market Close and Continuous Linked Settlement (CLS) cut-off (6:00 PM ET). **Clients may need to pre-fund their trading activity if their current operations cannot support same day FX Settlement. This could potentially lead to a higher number of bilateral FX settlement outside of CLS.**



NON-STANDARD SETTLEMENT *for trading listed securities*

Non-Standard Settlement, if agreed by the parties at the time of transaction, will be possible after the T+1 effective date. However, the completion of the pre-settlement process on T0 will still be necessary. Pre-settlement activities that need to be completed on trade date (T0) include but are not limited to allocation, confirmation and affirmation.

OTC DERIVATIVES

It is not mandatory for OTC derivatives to transition to T+1 settlement. In order to align with the new cash settlement cycle, BNP Paribas is studying the possibility to transition some of them.



INTERNATIONAL CENTRAL SECURITIES DEPOSITORY (ICSD) SETTLEMENT

BNP Paribas will follow the SIFMA industry [voluntary recommendations](#) which were produced as guidance for industry participants engaged in the trading of dual/multi-listed securities and those which can be settled in multiple CSDs, including those outside of the US.

The transition to T+1

BNP Paribas READINESS

BNP Paribas has been testing end-to-end with DTCC since Aug 14th, 2023. BNP Paribas will be operating with extended support hours (until 9pm ET on trade date/T0) for operations to cater for the timetable changes, as well as reviewing our internal processes/procedures. BNP Paribas is regularly monitoring the allocation and affirmation timeliness metrics and will be reaching out to clients for un-allocated or un-affirmed trades on trade date. Systems impacting the trade lifecycle have been evaluated and changes implemented where necessary.



CLIENT AND PRODUCT-SPECIFIC RECOMMENDATIONS: Prior to May 27th, 2024, BNPP recommends clients to:

- Notify BNP Paribas about your **phone and e-mail distribution lists contacts for extended support hours** to cover any questions related to allocations, affirmations, confirmations including support team contacts for late submissions and exceptions.
- Update legacy technology systems and operational processes to handle allocations throughout the day giving as much time as required to process affirmations by the new deadlines.
- Verify the accuracy of your standard settlement instructions.
- Review internal procedures including your FX procedures for U.S., Canadian & Mexican trading activity following to the Global Foreign Exchange Division (GFXD) of the Global Financial Markets Associations (GFMAs) [recommendations for reducing settlement risk](#).

CLIENT ENGAGEMENT

We would like to hear from you on the below questions, please reply to t1.client.communication@us.bnpparibas.com to share your responses:

- If you send allocations after receiving trade information, are you able to send your allocations to us on trade date?
- Can you describe any challenges to submit your allocations to us by 7 pm ET? By what time do you expect to have submitted your allocations to us?
- Do you, your prime broker or your custodian plan to affirm the trades by 8 pm ET and no later than 9 pm ET on trade date?
- Will you have coverage to process any exceptions up until the affirmation cut off at 9 pm ET on trade date?
- For those trading multi-country / multi-region baskets with U.S. and non-U.S. underlying, would you expect the non-U.S. basket components to settle T+1 or the standard securities settlement cycle of the stock country of jurisdiction (T+2)?

To consult the latest update of this communication please use the following link : [Disclosures - Global Markets \(cib.bnpparibas\)](#)

ADDITIONAL INFORMATION

[T+1 DTCC website](#)

[SEC Information](#)

[Canadian Central Depository for Securities T+1 document](#)

[Canadian Capital Market Association website](#)

[Mexican CCV & AMIB Market Announcement](#)

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