

Less than 250 days remain until the T+1 transition date of May 28, 2024. As you wrap up the technical and operational changes and prepare for your client outreach program, Deloitte brings you a Client Stratification model to accelerate your journey.

Current State Challenges

Lack of a customized client communication model to address problematic client behaviors may introduce unnecessary risk into a T+1 settlement cycle.

Recommendations for firms

- Utilize metrics to understand deep-rooted client behaviors
- Begin stratification of client base according to high-risk behaviors in the current-state

Client Behavior and Requirements

Framework Creation	Metric Collation	Metrics Analysis	Client Stratification	Requirements Gathering
<p>The establishment of frameworks and operational metrics performance benchmarks to “bubble up” clients whose behavior requires remediation</p>	<p>The gathering of required metrics into a central point for each line of business to manipulate</p>	<p>Conducting deep dive analysis into the metrics, to understand patterns in client behavior, that will cause greater operational risk in a T+1 environment</p>	<p>Categorizing clients based on the following criteria:</p> <ul style="list-style-type: none"> - Identifying the highest-performing clients - Evaluating performance by product - Analyzing Primary client concerns within each (LOB) 	<p>Synthesizing the collected data, including stratified client rankings, and confirming requirements (including tailored materials and outreach strategies) for each line of business (LOB) client communication program</p>

Trade Lifecycle Attributes for Client Stratification

- 1 Allocations**

Evaluate T+0 Allocation Rates
 The 7pm ET trade allocation guideline in the future will play a pivotal role in meeting the 9pm ET trade affirmation deadline, maximizing trade settlements via Continuous Net Settlement (CNS).
- 2 Affirmations**

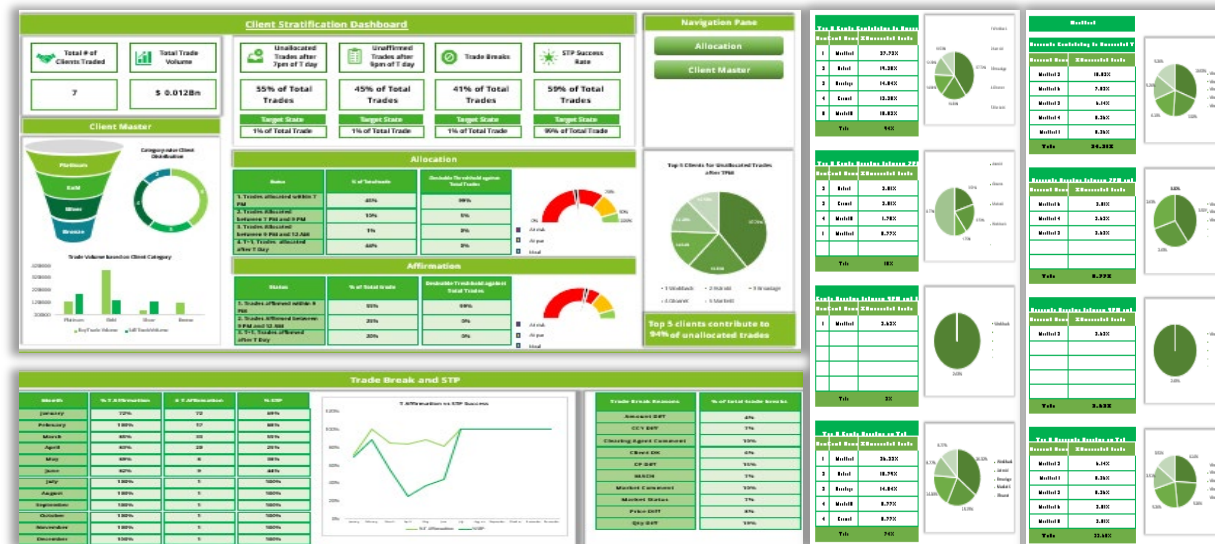
Assess T+0 Affirmation Rates
 Affirmation rates are crucial not only for showcasing improved operational performance to the U.S. Securities and Exchange Commission (SEC) but also for cost reduction and promoting CNS settlement vs. the day cycle.
- 3 Trade Breaks**

Analyze Trade Breaks
 Understanding rates of trade breaks, identifying clients responsible for majority of breaks, and pinpointing common types of trade breaks is essential for tailoring our client outreach efforts.
- 4 STP Trade Processing Rates**

Monitor STP Trade Processing Rates
 Straight-through processing (STP) trade processing rates are a general indication of operational efficiency throughout the trade lifecycle.

How can Deloitte help?

Deloitte's Client stratification model empowers your organization to categorize clients based on specific trade lifecycle attributes. The model also enables your organization to identify clients and corresponding accounts which may pose significant risk to overall settlement lifecycle.



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