

<Survey>

Impact of the T+1 Settlements for US & Canadian Stocks,
Starting May 2024, on the Tokyo Foreign Exchange Market

Aggregated Results

Tokyo Foreign Exchange Market Committee
T+1 Working Group
February 2024

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<Survey> Sell-Side Version

Impact of the T+1 Settlements for US & Canadian Stocks,
Starting May 2024, on the Tokyo Foreign Exchange Market

<Survey: Sell-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

Results Summary

- All sell-side respondents are aware of the transition to T+1 settlements for US stocks, etc., and have internally confirmed if there are any concerns.
- Most sell-side firms recognize the increasing operational, settlement, and liquidity risks due to the rise in T+0 FX trades following the transition to T+1 settlements for US stocks, etc., as concerns.
- Many sell-side firms handle T+0 FX trades and are capable of e-trading but require prior notifications for such trades. There is variability in trading hours and daily transaction values. The transaction volume they can handle daily seems limited, as approximately 80% of respondents stated they can accommodate up to 10 trades daily. Also, many respondents indicated that they are not currently considering expanding T+0 FX trades.
- There are multiple requests to the buy-side to avoid T+0 FX trades as much as possible through pre-funding, etc., and requests for prior notifications when performing T+0 FX trades. Regarding back-to-back T+1 trades, concerns are raised about risks similar to those in T+0 FX trades since the transaction process is aligned with the T+0 timing at the firm's Japanese branch.
- Regarding opinions directed to trust banks involved in asset management, multiple requests for early implementation of settlement reconciliation when T+0 FX trades occur. Also, voices expect trust banks to disseminate information such as regulatory changes and pre-funding requests to the buy-side.
- Concerns are raised about the increased operational risk associated with T+0 FX trades, and there are multiple opinions expressing a desire for a reduction in operational risk by changing the settlement method for funding foreign currency.

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Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

No. of responses

12

Market Committee's Comment:

We would like to express our gratitude to everyone who contributed.

<Survey: Sell-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

1. Transition to T+1 settlements for US & Canadian stocks

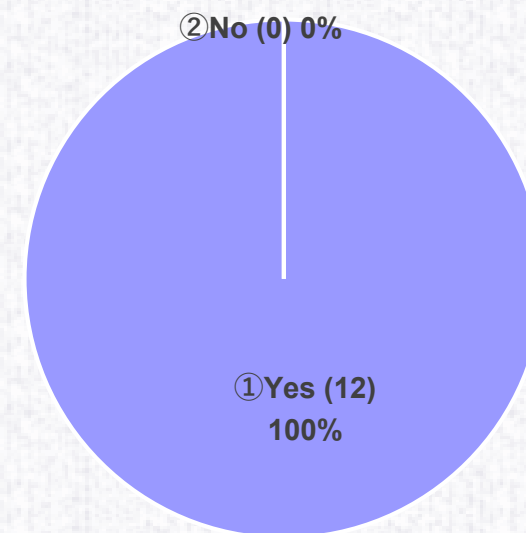
(1) Were you aware that the settlement cycle for US & Canadian stocks will transition to T+1 on May 28, 2024, and May 27, 2024, respectively?

	No. of responses
①Yes	12
②No	0

Market Committee's Comment:

No. of responses: 12

All firms were aware of the transition.



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Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

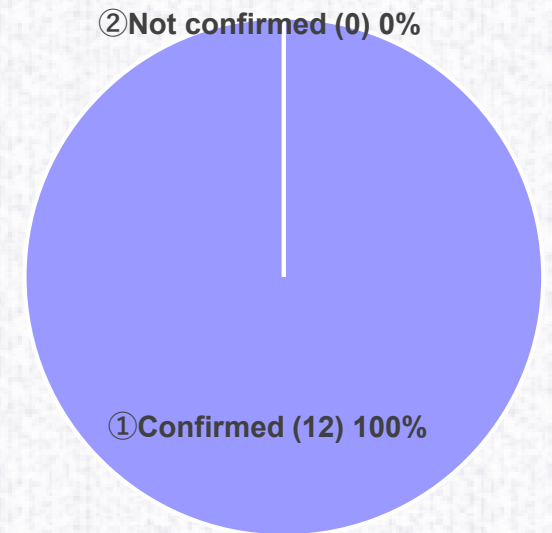
(2) Have you internally confirmed if there are any concerns regarding FX trades in the event of (1)?

	No. of responses
①Confirmed	12
②Not confirmed	0

Market Committee's Comment:

No. of responses: 12

All firms have confirmed it.



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Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

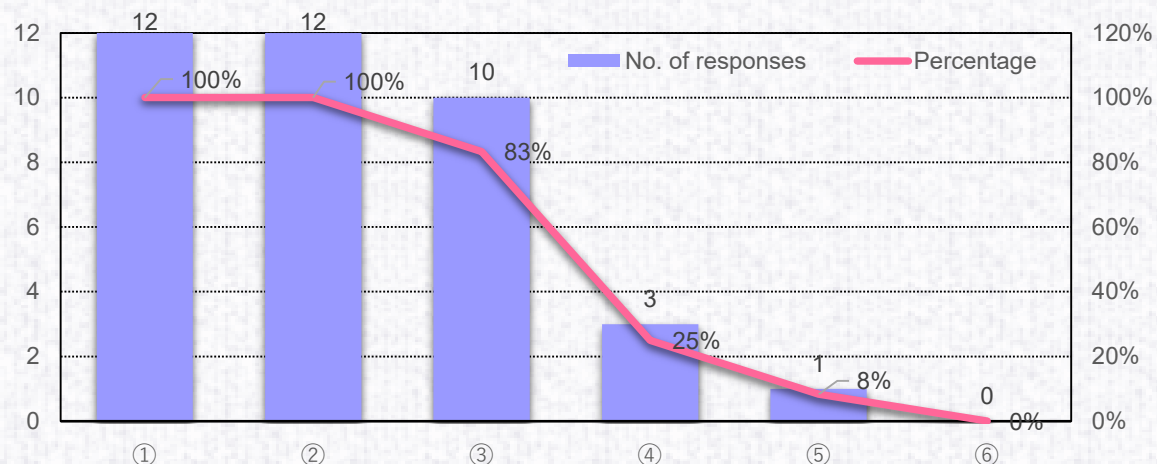
(3) What issues do you anticipate being concerns? (Multiple responses allowed.)

	No. of responses
① Increased operational risk due to the rise in T+0 FX trades	12
② Increased settlement risk due to the rise in T+0 FX trades	12
③ Increased liquidity risk due to the rise in T+0 FX trades	10
④ Business loss due to the overseas shift of FX trading	3
⑤ Other - Please specify in the right column.	1
⑥ No concerns	0

Market Committee's Comment:

No. of responses: 12

Regarding T+0 FX trades, all respondents selected increased operational & settlement risks as concerns, indicating settlement-related concerns from market participants. Also, almost all respondents selected increased liquidity risk. Deterioration in prices and order execution failures are anticipated when liquidity risk materializes.



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(3) What issues do you anticipate being concerns? (Multiple responses allowed.)

Primary responses for ⑤

- Since back-to-back T+1 trades will effectively become T+0 in Tokyo, attention should be directed towards the potential increase in operational & settlement risks associated with the rise in back-to-back T+1 trades. The funds that have shifted to CLS manually handle the gross processing when they receive reservations for T+0 and back-to-back T+1 trades, raising concerns regarding the increase in operational & settlement risks. Notably, in the case of back-to-back funds under the Soto-Soto Scheme <Direct Settlement Instructions to custody by overseas officed involved in the fund> in CLS, the instances where it is impossible to contact the asset manager on the settlement day are anticipated, which could result in on-the-day order execution confirmation failures, leading to settlement failures.

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2. T+0 trades

(1) Do you provide T+0 FX trades service?

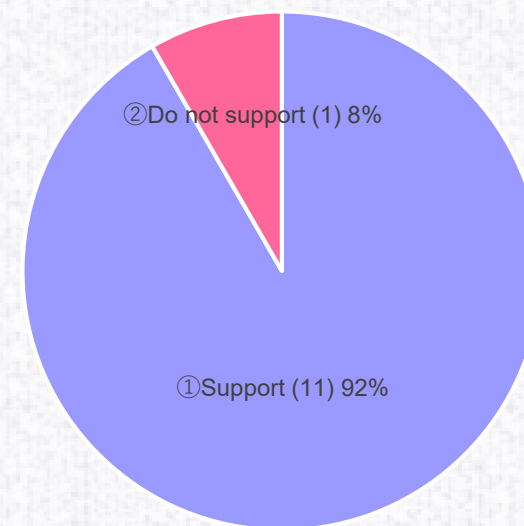
	No. of responses
①Yes	11
②No	1

Market Committee's Comment:

No. of responses: 12

11 respondent firms provide T+0 FX trades service.

The one firm that does not provides T+0 trades service has dealt with exceptional cases only. (See the following summary for additional details.)



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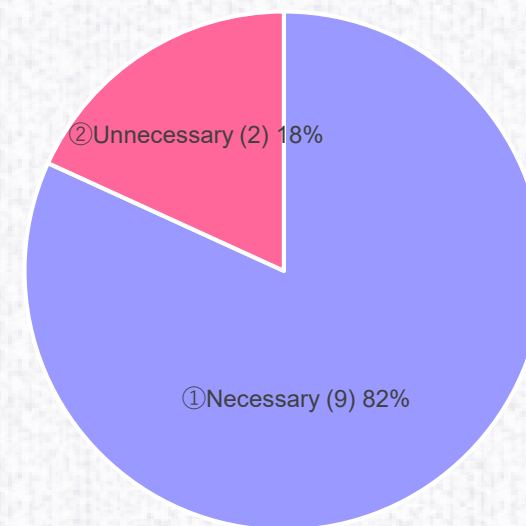
(2) For those who selected ① for (1), is prior notification necessary when performing T+0 FX trades?

	No. of responses
①Necessary	9
②Unnecessary	2

Market Committee's Comment:

No. of responses: 11

80% of respondents indicated that prior notification is necessary when conducting T+0 FX trades.



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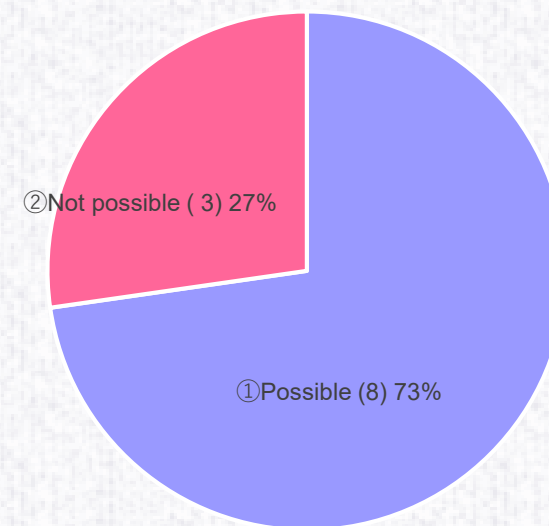
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(3) For those who selected ① for (1), is it possible to accommodate T+0 FX trades via e-trading?

	No. of responses
① Possible	8
② Not possible	3

Market Committee's Comment:

The responses indicate they can accommodate T+0 FX trades via e-trading, which accounts for 73%. However, in question (2) on the previous page, the responses stating that prior notification is necessary when performing T+0 FX trades exceed those indicating they can accommodate e-trading. From this result, individual confirmation seems to be required for e-trading.



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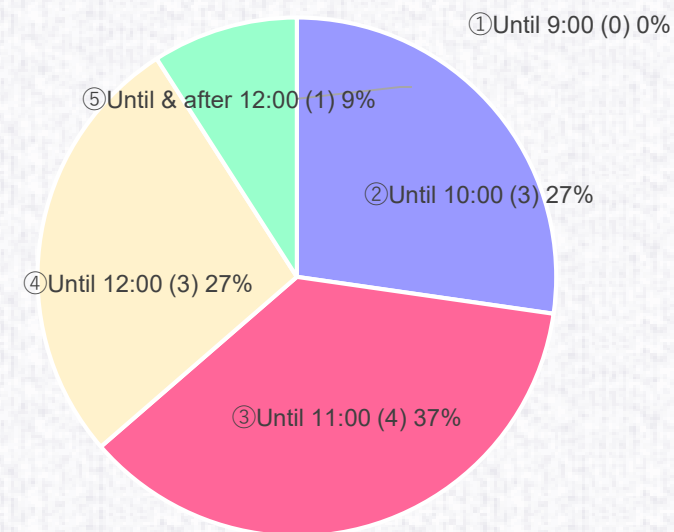
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(4) For those who selected ① for (1), until what time can you accommodate T+0 FX trades?

	No. of responses
①Until 9:00	0
②Until 10:00	3
③Until 11:00	4
④Until 12:00	3
⑤Until & after 12:00	1

Market Committee's Comment:

The answers for (4), (5) & (6) are summarized on page 15.



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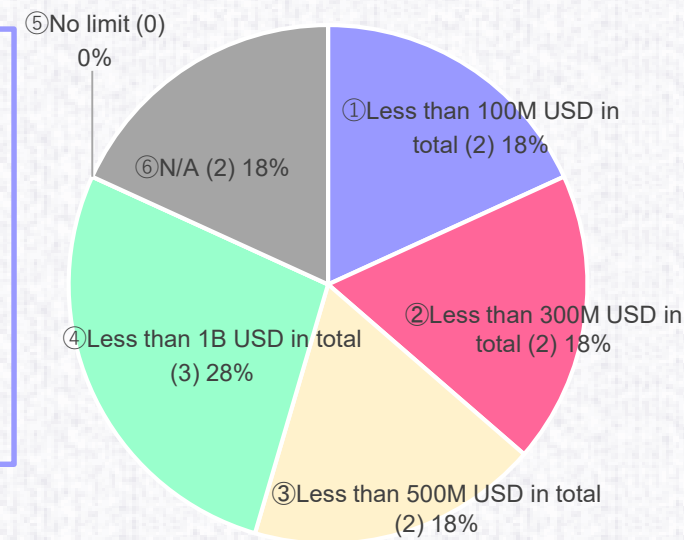
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(5) For those who selected ① for (1), approximately how much USD can you handle daily for T+0 FX trades?

	No. of responses
① Less than USD100mil in total	2
② Less than USD300mil in total	2
③ Less than USD500mil in total	2
④ Less than USD1000mil in total	3
⑤ No limit	0
⑥ N/A	2

Market Committee's Comment:

The answers for (4), (5) & (6) are summarized on page 15.



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Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

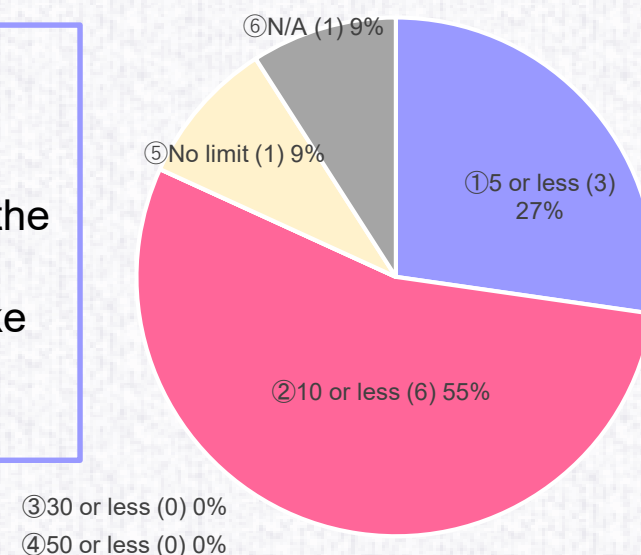
(6) For those who selected ① for (1), approximately how many T+0 FX trades can you handle daily?

	No. of responses
① 5 or less	3
② 10 or less	6
③ 30 or less	0
④ 50 or less	0
⑤ No limit	1
⑥ N/A	1

Market Committee's Comment:

No. of responses: 11

90% of responses for (4) indicated that the latest trade cut-off time is noon. Based on the responses for (5) and (6), 80% of respondents can handle only 5 or 10 trades daily. At the same time, the maximum transaction value is variable, which could potentially make T+0 FX trades more challenging, depending on the trading situation for the day.



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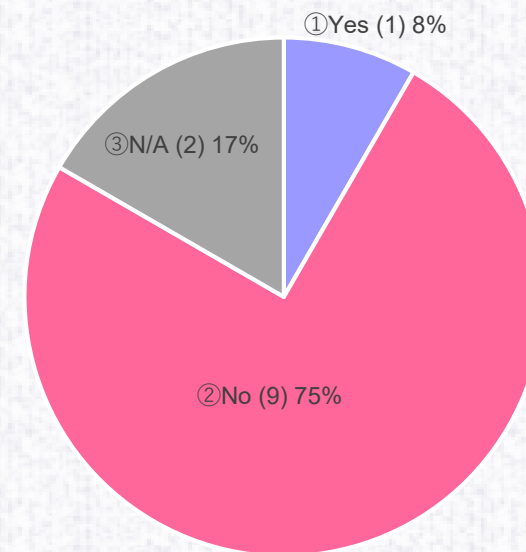
(7) Are you considering expanding T+0 FX trades following the transition to T+1 settlements for US & Canadian stocks?

	No. of responses
①Yes	1
②No	9
③N/A	2

Market Committee's Comment:

No. of responses:12

75% of respondents are not considering expanding T+0 FX trades at the moment.



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Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

3. Opinions, requests, etc.

(1) If you have any opinions or requests to the buy-side, please write them in the right column.

Summary

Multiple requests to the buy-side for pre-funding and to avoid T+0 trades were made. Some respondents desired prior notification and early order execution when conducting T+0 trades.

(2) Please write in the right column if you have any opinions or requests to trust banks involved in asset management.

Summary

Multiple respondents requested trust banks to raise awareness among the buy-side about the settlement risks associated with T+0 FX trades and back-to-back T+1 FX trades. They expected prompt responses in the event of T+0 FX trades. Also, there were many requests to simplify the current settlement workflow of trust banks.

(3) If there are any concerns in terms of operational risks, please specify.

Summary

Multiple respondents pointed out concerns regarding the increasing administrative risks and the potential for settlement failure. Responses also expressed worries about trust banks' increased operational burdens and settlement methods for back-to-back trades, such as T+0 FX trades.

*** Individual opinions are listed from the following page on.**

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Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(1) If you have any opinions or requests to the buy-side, please write them in the right column.

- To comply with the new T+1 regulations, if the settlement cycle for overseas back-to-back FX trades is changed to T+1, the settlement operation in Japan will be treated as T+0. If a large volume of orders are executed overseas without prior consultation in Japan, the possibility of settlement failures increases. Please avoid such transactions as much as possible or consult in advance with the FX settlement banks and trust banks in Japan if necessary.
- We would appreciate transactions with a time allowance since there is a risk of settlement not being completed on time if transactions occur close to the currency settlement cut-off.
- We would request thorough pre-funding.
- If you consider trading in the T+0 cycle, we would appreciate it if you could contact us on the preceding business day regarding liquidity and operations. Also, please be aware that the market capacity for T+0 trades is minimal.
- If there is already a list of funds likely to implement the T+0 cycle, and if the list includes those funds not yet shifted to CLS, please consider the shift by May 2025. If this is difficult, please consider non-CLS SSI settlements by May 2024. We have set the dollar amount to less than 100 million USD, but please note that the liquidity of CAD (ON) is even thinner.
- Q: Is prior notification necessary for T+0 FX trades? A: Currently, we do not receive prior notification for T+0 trades, but if an increase in volume is anticipated, we would appreciate receiving prior notification to inform us of the expected volume, etc. (Depending on the volume, there may be cases we cannot handle.)
- Q: Until what time can you accommodate T+0 FX trades? A: Please consult individually.
- Q: How much USD can you handle daily for T+0 FX trades? A: Please consult individually.
- Q: Approximately how many T+0 FX trades can you handle daily? A: Please consult individually.
- Please avoid T+0 trades as much as possible due to the following factors.
A possibility of market distortion due to an increase in thinly traded T+0 trades
A possibility of an increase in settlement and administrative risks
If you need to perform T+0 FX trades unavoidably, please inform us immediately.
- Order execution confirmations & reconciliations between the buy and sell sides are required for settlements. Improvements in the administrative processing capabilities of both sides are necessary to carry out the regular settlement practice for T+0 FX trades.

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Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(2) Please write in the right column if you have any opinions or requests to trust banks involved in asset management.

- When investment firms change the overseas back-to-back FX settlement cycle to T+1 to comply with the new T+1 regulations; it is treated as T+0 in Japan for settlement operations. Suppose many transaction orders are executed overseas without prior consultation with firms in Japan. In that case, settlement failures are more likely due to constraints on operations in FX and trust banks. We kindly ask for thorough communication with your asset management clients about this matter.
- Response capability and speed from trust banks are required for same-day settlements. Also, confirmation matching and settlement reconciliation should be expedited as much as possible.
- Please ensure thorough pre-funding announcements to the buy-side.
Also, if the buy-side needs funding for T+0 trades, it seems necessary to simplify the settlement workflow for T+0 trades compared to the transaction workflows for cycles up to T+1.
- Regarding sharing the approximate deadlines for replying to MT300, sending JPY reconciliation files, and transferring MT202, we, as an FX bank, need to receive replies to MT300 and JPY reconciliation files by 13:00, in time for the deadline for FX JPY settlements in USD/JPY and CAD/JPY transactions.
- Please consider distinguishing T+0 trades from existing trades (by separating accounts) and explore alternatives such as settling grossly, based on SSI rather than using the MT202 format currently used for those funds not shifted to CLS, without settlement reconciliations.
- Settlement risk should be reduced by utilizing EURO-JPY accounts for the settlements with funds, which involves T+0 trades.
- Please continue to disseminate information regarding regulatory changes.
- We are concerned about whether settlements (from the completion of order execution & settlement reconciliation to the settlement) will be completed within the deadline after the execution of T+0 trades. Also, we are anxious about whether order execution details and settlement reconciliation are transmitted from asset management to trust banks and whether trust banks can immediately complete reconciliation with FX banks.
- Compliance with the submission deadline (eliminating last-minute submissions in an ad hoc manner)

<Survey: Sell-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(3) If there are any concerns in terms of operational risks, please specify.

- It is speculated that asset managers holding back-to-back accounts overseas may have increased opportunities to execute T+1 trades locally, which would effectively be treated as T+0 in Tokyo, so it is necessary to consider operational & settlement risks, bearing in mind not only the increase in T+0 trades by domestic asset managers but also the potential increase in back-to-back T+1 trades. Also, concerns arise regarding operational burdens due to the rise in T+0 and back-to-back T+1 trades for those funds shifted to CLS.
- If trades occur close to the currency settlement cut-off time, there is a risk of settlement not being completed on time, so we would request trades with a time allowance.
- We are concerned that an increase in T+0 settlements will also increase the burden on ancillary tasks (such as recording in the back office, fund transfers, funding management, etc.), leading to an escalation in administrative risk.
- Note on Section 2: Regarding T+0 trades that involve trust FX, as they occur only as exceptional responses every few months, we have chosen the answer “②We do not support” in Section 2 (1). We do support T+0 trades for regular FX trades with corporate entities. However, transactions involving remittances (for payments or receipts), over-the-counter account transactions, etc., may have different constraints in time limits, transaction volumes, etc., depending on conditions.
Trust FX trades are subject to operational constraints of asset management trust banks, and typically, reconciliation of the transaction details for the settlement date is conducted on the preceding business day evening between asset management trust banks and FX banks. In the event of T+0 trades, additional operations are necessary on the settlement date for each trade, and coordination among the investment management company, FX bank, and asset management bank is required after the transaction is concluded, requiring considerable time. Therefore, even for the T+0 trust FX trades performed as exceptional responses, there is a risk of being unable to handle multiple T+0 trades for numerous customers or multiple transactions in one day.
- We prefer SSI settlements as the mainstream settlement method for funds (and wish the MT202 format to be discontinued).
- We have concerns about the trust FX scheme where the MT202 format and non-CLS SSI settlements coexist. We continue to aim for consolidation by discontinuing the MT202 format, initially planned for 2023, recognizing that it could reduce risks.
- We are concerned that timely trade confirmation & settlement reconciliation may become difficult (for clients conducting these practices) amidst tighter settlement deadlines, potentially resulting in settlements not being met within the specified timeframe. If T+0 trades are added, particularly in the case of settlements by those funds not shifted to CLS, where trust banks are involved, even the current process requires additional settlement reconciliations and preparations aligned with T+1 and subsequent cycles, leading to increased operational and settlement risks. We would appreciate your consideration on this matter, as mentioned in our response in 2) above.
- Since operations must be performed close to the cut-off time for each currency, if mismatches, amendments, or cancellations occur, corrective actions may not be completed in time.
- Regarding foreign currency remittances to asset management, is it possible to handle the payments by only using SSI instead of changing settlement destinations and performing settlement reconciliation each time? We are concerned that if the settlement destination changes each time, there is a risk of settlement incompleteness in time for the deadline due to time constraints.

<Survey> Buy-Side Version

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<Survey: Buy-Side Version>

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Results Summary

- Many buy-side firms handling foreign stocks have confirmed and considered operational changes related to the transition to T+1 settlements for US stocks, etc.
- A certain number of buy-side firms acknowledge that T+0 trades arise unavoidably in the case of underfunding due to market fluctuations, even if they pre-fund to settle stocks in the T+1 settlement cycle or to transfer funds accurately.
- Many buy-side firms are concerned that transitioning to the T+1 settlement cycle for US stocks, etc., may increase T+0 FX trades, resulting in heightened operational and settlement risks. However, the survey results note that the current dealing volume of T+0 FX trades is relatively small, and there is less expectation of a significant increase in transactions. Therefore, concerns regarding liquidity risk do not appear to be very high.
- A certain number of buy-side firms anticipate an increase in the number of T+0 FX trades due to the transition to T+1 settlements for US stocks, etc., and based on the survey results, it is estimated that the number could potentially increase to more than three times the current volume.
- Suggestions to the sell-side include “expanding the scope of responses,” “accommodating e-trading,” “extending the acceptance time for order executions,” “enhancing post-execution administrative capabilities,” and “adopting CLS settlements” in preparation for the increase in T+0 FX trades.
- Regarding T+0 FX trades, suggestions to trust banks involved in asset management include “unifying the response policies of trust banks,” “extending the instruction deadlines,” “expanding the number of transactions to handle,” “enhancing Soto-Soto Scheme <Direct Settlement Instructions to custody by overseas offices involved in the fund>,” and “improving administrative capabilities in preparation for the shortening of the securities settlement cycle.”
- As for operational risks, “the risk of not meeting the instruction deadlines due to the excessively short processing time for T+0 FX trades,” “the potential for increased operational burden at trustee banks leading to settlement risk due to the increased number of executions for T+0 FX trades,” and “unmatched broker confirmations with overseas delegated investment managers,” etc. were cited.

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No. of responses

152

Market Committee's Comment:

We appreciate the numerous responses and appreciate the cooperation.

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Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

1. Transition to T+1 settlements for US & Canadian stocks

(1) Do you handle foreign stocks?

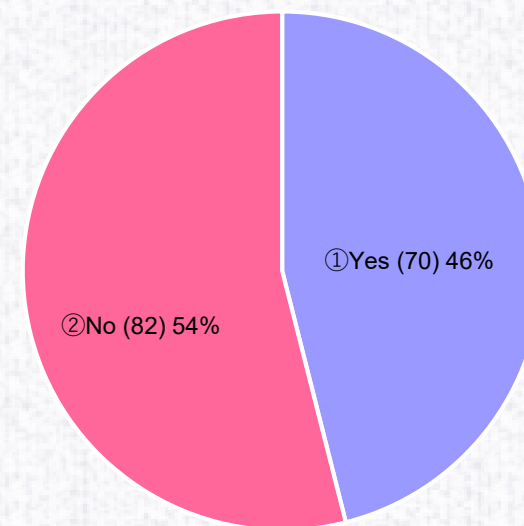
	No. of responses
① Yes	70
② No	82

Market Committee's Comment:

No. of responses: 152

Among the survey respondents, 46% (70 firms) handle foreign stocks.

(For questions 1 (2) and beyond, the responses from firms handling foreign stocks were considered valid and aggregated.)



<Survey: Buy-Side Version>

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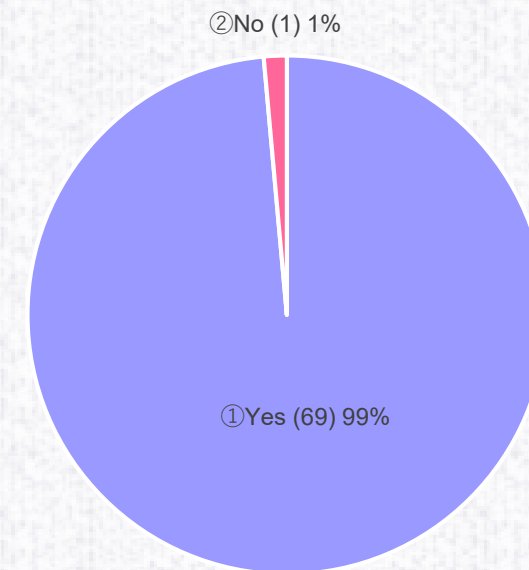
(2) Did you know the settlement cycle for US & Canadian stocks will transition to T+1 on May 28, 2024, and May 27, 2024, respectively?

	No. of responses
①Yes	69
②No	1

Market Committee's Comment:

No. of responses: 70

Almost all respondents handling foreign stocks were aware of the transition.



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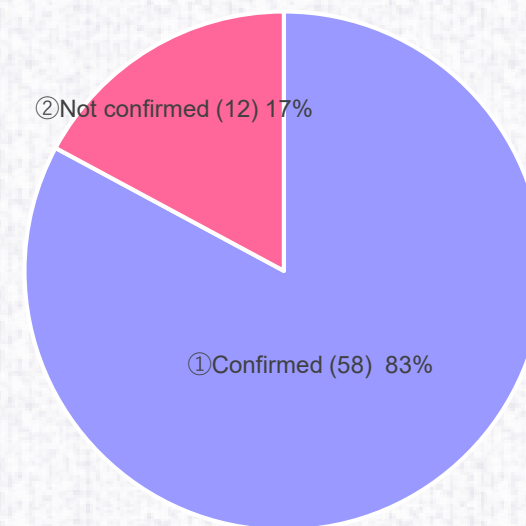
(3) Have you internally confirmed concerns and responses regarding FX trades when (2) is implemented?

	No. of responses
①Confirmed	58
②Not confirmed	12

Market Committee's Comment:

No. of responses: 70

83% of respondents have confirmed concerns and responses regarding FX trades.



<Survey: Buy-Side Version>

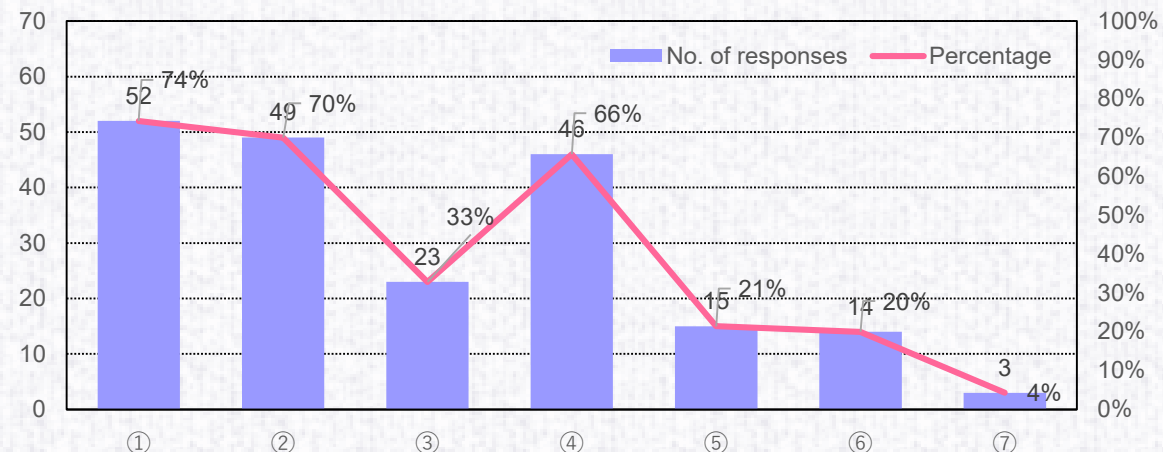
Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(4) What issues do you anticipate as concerns? (Please answer regardless of your reply to (3). Multiple responses allowed.)

	No. of responses
① Increased operational risk due to the increased T+0 FX trades	52
② Increased settlement risk due to the increased T+0 FX trades	49
③ Increased liquidity risk due to the increased T+0 FX trades	23
④ Changes in funding methods and other operational flows	46
⑤ Decreased flexibility of exchange rate acquisition due to the adoption of Custody FX, etc.	15
⑥ Other (Please list in the right column.)	14
⑦ No concern	3

Market Committee's Comment:

Percentages were calculated assuming 70 respondents. Many expressed concerns regarding increased operational & settlement risks and changes in operational flows. The high percentage of the respondents who selected changes in operational flows indicates the possibility of operational flow modifications.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(4) What issues do you anticipate as concerns? (Please answer regardless of your reply to (3). Multiple responses allowed.)

Primary responses for ⑥

- Considerations of the possibility of pre-funding & implementation of T+1 FX trades on the day of the securities order execution
- Changes in operational flows due to the increase in T+1 trades
- Increased costs due to the adoption of Custody FX and the impact of affirmation omissions/errors by local operators (i.e., delegated asset managers) on settlements
- When converting additional setup fees for domestic investment trusts into USD, the mother fund's operating currency, the settlement cycle needs to be changed from the current T+2 to T+1. However, since orders are placed overseas, settlement instructions for the ordering timing and foreign currency acquisition method should be reviewed to meet the cut-off of the trustee bank.
- The impact of the misalignment between the Investment Trusts Association's FX rates (TTM at 10:00) for the calculation of the investment trust's net asset value (NAV) and the timing of FX trades for pre-funding on performance
- Negotiations with brokers on T+2 settlements
- Requiring careful determination of purchase values within the range of the USD held
- The anticipated increase in operational & settlement risks, even in the T+1 trades at London 4 p.m., due to same-day settlement instructions
- Increased impact of T+0 FX trades on the same-day JPY funding and impact on the reconciliation & settlement operations at domestic trustee banks

<Survey: Buy-Side Version>

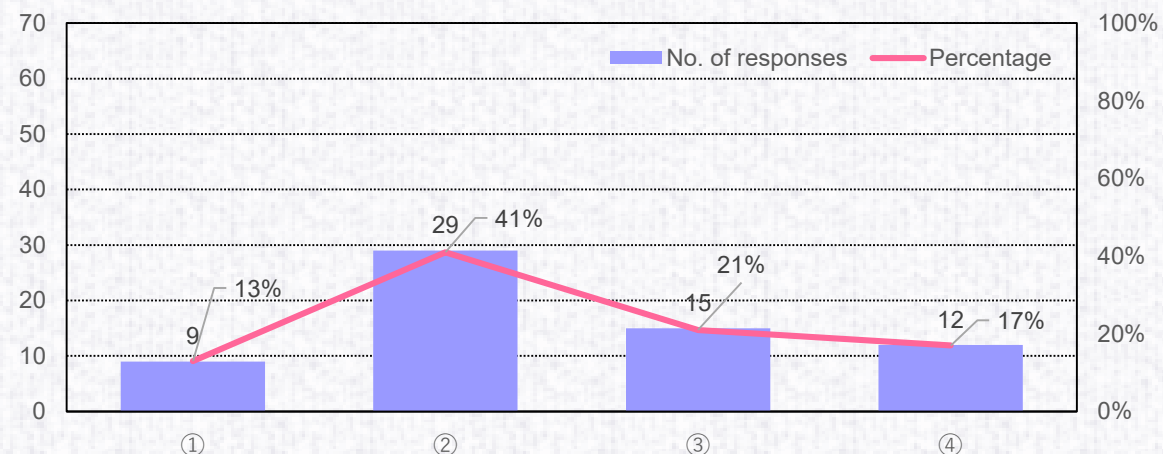
Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(5) How are you currently handling the funding for purchasing US & Canadian stocks?

	No. of responses
① Acquiring foreign currency before purchasing stocks (pre-funding)	9
② Acquiring foreign currency in T+1 trades after confirming the purchase amount on the next business day Japan time, due to time differences following stock purchases	29
③ Combination of ① & ②	15
④ Handling through Custody FX	12
⑤ Other (Please specify)	18

Market Committee's Comment:

Percentages were calculated assuming 70 respondents. The highest percentage of respondents, around 40%, are acquiring foreign currency in T+1 trades after confirming the purchase amount. Combining this with pre-funding amounts to 76%.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(5) How are you currently handling funding for the purchase of US & Canadian securities?

Primary responses for ⑤

- All JPY cash flows are converted to USD each time they occur. We do not acquire foreign currency for each transaction.
- Third-party foreign currency funding with CP by overseas investment firms
- Withdrawals from foreign currency accounts
- We do not conduct ad hoc financing due to our foreign currency accumulation policy.
- Foreign asset funds generally have USD as the operational base currency, so ad hoc FX arrangements are unnecessary. However, in the cases where JPY is the base currency, FX is executed on the day of securities order execution in the T+1 cycle (executed at the overseas office in both cases).
 - A scheme for outsourced management, where FX trades are performed alongside securities transactions overseas.
 - Foreign currency is acquired in the T+2 cycle by the overseas department when acquiring stocks.
 - Selling stocks and allocating the acquired funds to purchases
 - The funds setting USD as the base currency generally hold the surplus in USD.
 - Delegating to local operators (i.e., delegated investment managers)
 - Handled by the subcontracted investment firm
 - Funding from the sale proceeds of other stocks
 - Selling other assets (bonds, stocks, investment trusts)
 - Utilizing the T+2 trades at London 4 p.m.
 - Acquiring foreign currency in T+2 trades after confirming the purchase amount on the next business day Japan time due to time differences following stock purchases (settling the settlement cycle on T+3).
 - Pre-funding for US stocks, automatic FX for Canadian stocks

<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(6) What plans do you have for funding to purchase US & Canadian stocks if (2) is implemented? (Please answer regardless of your response to (3).)

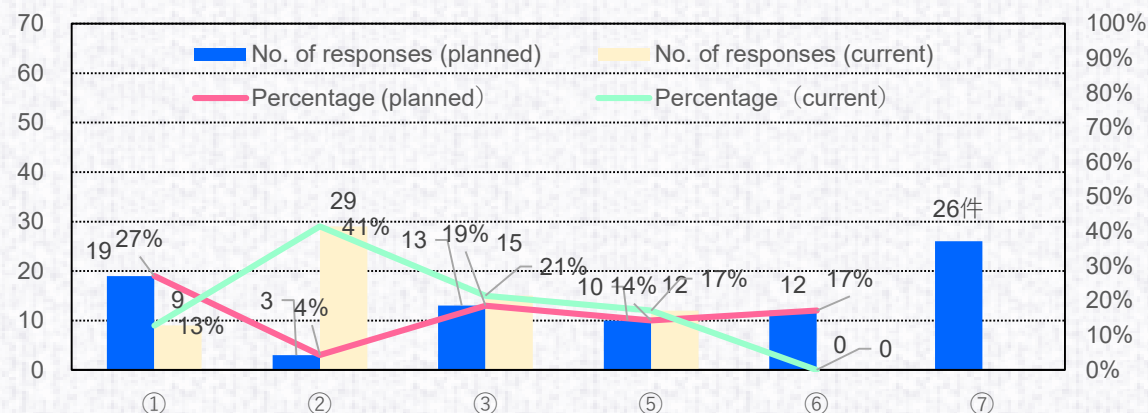
	No. of responses
① Foreign currency acquisitions before purchasing stocks (pre-funding)	19
② Foreign currency acquisitions in T+0 trades on the next business day Japan time after confirming the purchase price, due to time differences	3
③ Combination of ① & ②	13
④ In the case ③, please fill in the expected ratio in the right column. (e.g., ①50% ②50%)	See P32
⑤ Handling with Custody FX	10
⑥ Foreign currency acquisitions aligned with irregular handling of US & Canadian stocks settlements in T+2 or longer cycles	12
⑦ Other (Please specify.)	26

Market Committee's Comment:

Percentages were calculated assuming 70 respondents.

Regarding the planned funding method after the transition to T+1 settlements for US stocks, the decrease in “foreign currency acquisition after confirming the purchase price,” which will become T+0 FX trades, compared to the increase in “pre-funding” indicates a conscious effort to avoid T+0 trades. Also, “foreign currency acquisitions aligned with irregular handling of stocks settlements in T+2 or longer cycles” account for approximately 17%, suggesting a tendency to avoid T+0 trades.

On the other hand, the combination of “pre-funding” and “foreign currency acquisitions after confirming the purchase price” remains nearly unchanged from the current figures. Several responses of “foreign currency acquisitions in T+0 trades after confirming the purchase price” indicate the necessity for T+0 trades in under-funding cases, even with pre-funding due to fluctuations in stock prices or for accurate fund transfers.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(6) What plans do you have for funding to purchase US & Canadian stocks if (2) is implemented? (Please answer regardless of your response to (3).)

Primary responses for ④

①1% ②99%, ①20% ②80%, ①50% ②50% x2, ①90% ②10% x2, ①5% ②5%, Almost 100%, ①80% ②20%, Unknown at present, etc.

Primary responses for ⑦

- Basically, we use accumulated dollar funds. If unable to address these funds due to new or additional setups, etc., we individually request brokers to handle them in the T+2 cycle.
- We currently consider pre-funding for US stocks and acquiring USD in FX trades in the T+0 cycle for Canadian stocks.
- If ① is not implemented, we address funding with ⑥.
- Combination of ① and ⑥ (1:9) is anticipated
- Considering ② or ⑥
- Discussions underway regarding funding for order executions in the T+0 cycle
- Confirming the methods preferred by overseas investment firms
- Withdrawal from foreign currency accounts
- Continuing to accumulate foreign currency to minimize FX trades in the T+0 cycle as much as possible
- Planning to confirm and adjust with each outsourced investment firm
- Considering the response measures, including Custody FX. Transactions to be processed in the T+0 cycle are assumed to be those between foreign currencies only (USD/JPY trades will be excluded)
- Arranging with brokers to continue T+2 settlements at the moment
- Delegating to local operators (i.e., delegated investment managers)
- We hold USD cash in the account for purchasing US stocks.
- Delegating to subcontracted investment firms
- While our basic policy is pre-funding, there is a possibility of T+0 trades depending on the situation
- Our primal plan is ① due to the fund settlement deadline in the instructions of trustee banks (V-1 14:00). However, the pattern of simultaneous FX settlements with securities settlements (T+0 trades) remains an option.
- Considering other methods
- Allocation of accumulated foreign currencies
- Selling other assets (bonds, stocks, trust funds)
- Planning to address with ⑥ for certain exceptional cases, like before the Japanese holidays
- Pre-funding for US stocks and automatic exchange for Canadian stocks

<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

2.T+0 trades

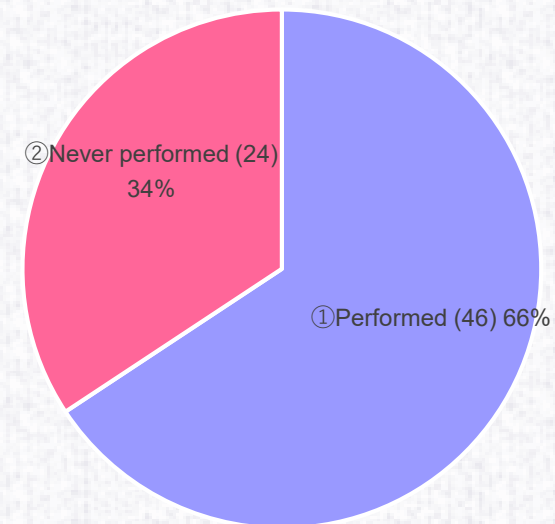
(1) Have you ever performed T+0 FX trades ?

	No. of responses
① Performed	46
② Never performed	24

Market Committee's Comment:

No. of responses: 70

66% of respondents have experience with T+0 trades.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

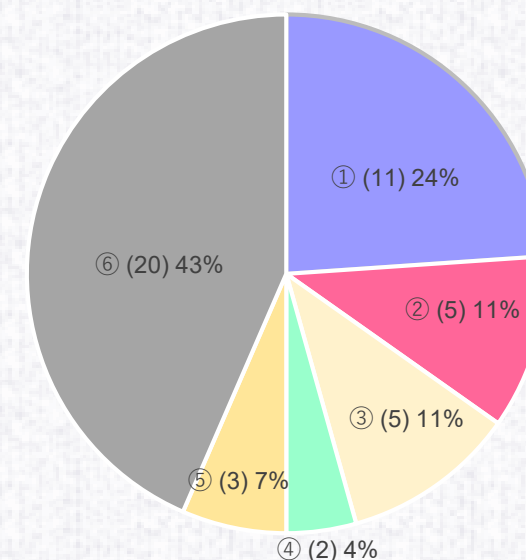
(2) For those who selected ① for (1), how frequently do you perform T+0 FX trades?

	No. of responses
① Around once every 3 months	11
② Around once a month	5
③ Around 5 times a month	5
④ Around 10 times a month	2
⑤ Almost every day	3
⑥ N/A	20

Market Committee's Comment:

No. of responses: 46

The frequency of T+0 FX trades is estimated to be around 110 instances per month and around five times per day. However, the 43% N/A rate suggests potential hidden counts, indicating the possibility of higher frequency than estimated.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

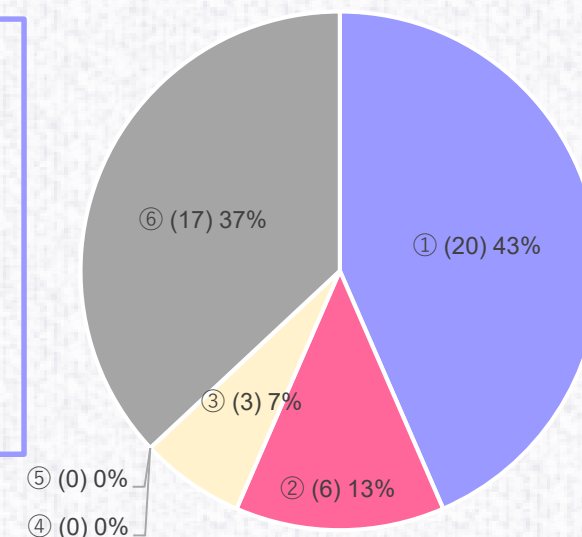
(3) For those who selected ① for (1), how much is the average T+0 trade amount?

	No. of responses
① Less than USD1mil	20
② USD1mil – 10mil	6
③ USD10mil – 50mil	3
④ USD50mil – 100mil	0
⑤ USD100mil or more	0
⑥ N/A	17

Market Committee's Comment:

No. of responses: 46

The average amount per T+0 FX trade is estimated to be less than 8 million USD in mean value and less than 1 million in median value. However, the 37% N/A rate suggests potential hidden amounts, indicating a possibility of a higher amount than estimated.



<Survey: Buy-Side Version>

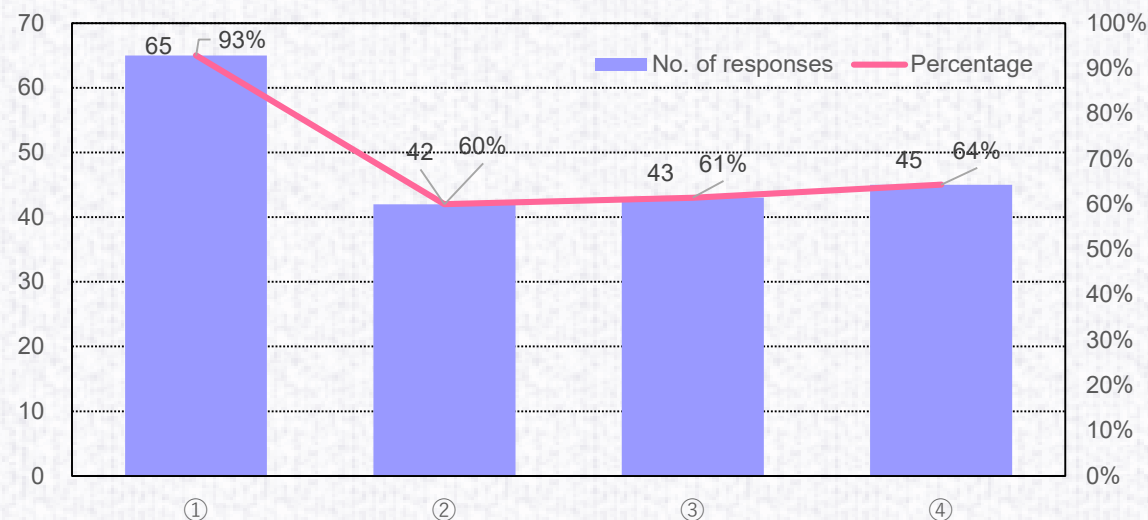
Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(4) Conditions for T+0 FX trades may be more constrained than trades in T+1 or longer cycles. Below are the anticipated constraints. Please check the items that you are aware of. (Multiple responses allowed.)

	No. of responses
①T+0 trades require shorter processing time after order executions than trades in T+1 or longer cycles.	65
②T+0 trades are influenced by sell-side funding positions, credit constraints, etc., making it difficult to receive stable provisions.	42
③In relation to ②, T+0 trades exhibit significantly lower liquidity than trades in T+1 or longer cycles, potentially leading to broader bid-offer spreads from the sell-side.	43
④In relation to ① & ②, prior notification is required for T+0 trades, depending on the sell-side.	45

Market Committee's Comment:

Percentages were calculated assuming 70 respondents. Most respondents are aware of the need for swift post-execution processing. About 60% anticipate constraints regarding liquidity and prior notification.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

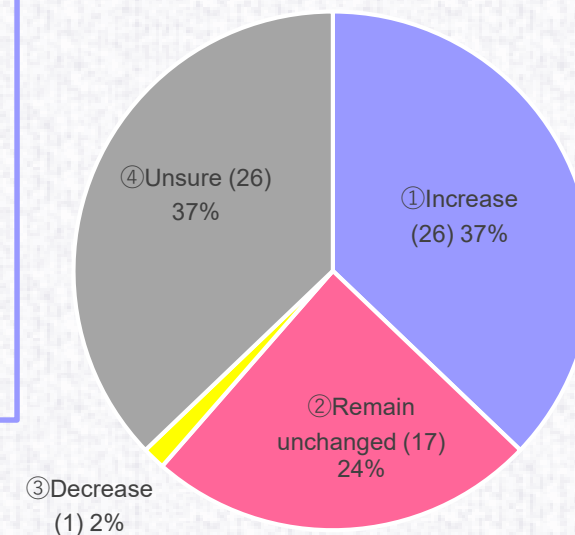
(5) What change do you anticipate in the volume of T+0 FX trades after the transition to T+1 settlements for US stocks?

	No. of responses
① Increase	26
② Remain unchanged	17
③ Decrease	1
④ Unsure	26

Market Committee's Comment:

No. of responses: 70

Regarding T+0 FX trades, 37% of respondents anticipate an increase, with the corresponding number indicating uncertainty, suggesting the potential for a more significant number of trades than estimated.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

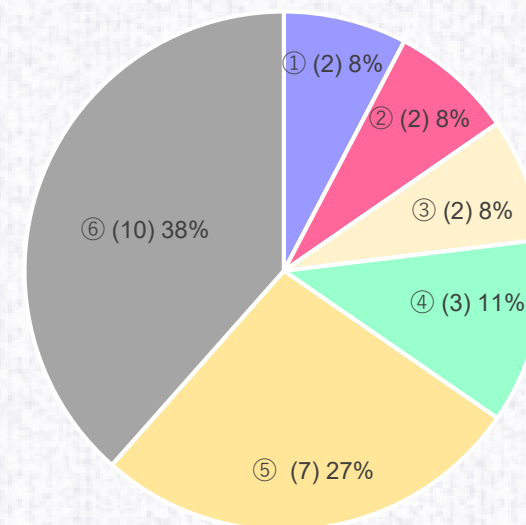
(6) For those who selected ① for (5), approximately how much increase do you anticipate?

	No. of responses
① Around once every 3 months	2
② Around once a month	2
③ Around 5 times a month	2
④ Around 10 times a month	3
⑤ Almost every day	7
⑥ Unsure	10

Market Committee's Comment:

No. of responses: 26

The number of T+0 FX trades is estimated to increase by around 180 monthly and ten daily compared to the current figures. Combined with the current statistics, these amounts to around 290 monthly and 15 daily, representing roughly a threefold increase compared to the current figures. However, with 38% indicating “unsure,” the potential increase could be higher than estimated.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

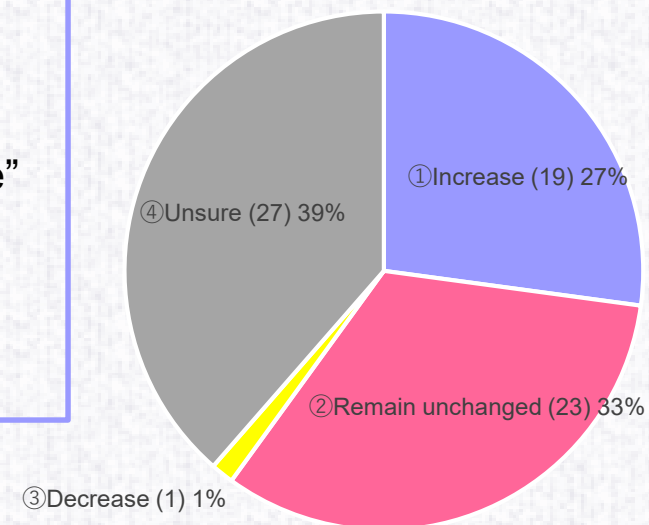
(7) What change do you predict in the amount of T+0 FX trades after transitioning to T+1 settlements for US stocks?

	No. of responses
① Increase	19
② Remain unchanged	23
③ Decrease	1
④ Unsure	27

Market Committee's Comment:

No. of responses: 70

The number of respondents who selected “increase,” “remain unchanged,” and “unsure” are nearly even, indicating the difficulty of predicting.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

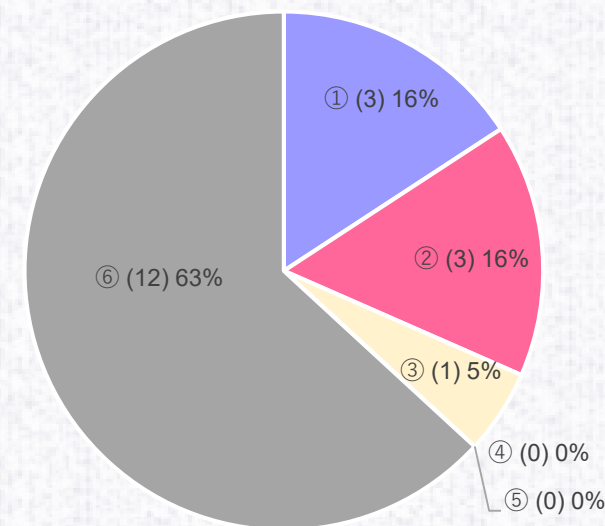
(8) For those who selected ① for (7), How much increase do you predict in the amount per trade?

	No. of responses
① less than USD 1 mil	3
② USD1mil - 10mil	3
③ USD10mil - 50mil	1
④ USD50mil - 100mil	0
⑤ USD100mil or more	0
⑥ Unsure	12

Market Committee's Comment:

No. of responses: 19

The number of the respondents who selected “unsure” accounts for 60%, indicating the difficulty of predicting.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(9) Do you have any internal plans to address T+0 FX trades by formalizing rules, etc.?

	No. of responses
①Already addressed	4
②Under consideration	38
③No plans to address	28
④If selected ①, please provide specific rules to the extent possible.	3

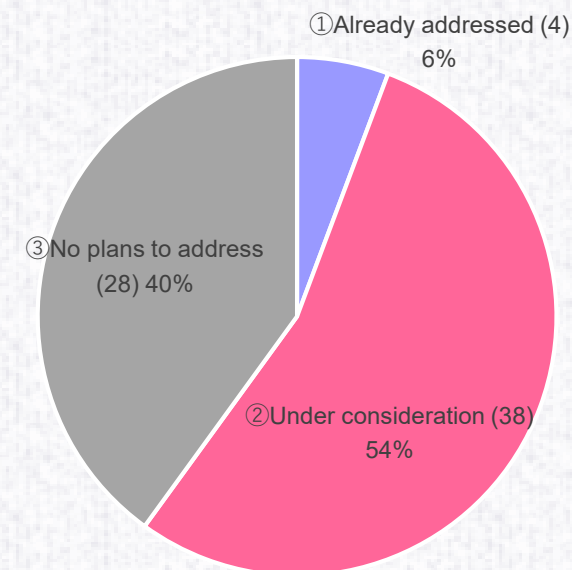
Market Committee's Comment:

No. of responses: 70

Only a few selected “already addressed,” with around 95% “under consideration” and “no plans to address.”

Primary responses for ④

- We have established internal rules for the flow of T+0 FX trades.
- Basically, we do not perform T+0 FX trades for Asian currencies but make exceptions for emergencies.
- We do not perform T+0 trades as we use CLS settlements.



<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

3. Opinions, requests, etc.

(1) If you have any opinions or requests to the sell-side, please write them in the right column.

Summary

In anticipation of an increase in T+0 FX trades, “expanding the scope for addressing,” “adopting e-trading,” “extending order execution acceptance hours,” “improving post-execution administrative capabilities,” and “adopting CLS settlements” were requested to the sell-side.

(2) Please write in the right column if you have any opinions or requests to trust banks involved in asset management.

Summary

Regarding T+0 FX trades, “unifying trust bank response policies,” “extending instruction deadlines,” “expanding the number of manageable orders,” “enhancing Soto-Soto scheme,” and “improving administrative capabilities in preparation for shortening of securities settlement cycle” were cited as requests to trust banks involved in asset management.

(3) If there are any concerns in terms of operational risks, please specify.

Summary

Regarding operational risk, concerns were raised about the “risk of missing order deadlines due to the excessively short processing time for T+0 FX trades,” “potential increase in settlement risk due to increased administrative burden on trustee banks resulting from a rise in the number of order executions,” and “responses to unmatched broker confirmations with overseas investment managers.”

***Individual opinions are listed from the following page on.**

<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(1) If you have any opinions or requests for the sell-side, please write them in the right column.

By firm

- Regarding the T+0 FX trades for currency acquisition, FX brokers are cooperative in their response. As the settlement cycle moves to T+1, we anticipate cases where instructions from trust banks exceed the cut-off time. In such cases, we would appreciate a prompt response.
- We would appreciate the flexibility to accommodate T+2 settlements in irregular cases such as new or additional setups.
- The amount of foreign currency funds obtained through pre-funding does not necessarily equal the executed amount of the stock order. Although small, T+0 FX trades are expected to occur constantly due to shortages or restrictions on accumulating foreign currency funds. We assume an increase in T+0 FX trades is highly likely and desire to know the sell-side's thoughts and policies regarding any impacts on T+0 trades.
- To the FX brokers where handling T+0 FX trades is difficult or limited, we would request an expansion of response scope by enabling auto-pricing using platforms like FXall for T+0 FX trades. Also, we request handling hours around Tokyo noon.
- There are constraints on the side of FX banks for T+0 FX trades (limits on trading amounts, order placement until noon, etc.). We would appreciate flexible responses.
- Extension of the T+0 FX trading hours
- The significant constraints in T+0 FX trades (and T+1 at London 4 p.m.) are considered a major factor that makes it difficult to adapt to T+1 settlements for US & Canadian stock for investment firms. In particular, we would like to see improvements in the following areas. Although T+0 FX trades are noted for high operational & settlement risks, could these be structured to be equivalent to or less than T+1 trades?
 - We would request the expansion of T+0 trades and the development of a system capable of prompt matching and confirmation transfers after T+0 order executions.
 - Please provide the preparation status for the transition to the T+1 settlements and the options available to investment managers.
 - We have heard that many brokers are hesitant about T+0 trades, but with an anticipated increase in the trading volume, we urge you to proceed with T+0 support, even if it takes time. We would appreciate an early clarification and presentation of the cut-off time for order execution upon pre-funding. We also hope for an extension of the cut-off time.
 - We request flexible pricing for irregular settlements.
 - Stocks: Please support irregular settlements (settlements in T+2 after the transition to T+1) and leave orders (orders executed on Japanese holidays). FX: No specific requests.
 - We have heard from the FX banks that T+0 trades are essentially prohibited, requiring prior consultation to execute, and more significant amounts are not permissible. We desire more flexible approaches.
 - We request the clarification of FX order execution & settlement cut-off times, as well as information sharing regarding the operational readiness of the FX bank's back offices.
 - With the anticipated global shortening of the securities settlement cycle, an increase in the demand for T+0 FX trades is expected. Thus, we would like to see an improvement in the liquidity of T+0 trades and administrative capabilities. Also, from the perspective of reducing settlement risk, we request relevant parties to discuss enabling CLS settlements for T+0 trades.
 - As the transition to the T+1 settlement cycle appears to progress in markets outside the US in the future, we would appreciate industry-wide consideration for the increased flexibility of FX settlements (e.g., expanding the scope of T+0 FX support).
 - More flexible instruction deadlines and shortened settlement cycles may affect funding when subscribing to investment trust funds aiming for index tracking. A structural issue that purchasing foreign stocks (S) on the day of the additional subscription to the investment trust funds does not allow for the payment of the additional subscription fee (S+2*) before the settlement of the foreign stocks (S+1), leading to a shortfall of funds (*T+0 FX trades with same-day settlement for purchasing USD are performed on S+2). We would appreciate sharing any suggestions to cover this fund shortfall.
 - We expect the sell-side to remain flexible in accommodating a longer settlement cycle than the T+1 cycle when circumstances require such extensions on the buy-side.
 - We request prompt reconciliations after order executions, and if there are any unmatched items, we would appreciate immediate notification. Also, please enable corrections and other actions in Japan time, even for accounts under US jurisdiction.

<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(2) Please write in the right column if you have any opinions or requests to trust banks involved in asset management.

By firm – part 1

- Please provide the same-day cut-off times (for order executions, instructions, recording & settlements) for T+0 FX trades (primarily for JPY funds, I guess).
- We have noticed a strong request from trustee banks to prohibit T+0 FX trades. However, we hope for your understanding regarding unavoidable transactions while considering methods to avoid excessive burdens on administrative processing, such as preventing T+0 FX trades with JPY and preparing for the response measures as much as possible. Since trust banks hold fund instruction rights, the timeframe for overseas investment trust allocations is expected to become extremely tight and almost impossible to meet. While proposals such as pre-funding and Custody FX are available, we are concerned about their potential impact on operational performance due to their imposed constraints. We request an extension of the cut-off time for the FX instructions of trust banks.
- We would like trust banks to unify their response policies since the stance on T+0 FX trades differs among them. Even within the same trust bank, the approach differs for each investment firm, leading to significantly different competition conditions.
- Please share information regarding the consideration status of other investment firms.
- Are there any plans for stricter constraints compared to the current situation, such as shortening the instruction cut-off time? We would request uniformity in policies among trustee banks regarding whether to allow T+0 trades.
- While pre-funding is a general principle, as mentioned in 1 (6), it is anticipated that T+0 FX trades may occur unavoidably due to shortages arising from market fluctuations or fund characteristics. Thus, we request extensions of the instruction deadlines for such FX trades, flexible operations, and an expansion of the number of trades that can be accommodated.
- For funds without CLS setup, gross settlements are applied to third-party FX trades. However, as with the introduction of the Soto-Soto Scheme with foreign exchange margins under margin regulations, we would like trust banks to consider Soto-Soto Scheme settlements for third-party FX trades as well.
- Would it be possible to extend the instruction cut-off for T+0 FX trades (USD vs. JPY) until noon?
- Expansion of the acceptance time for processing T+0 FX trades
- Please increase the currencies that can be cross-traded with USD in the T+0 cycle.
- We request flexible arrangements regarding T+0 trades.
- The significant constraints of T+0 FX trades (and T+1 at London 4 p.m.) are considered a major factor that makes it difficult for investment firms to transition to T+1 settlements for US and Canadian stocks. We particularly hope for improvements in the following areas: The hurdle for implementing T+0 FX trades (and T+1 at London 4 p.m.) is high due to the early instruction deadlines for asset management banks. We hope for the extension of instruction deadlines. While it is acknowledged that T+0 FX trades carry high operational & settlement risks, we want to know whether these risks can be mitigated to a level comparable to the trades in T+1 or longer cycles.

<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(2) Please write in the right column if you have any opinions or requests to trust banks involved in asset management.

By firm – part 2

- Please provide information on the current preparation status for the transition to the T+1 settlements and the options available to asset management.
- It appears more appropriate to review cut-off times before transitioning to the T+1 settlements.
- We've heard that many trustee banks are hesitant about T+0 transactions, but since the trading volume is expected to increase, we would like trust banks to proceed with T+0 support, even if it takes time. We request that trust banks clarify and provide the cut-off time for instruction submission for pre-funding as soon as possible. We also hope for an extension of the cut-off time.
- We understand that T+0 trades involving JPY are impractical (because we have heard that the cut-off is around 8:30 AM, before business hours.)
- It is vital to build a flow with minimal manual work to prevent operational errors. Trust banks, which cannot proceed to subsequent processing even with minor mismatches, need to review the flow that allows flexible responses.
- We strongly support the policy of promoting pre-funding to reduce operational risks. However, since an increase in T+0 FX trades is anticipated, we desire to know to what extent each trust bank can accommodate these trades and whether they have any issues in their administrative setup (if asked individually, not publicly). Also, considering the anticipated global shortening of the securities settlement cycle, which is expected to increase the demand for T+0 FX trades, trust banks should improve their administrative capacity to handle an increase in T+0 trades.
- With the shortening of the securities settlement cycle, overseas FX operations with back-to-back schemes are becoming temporarily challenging for foreign asset funds. We understand this practice stemmed from the manual reconciliation of the past and is not strictly a regulatory requirement. Therefore, we would request trust banks to reconsider back-to-back schemes and explore the possibility of direct instructions from overseas local operators to custodians, as with securities transactions.
- We request trust banks for an extension and more flexibility in cut-off times.
- Please consider allowing to send settlement instructions from the overseas administrative department to brokers for FX trades (Soto-Soto Scheme).
- We request trust banks to implement the offshore-to-offshore scheme for FX trades.
- We hope for the clarification of settlement cut-off times by currency and flexible responses.
- Although only JPY is currently managed by trust banks, we hope for consideration between Japanese trust banks and global custodians to enable the management of currencies other than EUR/JPY and even through global custody.
- Provisions of short-term funding functionality to address force majeure red balances arising from excessively conservative deadlines and condition settings inconsistent with the trend of flexible instruction deadlines and shortened settlement periods, and discrepancies in market settlement cycles
- If there are any methods or approaches on the trust bank side to address the issues outlined in 3 (1) above, we would appreciate sharing them.
- It would be helpful if trust banks could introduce automatic FX services for JPY.
- With the settlement instruction deadline (V-1 14:00) proposed by a trustee bank, we foresee potential issues in the foreign currency funding in the event of force majeure (FM) due to the acquisition of foreign currency funds before understanding the cancellation fee. Discussions are needed on postponing the instruction deadline, permanent acceptance of T+0 trades, and acceptance of foreign currency overdraft (OD) charges for red balances.
- We don't have anything specific, but it might be beneficial if the trust banks could slightly advance the time for checking JPY funding.
- We would like the cut-off time for T+0 FX to be extended.
- We hope for the lifting of restrictions on Soto-Soto Scheme instructions for FX trades (direct submission of settlement instructions from investment managers rather than through trustee banks).
- Please advance the considerations of Soto-Soto Scheme approaches for fund transfers as well.

<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(3) If there are any concerns in terms of operational risks, please specify.

By firm – part 1

- Fund shortages on a settlement date basis
- For funds delegated overseas, we believe that the frequency of T+0 settlements cannot be altered. We consider the flow to avoid same-day acquisitions of foreign currency against JPY as much as possible when it can be managed in Tokyo. As there is a growing trend towards T+1 settlements globally, with the possibility of Europe and other regions beyond the planned USA, Canada, and Mexico following, we are concerned about the impact on operational performances due to the constraints on pre-funding and Custody FX.
- As stated in the previous section (2), there is a concern about the manifestation of risks such as delays in FX settlements due to an increase in T+0 FX trades, which may occur when trustee banks' responses are rigid or limited, resulting in shortages in many funds upon sudden market changes. In our case, there is a risk of missing the instruction deadline if such transactions occur with multiple trustee banks. With limited available time for responses, there is also a risk of settlement delays if unforeseen events such as system failures occur besides the workload, as mentioned earlier.
- For example, in the case of performing an FX trade selling JPY and buying USD in the T+0 cycle, there is a risk of selling more JPY than the amount held due to an incorrect recognition of the balance, resulting in a negative JPY balance on the day. (Such a risk does not exist in the current situation, as no transactions result in JPY withdrawals on the same day.)
- As in 3 (2), the earlier cut-off time for T+0 trades could pose a risk.
- We are concerned that T+0 FX trades carry higher operational & settlement risks compared to transactions in T+1 or longer cycles.
- We are concerned about whether internal processes can be set up or adjusted in line with external cut-offs when executing T+0 FX trades.
- We understand that T+0 trades can increase operational risk, so we would like the relevant sell-side parties and trust banks to prepare sufficiently for the transition to T+1 settlements in North America.
- For T+0 USD/JPY exchanges, we have concerns about whether the JPY settlement process between trust banks and FX banks will be completed before the cut-off time on the same day.
- We have no significant concerns as we have a track record of order executions and processing for T+0 FX trades. However, we are concerned that the potential increase in administrative burden for the sell-side and trust banks due to the increased transactions may affect subsequent administrative tasks.
- Increased settlement risks due to the transition to T+1 settlements and adaptation to the new settlement cycle
- Increased counterparty risks due to excluding T+0 FX trades from CLS settlements.

<Survey: Buy-Side Version>

Impact of the T+1 Settlements for US & Canadian Stocks, Starting May 2024, on the Tokyo Foreign Exchange Market

(3) If there are any concerns in terms of operational risks, please specify.

By firm – part 2

- The mismatches remaining unsettled due to uncompleted reconciliations within US hours
- This is a separate issue from foreign currency funding, but with the current settlement instruction method (for stocks), there is a high possibility of needing to address holiday handlings. Industry-wide discussions for responses to stock orders placed before holidays are necessary.
- We are concerned about the lack of time allowance for T+0 FX trades until settlement. We believe advance confirmations of cut-offs and flows with each party are vital.
- We outsourced investment management under the scheme of performing securities & FX trades overseas. There, FX trades are settled back-to-back. At T+1 Japan time, trust banks receive instructions for FX trades conducted at the local time (T) and reconcile them with broker confirmations. If there are mismatches between FX instructions and broker confirmations, which require time between the trust bank and the FX bank (Tokyo branch) to fix, the risks of settlement delays and failures increase.
- If T+0 FX trades are implemented without issue, the impact from changes in the securities settlement cycle should be minimal. However, if trustee banks encounter difficulties in the default handling of T+0 FX trades, it could necessitate a restructuring of flows for stock/FX orders and fund management methods, etc., causing a significant impact.
- We are not concerned about T+0 FX trades, as they only occur occasionally in automatic Custody FX.
- We are concerned about the increased risk in recognizing currency values in FX trades and calculating the net asset value (NAV) based on them.
- Various operational risks are anticipated to arise from the shortening of settlement cycles, including restructuring operation flows, coordinating with foreign outsourced investment managers, and implementing new operation flows.
- If conducting transactions in line with the evaluation criteria upon additional settings to reduce tracking errors (TEs) in passive management, the payment deadline in North America will arrive before the set fees are deposited, so we are internally exploring the solutions. To address this issue, we recognize the need for responses such as purchasing at a fixed price (which leads to acceptance of TEs and may affect performances), extending the securities settlement cycle (which may worsen prices), or temporarily hedging with futures.
- Increase in failed transactions and administrative errors
- Rise in failure risks
- We consider acquiring foreign currency before purchasing stocks (pre-funding) while being concerned about the risk of fund shortage. Regarding fund management, we believe further consideration is necessary.
- The timeline for withdrawals by clients (such as withdrawals from dollar-denominated trusts), fund adjustment with Japanese stocks (T+2)
- We plan to perform T+0 settlements as an emergency measure. However, we are concerned about whether settlement instructions will flow smoothly since accounts adopting CLS settlement will be treated as non-CLS for T+0 settlements.
- The FX orders not placed on the order execution date after the confirmation of T+1 trading for US stocks will result in T+0 FX trades, leading to delays in settling Asian currencies for FX trades performed overseas.