



Sec T+1 Settlement Cycle Reform

Data & AI Technology Solution

Overview

- ◆ Assists Broker/Dealers (Executing Brokers & Clearing Brokers) in implementing business workflows related to T+1 settlement reforms.
- ◆ Standardize, Automate, and implement business workflows related to various mandatory aspects of the trade life cycle.
- ◆ Shortens the trade life cycle period from T+2 to T+1 in the USA.
- ◆ Based on Broker-to-Broker communication and communication with Regulatory Authorities, workflows covered:
 - ◆ Allocation Instruction
 - ◆ Trade File Processing
 - ◆ Reconciliation of trade information
 - ◆ Filing Trade Data (status and timestamp) in accordance with SEC/FINRA regulations



1. Broker- To- Broker Communication

- Allocation instruction workflow b/w Broker/Dealer & Investment Manager
- Trade File Processing & Reconciliation b/w Executing Broker & Clearing Broker

2. Broker –To- Regulatory Authority (Sec/FINRA) communication

- Front Office-Middle Office-Back Office reconciliation
- Regulatory filling of Trade status & timestamp.



Magic FinServ Capability



Process implementation
& Standardization

Data Validation, Automation
Reconciliation & Reporting



Agile Project
Management

Digital Transformation



Data Onboarding &
Transformation

SMEs/Data Analyst/
Business Expert Support



Data Governance, AI & Data
Automation Solution

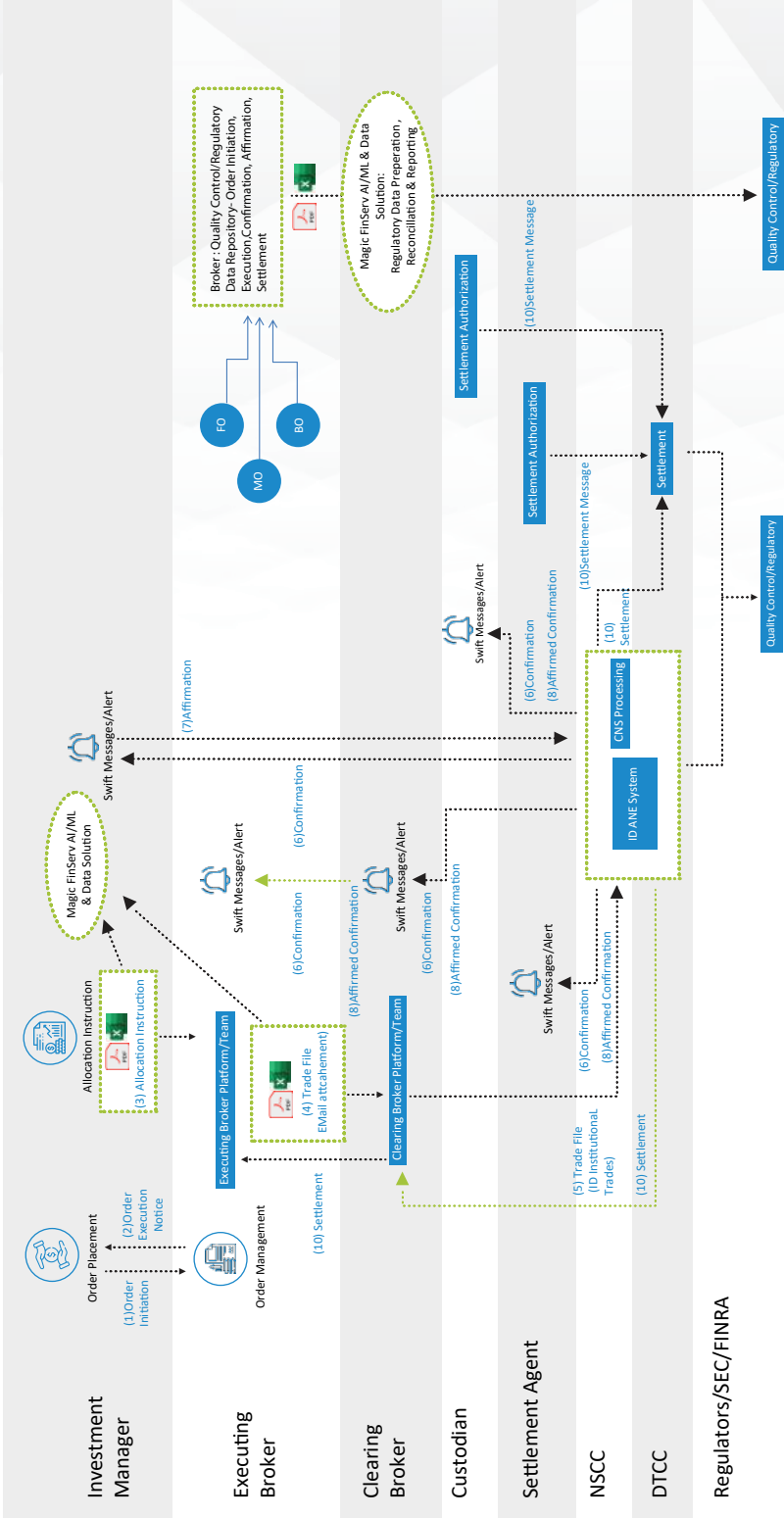


Sec T+1 Settlement Cycle Reforms

In trading, time is of the essence because every moment wasted in settling or reconciling a trade incurs higher costs and greater risks. Today, as the US proposes a shift to the T+1 settlement cycle, the primary objective is to reduce the time it takes to settle a trade and, consequently, decrease the risks.

This seems justified, given the severe shockwaves the markets have experienced in the last two years due to market volatility, the pandemic, the fall of meme stocks, etc. Below, you will find the trade life cycle with areas for possible improvement.

Sec T+1 Settlement Reforms for US



Business Use Case 1: Broker to Broker Communication

Scenario A: Trade Allocation Instruction

Current Challenges

- ◆ Manual processes exist between the Investment Manager (IM) and the Broker regarding the sharing of Allocation instructions.
- ◆ The current legacy process falls short of achieving the standard required for Sec T+1 settlement reforms due to excessive manual intervention. The possibility of human error increases the risk of trade settlement failure within the given time frame.
- ◆ Currently, many Investment Managers (IMs) send Allocation details to the Executing Broker in various formats such as Excel, CSV, email, or others, without any automation process.
- ◆ As a result, Analysts/Executives manually read the data/information and then enhance the Trade file with allocation details.





Magic FinServ Capability

Helps customers automate asset allocation communication between Investment Managers and Brokers/Dealers through innovative Data and AI/ML technology to standardize the business process thereby eliminating adhoc and inconsistent data.

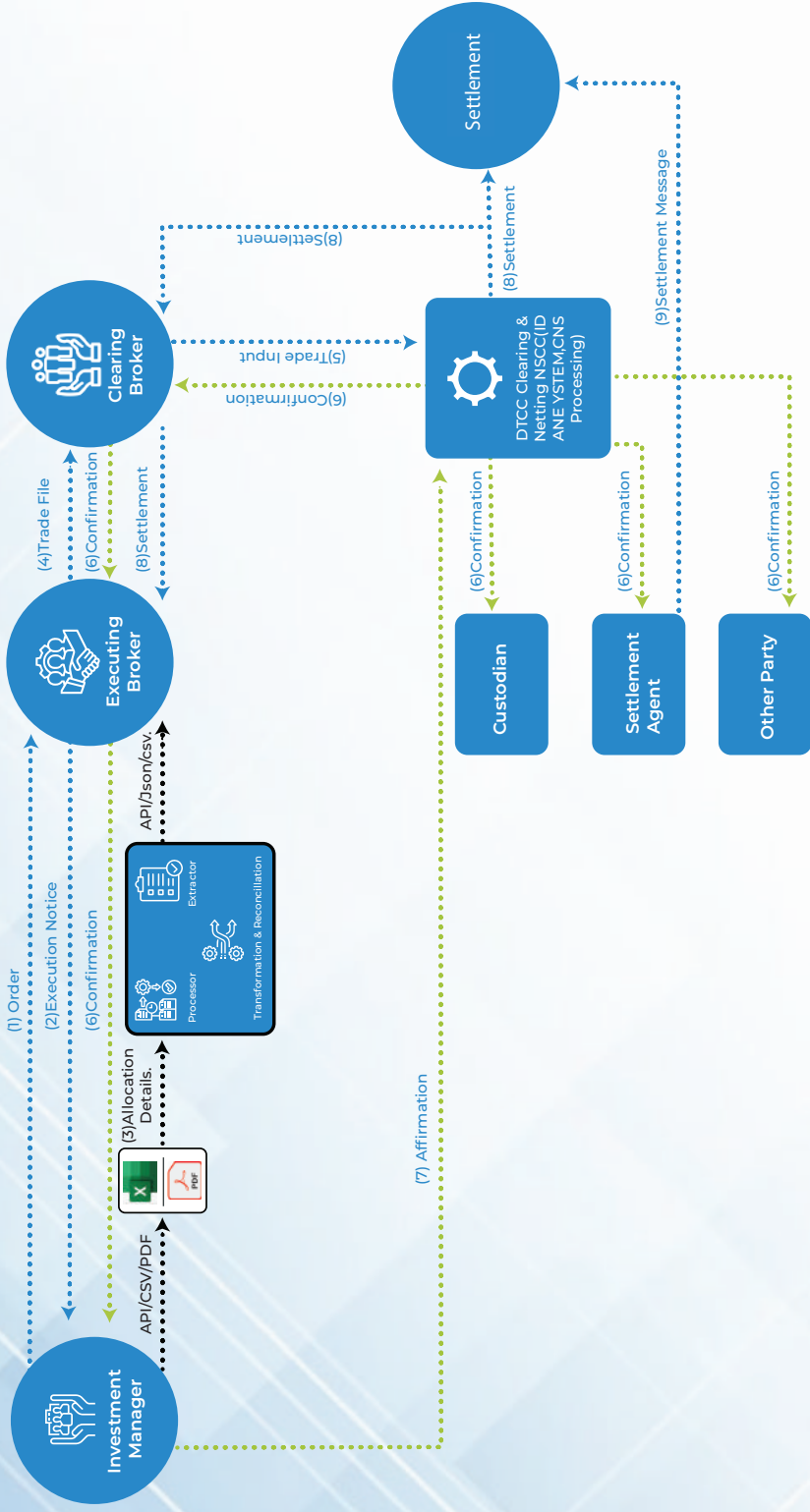
Supports various data sources such as Excel spreadsheets, CSV files, email bodies, email attachments, API integrations from multiple systems, or any unstructured format.

Creates Reconciliation Reports for other market players or support the setup of Golden Copy Data Management for multiple sub-activities in the trade life cycle and export reconciled Trade File.

Users can configure business rules or mathematical rules required for the generation of trade file, generate customer specific reports in different formats viz JSON, API, Excel, or any standard template.



Automation Trade Allocation



Business Use Case 1: Broker to Broker Communication

Scenario B. Trade File Processing



Current Challenges

No automation in the communication between the Broker-Broker (i.e., Executing Broker-Clearing Broker) regarding Trade file Processing, which should be a part of the Middle Office (MO), as well as the receipt of Settlement information/Status from the Clearing House or Back Office (BO) system.

The Executing Broker shares the Trade details with the Clearing Broker in the form of an Excel spreadsheet or similar format. The Analyst Team then extracts, processes, and imports the data into the Clearing System.

Magic FinServ Capability

Helps customers automate broker-to-broker communication related to trade filing processing, utilizing data and AI/ML technology to standardize the business process.

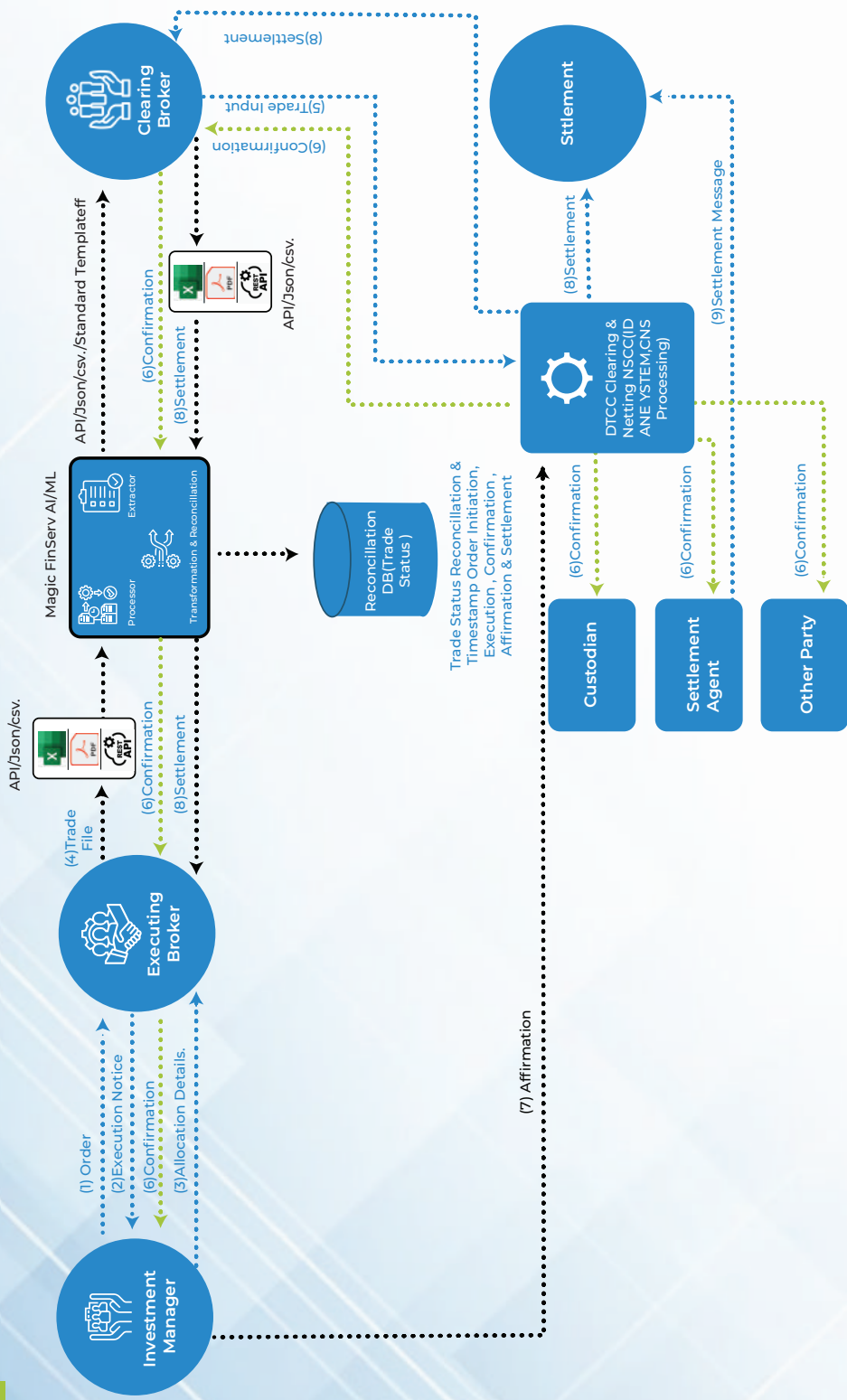
Seamless integration with various data sources such as Excel spreadsheets, CSV files, email bodies, email attachments, API integrations from multiple systems, or any unstructured format.

Ability to generate reconcile reports for other market players and facilitate the setup of golden copy data management for multiple sub-activities in the trade lifecycle.

Export reconcile trade files and configure necessary business or mathematical rules for seamless generation of trade files.

Generate reports tailored to the customer's requirements, whether in JSON, API, Excel, or any other standard template.

Automation Trade Files Process



Business Use Case 2: Broker –To- Regulatory Authority (Sec/FINRA) Communication

Scenario : Trade Regulatory Reporting Automation by Broker/Dealer & FO-MO-BO trade data reconciliation

Current Challenges

No automation for the reporting entity (executing broker) to fill regulatory reports to SEC/FINRA, based on the consolidation of trade status and timestamps from the Front Office (FO), Middle Office (MO), and Back Office (BO).

SEC/FINRA regulatory filing done mostly manually including the reconciliation of trade file data, status, and timestamps from multiple systems (FO/MO/BO), data transformation, data completeness, etc. This manual process increases the time required for the overall process.

Magic FinServ Capability

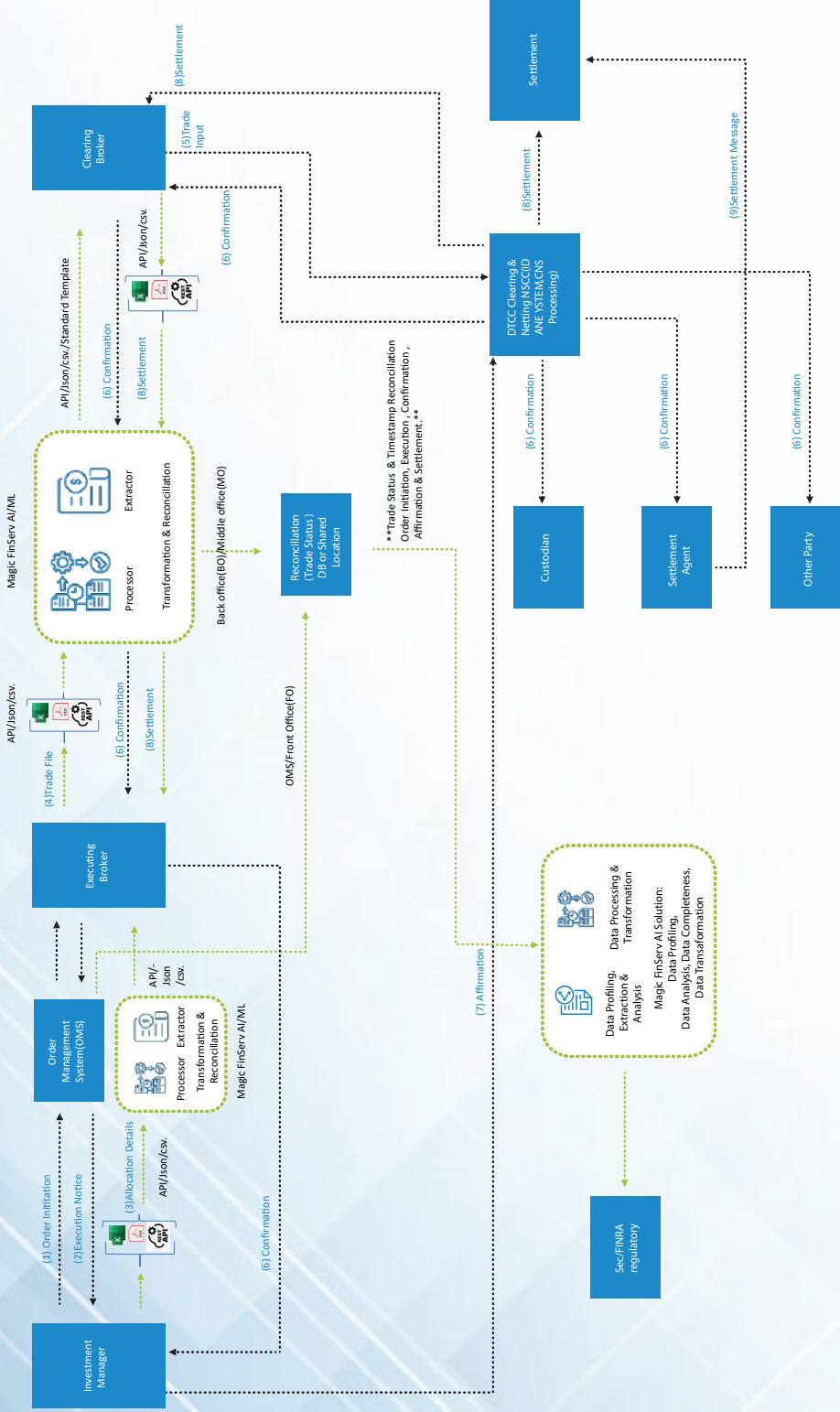
Helps customers and reporting entities streamline the regulatory filing process. Automates the integration and consolidation of data from multiple sources (FO/MO/BO) and creates the necessary data matrices to meet regulatory requirements.

Supports various data sources, such as Excel spreadsheets, CSV files, email bodies, email attachments, API integrations from multiple systems, or any unstructured format. Generates reconcile report for regulatory authorities like SEC/FINRA.

Configures to accommodate any business rule or mathematical rule required for the generation of regulatory files.

Generates reports based on customer preferences, such as JSON, API, Excel, or any standard template.

Automation Trade Allocation



Solution Component

Managing all the instrument identifier data and other information that is required for the extraction of the information from the Exchange

Data management

Manage and support all the data source; Extract & automate data information using AI technology

Data Automation & AI Strategy

Define & setup all the rules & methods for extracting the information

Rule Engine

Setup different calculation methods based on business need

Computation Module

Demonstrate and generate the Report based on business criteria.

Reporting & Reconciliation

Our Values



Openness



Human First



Result Oriented



Know Your Customer



Cool, Clever & Creative



Curious & Keep Learning



Magic FinServ

DRIVING BUSINESS IMPACT FROM INFORMATION



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