

US T+1 *Affirmation Process*

The affirmation or ID settlement process is essentially the US market matching process. The ID settlement is the successful end result of Institutional Trade Processing. An affirmation serves as an acknowledgment to all parties of the trade (broker-dealer, institution, agent) that the trade was reported in conformity with the trade details and settlement instructions.

Why are affirmations important now?

- Under a T+1 lifecycle, affirmations will now become a regulatory requirement.
- SEC Rule 15C6-2 of the Exchange Act requires the allocation, confirmation and affirmation process to occur no later than end of trade date – DTCC deadline 21:00 EST Trade Date.
- With T+1, an affirmation becomes more than an agreement between parties of the transaction details. It is now a measurement for compliance with the SEC Rule.

When do affirmations occur?

- T+1 introduces a requirement for same day allocations, confirmations, and affirmations.
- Affirmation cutoff will move from CSD-1 11:30 EST to Trade Date at 21:00 EST.
- Affirmations are being done much closer to the actual trade execution.

Who performs the affirmation?

A fundamental choice is required on who is performing the affirmation. It could be:

- Institutions
- Agent (Custodian)

Institutions can affirm trades or delegate this responsibility to their custodian.

What are the benefits?

- An affirmation provides assurance that the details of the trade are agreed between the buyer and seller. Settlement rates for affirmed trades are significantly higher than settlement rates for unaffirmed trades.
- Affirmed ID trades result in an automated settlement on DTC books with no need for the delivery party to input separate delivery instructions.

Lifecycle of a Trade



Trade Execution

Securities transaction executed between institution and broker-dealer



Allocation

If applicable, allocation details need to be provided by institution to the broker-dealer



Trade Confirmation

Broker-dealer submits trade confirm to DTCC to allow for matching between both parties to occur



Trade Instruction Sent to Custodian

Institution sends MT54X trade instruction to the custodian



Trade Affirmation Occurs

Affirmation of the confirm is performed, either by the institution or delegated to the custodian



Settlement Occurs

On settlement date, DTCC completes settlement assuming delivering party has sufficient position and receiving party has sufficient cash

Impact of Affirmations Cut-Offs Around The World

	US/Canada	UK/Ireland	Western Europe	India	Hong Kong/Singapore	Japan	Australia	New Zealand	
	ET	GMT	CET	IST	HKT/SGT	JST	AEDT	NZDT	
Time Difference from NY (EST)	0	5	6	10.5	13	14	16	18	
Trade Date (T)	Market Open	9:30	14:30	15:30	19:30	22:30	23:30	1:30	3:30
	Market Close	16:00	21:00	22:00	2:00	5:00	6:00	8:00	10:00
	US Allocations	19:00	0:00	1:00	5:00	8:00	9:00	11:00	1:00
	Broker Generates Confirmation								
	Citi Cutoff for Affirmation	20:45	1:45	2:45	6:45	9:45	10:45	12:45	2:45
	DTCC Affirmation Cutoff	21:00	2:00	3:00	7:00	10:00	11:00	13:00	15:00
	Authorization & Exemption (A&E)	22:45	3:45	4:45	10:45	13:45	14:45	15:45	17:45
	Night Cycle Starts	23:30	4:30	5:30	9:30	12:30	13:30	15:30	17:30
	Sec Lending Recall	23:59	4:59	5:59	9:59	12:59	13:59	15:59	17:59
	Night Cycle Ends	1:30	6:30	7:30	11:30	14:30	15:30	17:30	19:30
T+1 / Settlement Date (SD)	Settlement Cycle Starts	2:00	7:00	8:00	12:00	15:00	16:30	18:30	20:30
	Client Trade Instruction for Non-ID	14:50	19:50	20:50	0:50	3:50	4:50	6:50	8:50
	DTC Delivery and Settlement Cutoff	15:00	20:00	21:00	1:00	4:00	5:00	7:00	9:00
	DTC Free Delivery Cutoff	18:15	23:15	0:15	4:15	7:15	8:15	10:15	12:15



To find out more about how we can help you navigate this upcoming move to T+1, contact your Citi Representative or email SecuritiesServices@citi.com.

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