

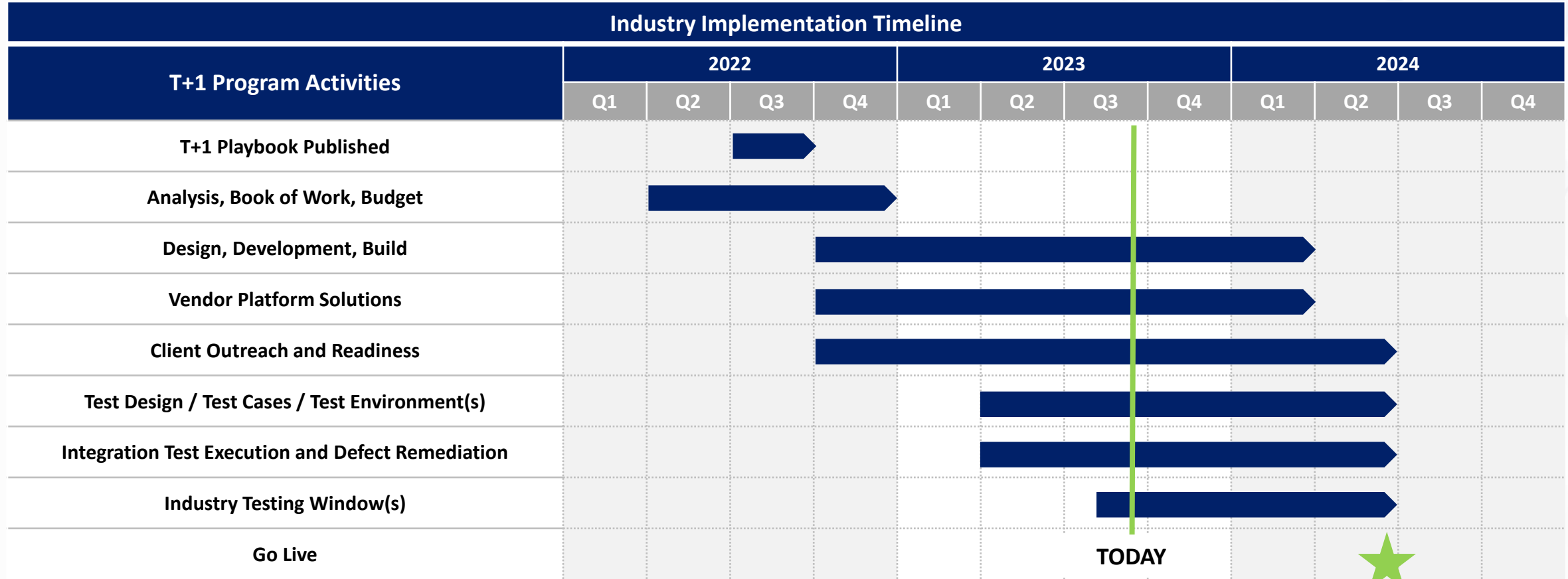


# T+1 Testing Readiness

September 2023

# Time is Ticking ...

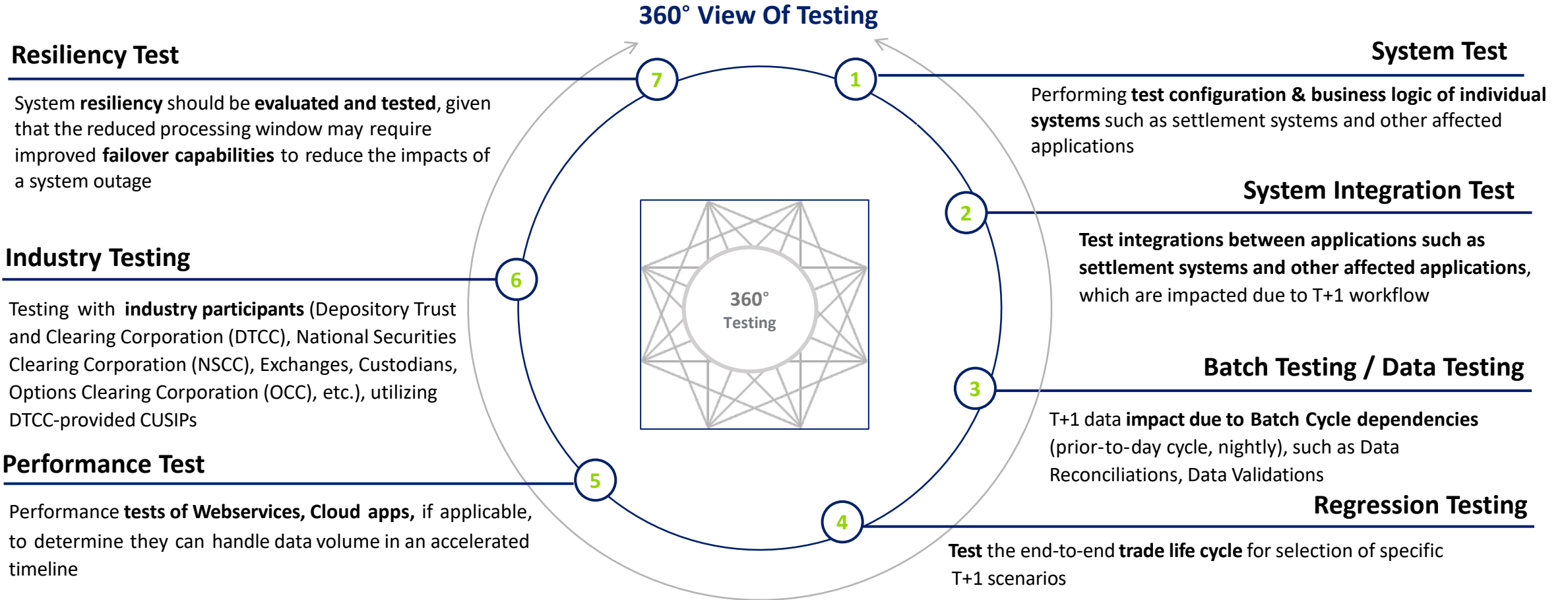
There are less than 265 days left until the T+1 transition date of May 28, 2024. Across industry participants, the expectation is that buy and sell-side firms are wrapping up their operational and technical changes and actively participating in testing and client outreach programs.



Canada will move to T+1 on May 27, 2024, one day earlier than the US, and will have its double-settlement day on the following Tuesday. The double settlement day for the US will be on the Wednesday following the transition date.

# A Holistic View of End-to-End Testing

To prepare for T+1 settlement, firms should consider a 360-degree view of testing. A carefully planned out and effectively executed end-to-end testing program will be pivotal to a effective T+1 migration.



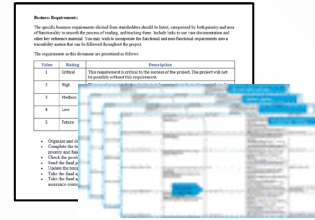
# Getting Started with Testing

Industry participants should develop test plans to align with a demanding T+1 testing schedule. Testing cycles begin mid-August, with opportunities to test various market scenarios iteratively until the T+1 transition date next May.

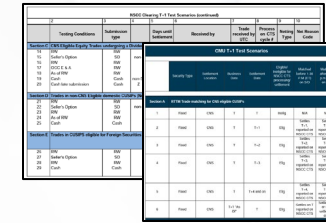
## Key Activities

- Initiate **testing programs** for all relevant lines of business at the enterprise level to determine coordination and consistency
- Identify in-scope **products, processes** and **applications** for all LOBs, and begin conversations with vendors to identify *their* testing timelines and other dependencies
- Confirm all **operational** and **technical gaps** have a **remediation** plan and defined requirements to leverage for baseline E2E testing scenarios
- **Requisition** necessary **test environments** and begin connectivity to industry environments per instructions from the DTCC
- Outline all **test data** required for **E2E** and **industry** test execution
- **Understand** enterprise-wide **testing tollgates** or documentation required to confirm adherence to policies during test execution (e.g., overarching test strategy document)

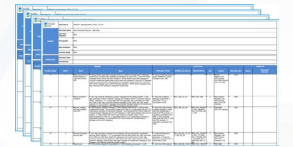
## Key Artifacts



**Business Processes** and BRDs/FRD drive the E2E Test Scenarios



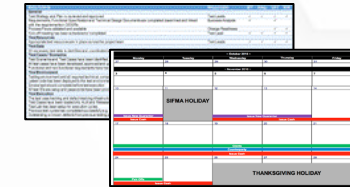
**Test Scenarios** (starting set found from DTCC)



**Test Cases & Scripts** (inherited from SIT, UAT)



**Test Data** (captured from DTCC, key vendors and select counterparties)



**Test Calendar & Entry / Exit Criteria** (incl. of DTCC's Holiday and COAC testing)

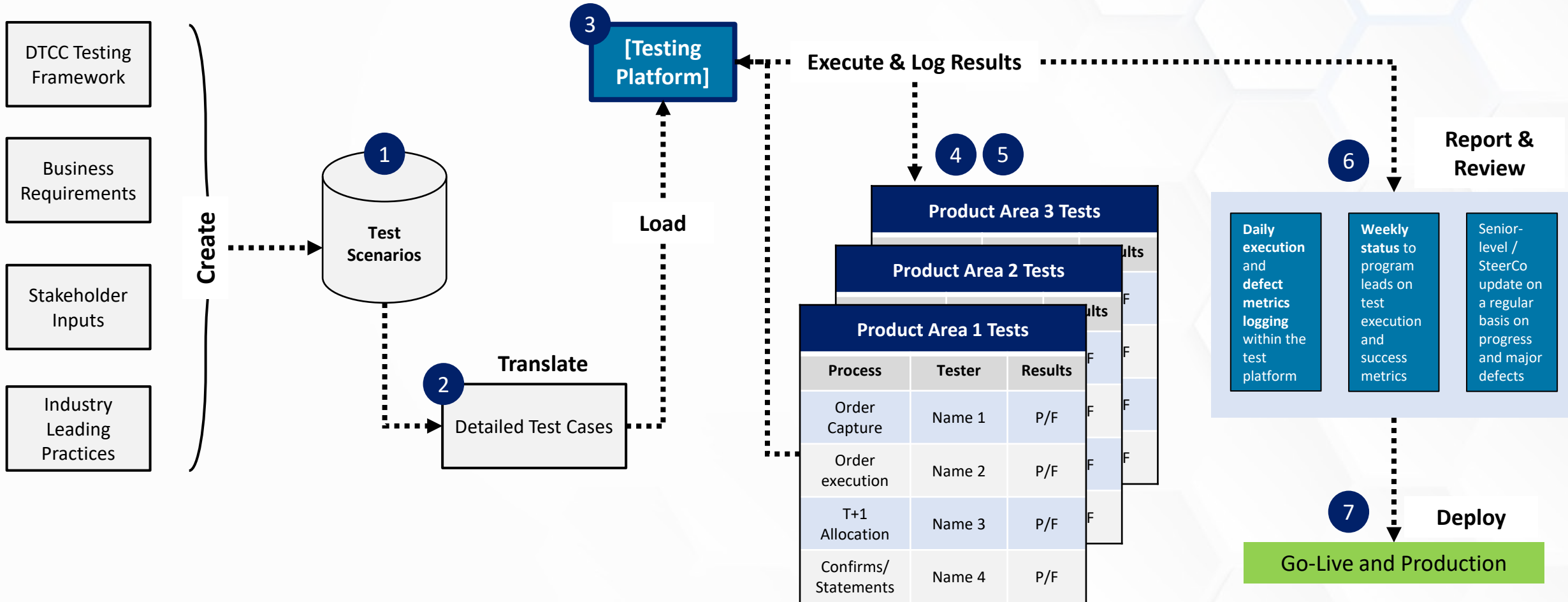


**Test Execution Runbooks**, with use of Automation Tools, as available

The SEC and US regulators are looking to assess T+1 readiness across the industry. It will be important for banks to be ready to execute basic test trade scenarios in the industry environments during the testing windows. Regulators urge participants to test early and often to avoid environment overcrowding and outages.

# Test Planning and Execution Flow

Planning and organization is key for determining potential impacted areas and scenarios are tested across the end-to-end execution lifecycle.



Product Area 1 Tests		
Process	Tester	Results
Order Capture	Name 1	P/F
Order execution	Name 2	P/F
T+1 Allocation	Name 3	P/F
Confirms/ Statements	Name 4	P/F

# Resiliency Testing is Crucial

The changing industry operational timelines will be a challenge to manage on the “happy path”. However, firms should also think about what happens when things go wrong; how will they respond to outages and system down-time in a T+1 environment?

## “Never down”

- Firms should re-evaluate their outage policies and consider how they will respond

## Creating diverse test cases

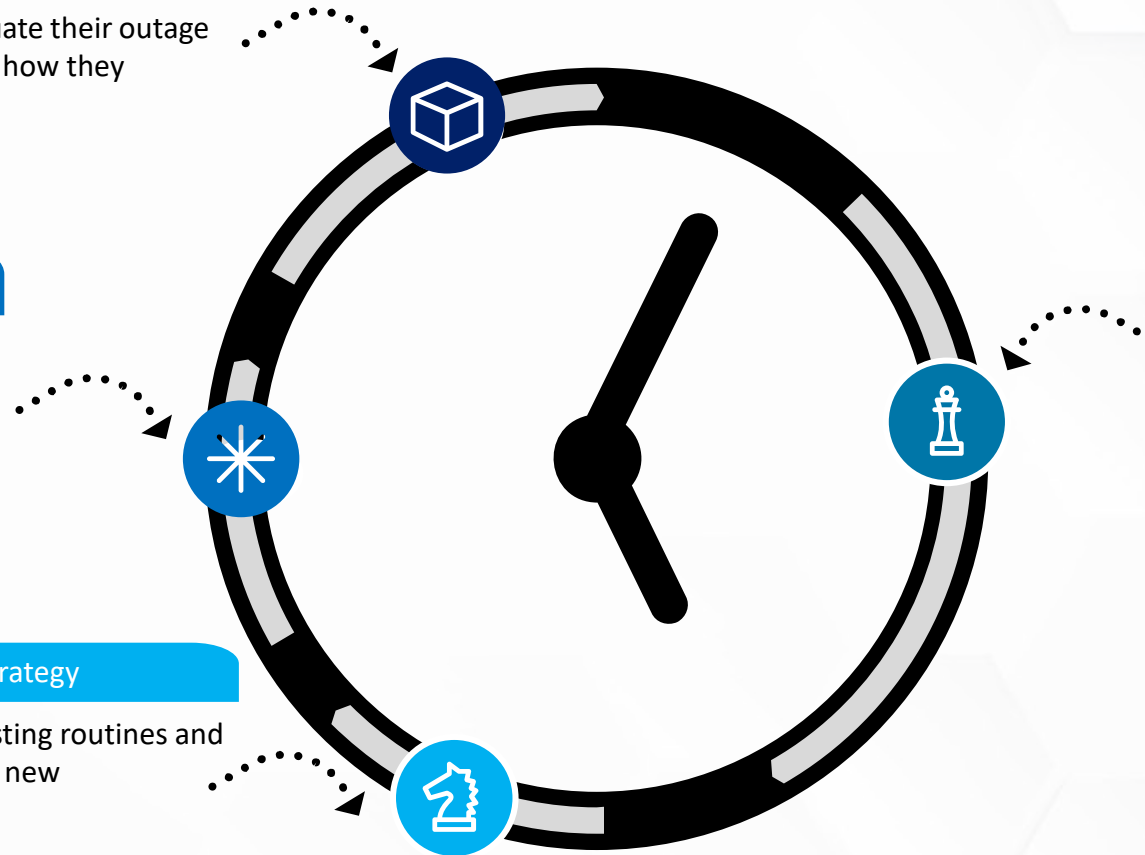
- Test cases and scripts should consider an element of resiliency to account for potential system down-time

## Reviewing your technology and data strategy

- T+1 will require careful review of existing routines and strategy to meet the demands of the new industry reality

## Disaster recovery teams

- How firms respond to outages today won't be sufficient in T+1
- Firms should consider where teams are located and whether they will be able to respond to outages and downtime as efficiently as they need to



# How Deloitte Can Help

With over 25 years of industry experience and a pool of subject matter specialists and highly skilled professionals, Deloitte is well positioned to assist with advising, implementing, and operating a T+1 Testing Program.

## 1 Advise

- **Test Strategy:** We bring leading practices and demonstrated test governance and frameworks for detailed test activities, including entry and exit criteria, specific milestones, test cycles, roles and responsibilities
- **Resource planning:** We can help you plan resources for each phase of testing, define resourcing requirements, and identify specific performance matrices
- **Industry Forums:** Participate in industry working groups to determine test scenarios are updated to incorporate insights to open items needing industry / SIFMA input

## 2 Implement

- **Customize Testing Automation Framework:** With an “Automated First” Mindset, we will deploy our automation frameworks optimizing value through automation and reducing costs of testing cycle
- **Unit and Integration testing:** We can help in performing unit testing of all applications that have undergone changes to support T+1 and help building the Integration Points (one application above the unit application and one down from the unit application) and connect the dots internally with the overall IT infrastructure with producing & consuming systems
- **Front-to-Back Testing:** We have experience around testing internal infrastructure with third-party Vendor/Client feeds (both sending & receiving data e.g., files, real time messages)

## 3 Operate

- **Test Regime:** Establish persistent testing regime that will allow you to build your post-trade infrastructure on a regulatory change mandate
- **Test Design and E2E Test Scenario Suite:** We have developed a T+1 ready Test Suite of 150+ test scenarios which can be deployed giving you a head start
- **Alliances and Tools:** Deloitte has long standing alliances with leading vendors such as Access Fintech and in-house tools such as Nexus that can help in transforming the management and optimization of the organization's risk and control program



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