

Working With Your Custodian to Implement CTM's Match to Instruct (M2i) Workflow

FAQ For Investment Managers

DO I NEED TO SPEAK TO MY CUSTODIAN TO IMPLEMENT CTM'S M2I WORKFLOW?

Yes. As part of implementing CTM's M2i workflow, investment managers need to coordinate the timing of changes in affirming party with their custodians. Historically, many investment managers have relied on their custodians to affirm trades on their behalf.

Upon go live of the new SEC T+1 rules, given the DTC and NSCC affirmation cutoff¹ of 9:00 pm ET on T, DTCC recommends as a best practice that the investment manager become self-affirming. Investment managers need to collaborate with their custodians to transition this responsibility, where it makes business sense, from the custodian to themselves.

HOW CAN AN INVESTMENT MANAGER OR INSTITUTION BECOME SELF-AFFIRMING?

To become self-affirming, the investment manager first must have their own Institution TradeSuite ID Number. Then the investment manager, Global Custodian Direct (GCD) custodian, or the DTCC Service Bureau on their behalf need to update the DTC and FED SSIs in ALERT updating the Inst/Broker ID (ID3) and ensuring the ALERT General Account Information Affirming Party indicator is set to either Institution and All Agents or Institution (only). Additionally, the investment manager needs to work with DTCC Integration to get setup on CTM's M2i workflow.

Please see TradeSuite ID Number and Subscriptions [FAQ](#) for more information.

WHAT IF I NEED MORE INFORMATION ON TRADESUITE ID AND TRADESUITE ID NUMBERS?

For further information please visit DTCC Learning overview of [TradeSuite ID](#).

CAN I CONTINUE TO SEND SWIFT INSTRUCTIONS AND AFFIRM CONFIRMS WITH CTM'S M2I WORKFLOW?

Yes, most if not all custodians can receive both a SWIFT and an affirmed TradeSuite ID confirm using CTM's M2i workflow. In the past it was problematic for some custodians to take both, but in the last several years most custodians have adjusted to support this. DTCC recommends, however, reaching out to all your custodians in order to ensure they support receiving both.

An affirmed TradeSuite ID confirm allows the custodian and the broker to go into the settlement process in an automated fashion without having to issue a Deliver Order/Night Deliver Order to effect settlement. This is an additional step in the settlement process that could introduce additional cost and settlement risk.

When speaking with your custodian, please ask them to identify the affirmation model that allow you to both SWIFT and self-affirm the broker's TradeSuite ID confirm.

¹The affirmation cutoff is defined as a time after which affirmed TradeSuite ID confirms will not meet criteria set by NSCC and DTC for submitting into their automated netting or settlement processes, respectively.

WHAT ARE THE POTENTIAL BENEFITS OF CONTINUING TO SEND SWIFT INSTRUCTIONS?

The SWIFT message contains additional information for settlement that is not included on the TradeSuite ID confirm including the client's own trade reference number. For non-US clients that rely on their custodian to execute FX transactions, the benefit of the SWIFT message is that it includes the relevant FX information (tag 11A) required by the custodian. FX information is not included on the TradeSuite ID confirm which means the investment manager will need to instruct the custodian separately for the FX movement rather than being able to send the settlement instruction as one.

The M2i -created TradeSuite ID confirm is dependent on the CTM trade going to Match Agreed first. If an investment manager wants to ensure the custodian receives all trades, they can continue to send via SWIFT regardless of the CTM match status. This may be relevant in a case where the custodian is also the accounting agent, for example.

In other cases, the investment manager may determine that the SWIFT message is redundant and therefore inefficient.

DO I HAVE TO SPEAK TO ALL MY CUSTODIANS?

Yes, DTCC recommends that you speak to all your custodians who are affirming for you today.

CAN I UPDATE AFFIRMING PARTY INFORMATION WITHOUT SPEAKING WITH MY CUSTODIAN?

No, DTCC recommends that you wait to speak to your custodians and agree a date when this responsibility can be transitioned.

CAN I UPDATE THE INST/BROKER (ID3) INSTITUTION ID INFORMATION TO REFLECT MY OWN TRADESUITE ID NUMBER AND STILL HAVE MY CUSTODIAN AFFIRM ON MY BEHALF?

Yes, the Affirming Party indicator is independent from the Inst/Broker ID (ID3). The investment manager can put their own TradeSuite ID Number in the Inst/Broker field or have the global custodian or DTCC Service Bureau do this on their behalf and set the Affirming Party to All Agents so only the custodian can affirm.

IS UPDATING ALERT SUFFICIENT TO NOTIFY MY BROKERS?

DTCC recommends that you reach also out to your brokers via email to ask them to use your new TradeSuite ID Number. Brokers pull investment manager SSIs from ALERT, but this information is not always current.

WHAT IS AN INTERESTED PARTY (IP) ID?

An investment manager can set up their TradeSuite ID Number to be both an Institution and an Interested Party (IP). If an investment manager cannot transition the affirming party role to themselves, they should use their TradeSuite ID Number as the Interested Party.

HOW DO I KNOW IF I ALREADY HAVE A TRADESUITE ID NUMBER?

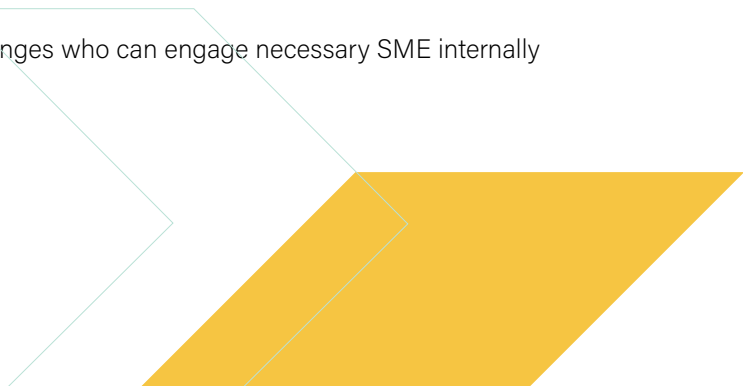
On [MyDTCC](#), under My Files, you can view the ID Master Reference File showing all the current TradeSuite ID Numbers.

CAN MY GLOBAL CUSTODIAN DIRECT (GCD) CUSTODIAN UPDATE MY ALERT SSIS ON MY BEHALF?

If you are using a global custodian to manage your SSIs in ALERT, you can ask them to update your SSIs with your TradeSuite ID Number. Please note that the Interested Party field is not managed by GCD. The investment manager will need to update and maintain this information independently. Please reach out to the Global Service Bureau for assistance at no charge for work related to M2i.

WHO AT MY CUSTODIAN CAN I SPEAK WITH ABOUT THIS CHANGE?

It is best to reach out to your Client Coverage team to address any changes who can engage necessary SME internally where necessary.



IF I USE MY OWN TRADESUITE ID NUMBER, CAN THE CUSTODIAN AFFIRM ON MY BEHALF?

Yes, for example, you can set up your own TradeSuite ID Number as the Institution in ALERT and set the Affirming Party to be ALL AGENTS. The Affirming Party field is part of the General Account Information for each Access Code on ALERT. When the affirming party is ALL AGENTS, only the custodian can affirm the Confirm; the custodian will be the Affirming Party.

I WANT TO CONTINUE TO SWIFT TO MY CUSTODIAN AS WELL AS SELF-AFFIRM THROUGH M2I, WHICH CUSTODIAN AFFIRMATION MODEL SHOULD I SELECT?

CUSTODIAN	AFFIRMATION MODEL FOR BOTH SWIFT AND M2I (SELF-AFFIRMATION)
Citi	Model 3: Institution affirms with SWIFT MT54X message also sent to custodian
JPMC	Hybrid
BBH	Direct Affirmation with SWIFT Instruction Matching
BNY	Client Self Affirmation
BNP	Self Affirmation
HSBC	Model 2: Self Affirmation and Settlement
Mizuho	Self Affirmation

Affirmation model information was provided by the Association of Global Custodians (AGC) as of Nov 2023

IF I SELECT THIS TYPE OF AFFIRMATION MODEL WILL MY CUSTODIAN DUPLICATE CONFIRMS?

In almost all cases, the custodian can support both a SWIFT instruction and an affirmed confirm. However, please note that if an investment manager is setup one way with the custodian and the behaves differently, there is a possibility of duplicate instructions.

CAN THE CUSTODIAN MANAGE ONE AFFIRMATION MODEL FOR EQUITY AND A SEPARATE AFFIRMATION MODEL FOR FIXED INCOME?

The affirmation model is set by account. Most custodians can create a primary affirmation model for the account where they take both the SWIFT and the affirmed confirm. As a backup they can put in place a custodian affirmation model for any confirms that are not advisor-affirmed.

I'M NOT AN SEC REGISTERED INVESTMENT ADVISOR (RIA). DOES SEC ADVISERS ACT 204-2 (REGARDING RECORD KEEPING) APPLY TO ME?

No.

As part of U.S. T+1, the U.S. Securities and Exchange Commission ("SEC") has adopted updated rules for investment manager record keeping, applicable to SEC registered investment advisers (generally, those entities listed on the SEC's list of RIAs). The updates to SEC Advisers Act Rule 204-2 expand the U.S. RIA's recordkeeping requirement. The amended language adds: "and, for any transaction that is subject to the requirements of § 240.15c6-2(a) of this chapter, each confirmation received, and any allocation and each affirmation sent or received, with a date and time stamp for each allocation and affirmation that indicates when the allocation and affirmation was sent or received." **The existing requirement to maintain communications relating to "the placing or execution of any order to purchase or sell any security" is still in effect. The amendment takes effect May 28, 2024.**

WHAT ARE SOME LIMITATIONS OF AFFIRMING THROUGH THE CUSTODIAN OMNIBUS TRADESUITE ID NUMBER?

“Omnibus” TradeSuite ID Numbers (one TradeSuite ID Number used on behalf of multiple firms) on the TradeSuite ID confirm reduce transparency for the market because the investment manager is not identified as a party to the confirm. Investment managers are not able to receive, or archive confirms when they are not listed as the “Institution” or an “Interested Party” on the confirm. Where the investment manager does not have its own TradeSuite ID Number, it will have no visibility into whether the confirm is affirmed on a timely basis or not.

I AM AN SEC RIA. WILL MY BROKER BE ABLE TO DO THE AFFIRMATION FOR ME?

The broker issues the confirm. It is the counterparty who affirms. The broker cannot affirm the confirm.

I AM AN SEC RIA. WILL MY CUSTODIAN BE ABLE TO KEEP RECORDS ON MY AFFIRMATIONS?

Custodians have access to Confirm Archive today (and will continue to have access) to see all information on TradeSuite Confirms, including affirmations. The investment manager will need to have their own TradeSuite ID Institution and/or Interested Party Number and have that number in ALERT. Custodians will not be able to segregate confirms by client if the client is not a party to the confirm.

The DTCC ITP Trade Archive solution which will launch in Q2 2024 will be available only to investment managers and investment manager outsourcers. Trade Archive will archive the trade records from both CTM and TradeSuite ID in a new centralized cloud-based system and retain the new required information under Adviser's Act 2-402. Trade records archived from CTM will include the allocation and confirmation timestamps along with trade details from CTM. Trade records from TradeSuite ID will include the confirmation and affirmation timestamps along with confirmation and affirmations details from TradeSuite ID.

The archiving solutions are available at no cost from DTCC for CTM and TradeSuite ID clients.

WHAT IS THE DIFFERENCE BETWEEN AN INSTITUTIONAL TRADESUITE ID NUMBER AND AN INTERESTED PARTY TRADESUITE ID NUMBER?

A single TradeSuite ID Number can have both an “Institution” and an “Interested Party” role. An Interested Party can receive a copy of the confirmation when they are not listed as one of the other parties: Institution (investment manager), Agent (custodian), or Broker. Only the Agent and Institution can affirm a confirm. An Interested Party cannot affirm a confirm.

The practice for prime brokered trades is that the prime broker is listed on the confirm as both the Agent (custodian) and the Institution (investment manager). In this use case, it is very important that the investment manager has a TradeSuite ID Number with the Interested Party role.

Further, if there are cases where the custodian requires the use of an omnibus ID, the investment manager should list themselves as the Interested Party.

WHAT DO I NEED TO DO WITH THE RECORD KEEPING?

Confirm Archive is our current recordkeeping solution. It is independently available to CTM clients for access to CTM records and TradeSuite ID clients for access to TradeSuite ID records.

To learn more about current archival solutions, please access the [Confirm Archive](#) link at DTCC Learning. This capability will continue to be archive trades and remain available with no changes for the foreseeable future.

Trade Archive is a new additional “build for purpose” capability, currently in product development, that will be available for our buy side clients as part of paid subscriptions to CTM and TradeSuite to help with their amended 204-2 recordkeeping obligations. The new Trade Archive solution will centrally archive and store trade lifecycle records from both CTM and TradeSuite in one central location on a go-forward basis. Any information on historical trades (trades archived before the launch of Trade Archive) will only be available via Confirm Archive.

Trade Archive will provide buy-side clients with the following additional capabilities -



- Institutional clients that leverage CTM for central matching and TradeSuite ID for processing their trades, can independently search and retrieve the archived CTM and TradeSuite ID records from one central location (on a go-forward basis)
- Trade Archive UI will support robust sorting and filtering on trade attributes in a grid to quickly narrow down trade records of interest
- Information on timestamps for the records will be available for viewing and download in a grid layout – this enables quick access to that information without having to retrieve and view each individual trade record.
- Grid search results can be downloaded in a CSV format
- An added benefit for clients that leverage Match2instruct (M2i) workflows is that they can perform a single search under their CTM BIC and view the allocation, confirmation, and affirmation details together for their M2i trades in a collated view.

Your subscriptions to CTM and TradeSuite ID (TS FAQ), usage of CTM and TradeSuite ID for processing of trades, the scope of historical trades you'd like to access for record keeping as well as your preferences for access mechanism and download format and datapoints will determine which solution(s) are best for your needs.

USING CTM'S M2I WORKFLOW, DOES THE CUSTODIAN STILL GET A CHANCE TO REVIEW CONFIRMATIONS (FOR EXAMPLE TO CHECK FOR SUFFICIENT SECURITIES/FUNDING ON AN INVESTMENT MANAGER'S SECURITIES ACCOUNTS) BEFORE THE TRADE IS SETTLED?

Custodians can reject or exempt an affirmed confirm from settlement if there is insufficient position. Affirmed confirms are then sent to the depository. Additional validation and authorization by the custodian must occur prior to settlement.