

# Bank Depository User Group Same Day Affirmation (SDA) Initiative Update

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# Omgeo Campaign to Drive “Same Day Affirmation”

Mitigating operational risk and Increasing settlement efficiency

Higher affirmation rates enable ‘SSC’, increase efficiency, and lower cost

## SDA Rates



### Driven by SIFMA Objectives

- Eliminate reclaims
- Shorten settlement cycles
- Increase affirmation rates



### Support for Industry Initiatives

- Settlement Matching
- BCG & DTCC study
- SDA & Central Matching



### Offer Economic Incentives

- Affirmation incentives
- Best practice price alignment



### Provide Analysis Tools

- Voice of client
- SDA analytics
- Billing & usage



### Engage Clients

- Prime Brokers
- Custodians
- Brokers
- Institutions



# Client Engagement & Affirmation Analytics

## Omgeo's commitment to SDA & client cost savings

### **Phase 1** Prime Broker Consultation

- Engage high volume prime broker clients
- Review affirmation rates (SDA Analytics)
- Present potential discounts and savings potential
- Make process recommendations to improve SDA

### **Phase 2** Custodian and Broker Consultation

- Engage large custodian and broker clients
- Review affirmation rates and potential savings (SDA Analytics)
- Identify target institutions
- Make process recommendations to improve SDA

### **Phase 3** Institution Consultation

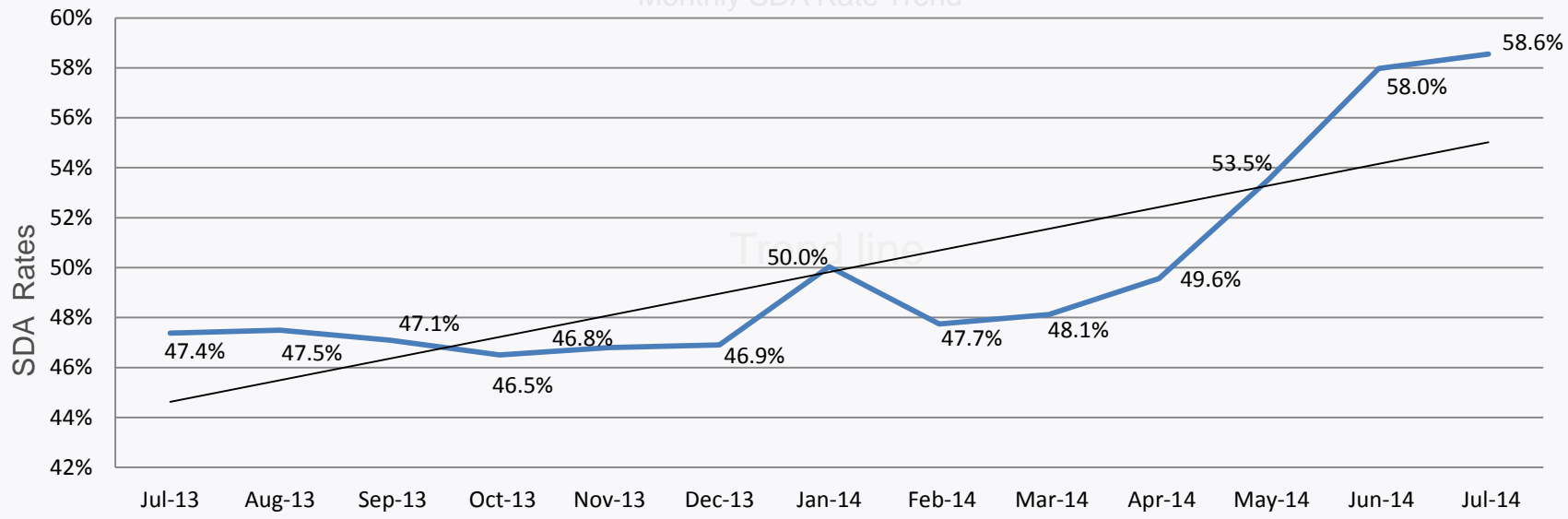
- Work with targeted Institutions from phase 2
- Review affirmation rates & performance (SDA Analytics)
- Review findings from phase 2
- Make process recommendations (w/ counterparty assistance)



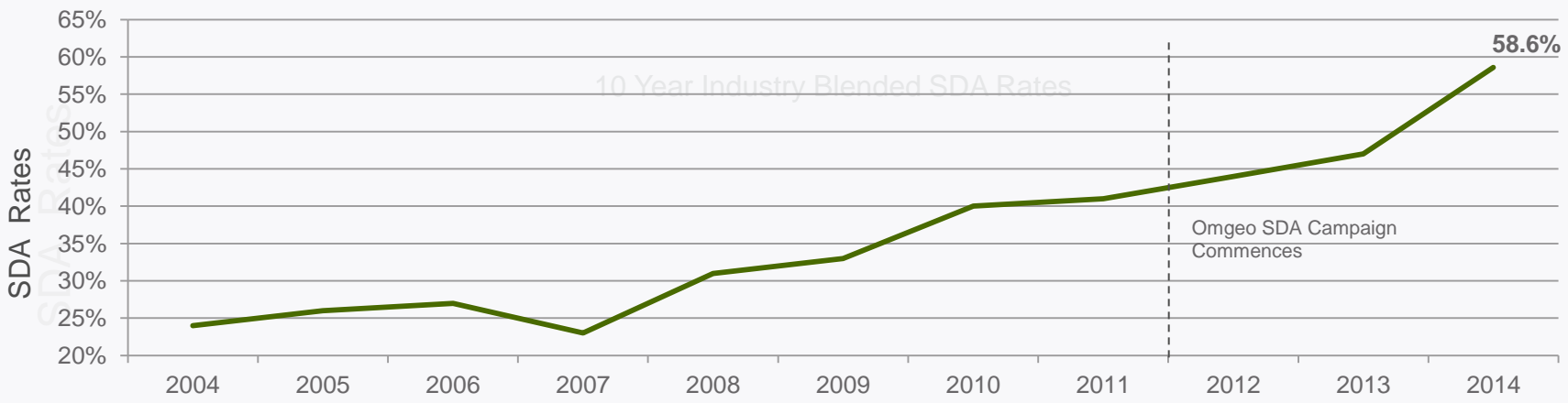
# July SDA Rates Up to 58.6%

## Up 35% over 10 years

Monthly SDA Rate Trend



10 Year Industry Blended SDA Rates

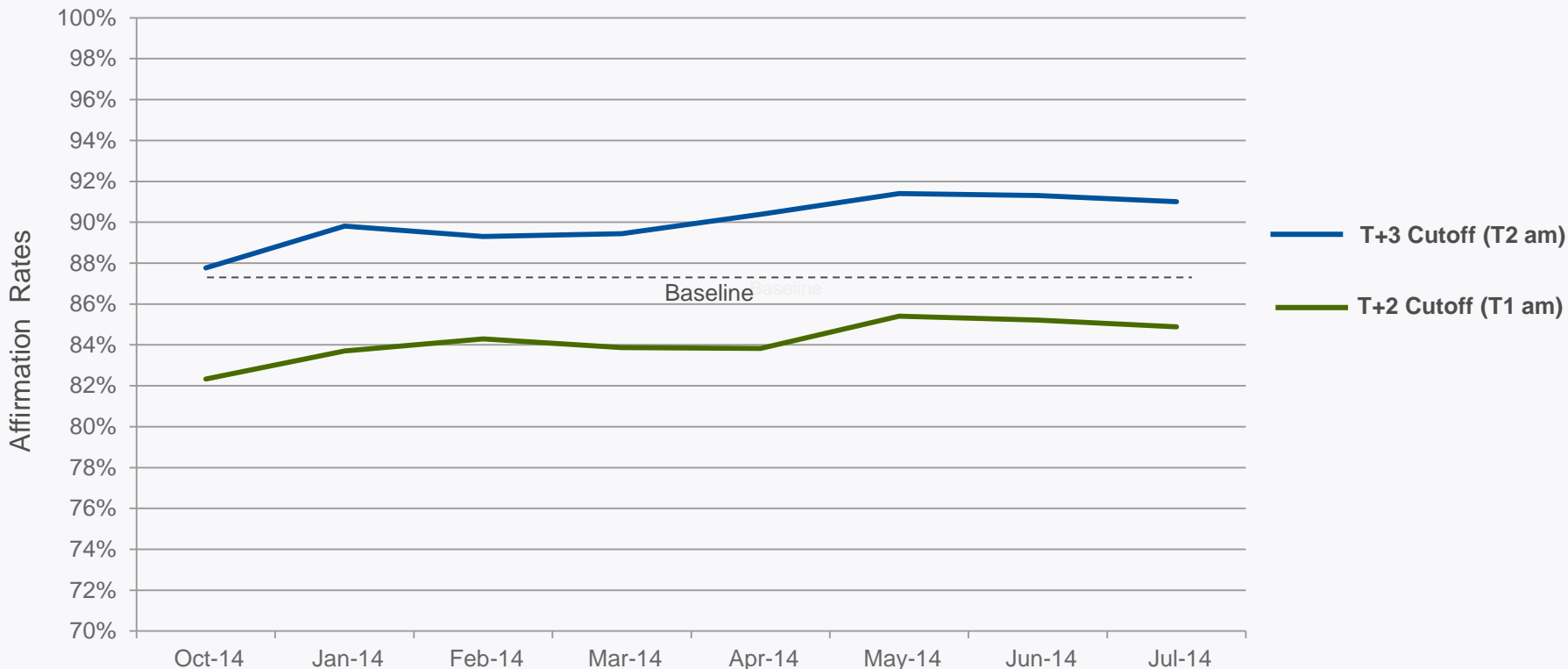




# T+2 Cutoff Rates Improving – Near T+3 Cutoff Baseline

## Industry positioned well for SSC T+2

2014 T1 Affirmation Rates with October T2 Baseline



# Affirmation Rate Breakdown by Segment (June)

Identifying areas for improvement

## Industry Affirmation Performance (100% Volume)

Affirmation Rates (DTC Eligible Transactions)

**T0= 58% T1= 89% (T2= 90%)**

Institutions & Custodian Banks (61% Volume)

T0= 50% T1= 83%

Prime Brokers (39% Volume)

T0= 70% T1= 97%

Confirm Affirm  
Institutions

T0= 36%  
T1= 83%

Bank Omnibus  
Institutions

T0= 24%  
T1= 65%

Central Match  
Institutions

T0= 77%  
T1= 92%

Top 9  
3 of 9

T0= 46%  
T1= 98%

Top 9  
6 of 9

T0= 92%  
T1= 97%

Match Only  
Institutions

T0= 49%  
T1= 86%

Auto Affirm  
Institutions

T0= 85%  
T1= 95%

July 2014



# SDA Recommendations & Best Practices

Improving industry affirmation performance using analytics

**Timely Allocation & Confirm Processing**

**Conversion to Central Matching & Auto Affirmation Models**

**Adjustment of Auto-Matching Cycles**

**Review Set-ups, Matching Criteria and Affirming Party Responsibilities**

**Shift from Bank Omnibus Institution Account Structures**

**Promote Benefits of Institutional Netting (i.e. ID Net) & Settlement Matching (PA)**