

## **SHORTENED SETTLEMENT CYCLE – RULE CHANGES**

As of: Wednesday, March 8, 2017

**Underlined and boldface** text indicates new language

[bracketed] text indicates deleted language

Table of Contents	
Section	Page
Overview of Rules Impacted by T2	2
Securities and Exchange Commission	5
Financial Industry Regulatory Authority	5
Municipal Securities Rulemaking Board	8
NASDAQ	9
New York Stock Exchange	13
Office of the Comptroller of the Currency	15
Federal Deposit Insurance Corporation	15
National Securities Clearing Corporation	16
Depository Trust Company	23



## Shortened Settlement Cycle – Rule Changes

Shortening the settlement cycle in the U.S. securities markets will benefit investors and service providers by fostering credit liquidity, promoting market stability, and mitigating systemic risk across financial institutions. Implementation of this shortened settlement cycle involves regulatory changes across multiple U.S. regimes. The linchpin of these changes is the SEC’s proposed amendments to Rule 15c6-1 under the Securities Exchange Act of 1934. As proposed, Rule 15c6-1 would shorten the standard settlement cycle for most broker-dealer transactions from three business days after the trade date (“T+3”) to two business days after the trade date (“T+2”). The chart below identifies the status and relevant text of this and additional proposed or finalized rule changes across other federal regulators and self-regulatory organizations. This chart will be updated on an on-going basis. The information contained herein should not be construed as legal advice. Please reach out to your SIFMA representative or Jim Burns at Willkie Farr & Gallagher LLP ([jburns@willkie.com](mailto:jburns@willkie.com) and (202) 303-1241) with any comments or questions.

Regulator	Rule [link to current rule]	Title	Status
<b>Securities and Exchange Commission</b> - <a href="#">Rule 15c6-1 Proposal</a> : <ul style="list-style-type: none"> <li>▪ <a href="#">SIFMA Comment</a></li> <li>▪ <a href="#">ICI Comment</a></li> </ul>	<a href="#">SEC Rule 15c6-1</a>	Settlement Cycle	Proposed
<b>Financial Industry Regulatory Authority</b> - <a href="#">Regulatory Notice 16-09</a> - <a href="#">Rule Change Proposal</a> - <a href="#">Federal Register Notice</a> - <a href="#">SIFMA Comment</a> - <a href="#">SEC Approval Order</a>	<a href="#">FINRA Rule 2341</a>	Investment Company Securities	<b>Final</b> <b>Effective Date:</b> FINRA will announce the effective date of the proposed rule change in a Regulatory Notice, which date would correspond with the industry-led transition to a T+2 standard settlement, and the effective date of the Commission’s proposed amendment to SEC Rule 15c6-1(a) to require standard settlement no later than T+2.
	<a href="#">FINRA Rule 11140</a>	Transactions in Securities “Ex-Dividend,” “Ex-Rights” or “Ex-Warrants”	
	<a href="#">FINRA Rule 11150</a>	Transactions “Ex-Interest” in Bonds Which Are Dealt in “Flat”	
	<a href="#">FINRA Rule 11210</a>	Sent by Each Party	
	<a href="#">FINRA Rule 11320</a>	Dates of Delivery	
	<a href="#">FINRA Rule 11620</a>	Computation of Interest	
	<a href="#">FINRA Rule 11810</a>	Buy-In Procedures and Requirements [(j) Liability Notice Requirements]	
<b>Municipal Securities Rulemaking Board</b> - <a href="#">Regulatory Notice 2015-22</a> - <a href="#">SIFMA Comment</a> - <a href="#">ICI Comment</a> - <a href="#">Rule Change Proposal</a> - <a href="#">Federal Register Notice</a> - <a href="#">SEC Approval Order</a>	<a href="#">MSRB Rule G-12</a>	Uniform Practice	<b>Final</b> <b>Operative Date:</b> announced via MSRB notice, dependent on 15c6-1 changes.
	<a href="#">MSRB Rule G-15</a>	Confirmation, Clearance, Settlement and Other Uniform Practice Requirements with Respect to Transactions with Customers	

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule [link to current rule]	Title	Status
<b>NASDAQ</b> - <a href="#">Equity Regulatory Alert #2016-04</a> - <a href="#">Rule Change Proposal</a> - <a href="#">Federal Register Notice</a> - <a href="#">SIFMA Comment</a> - <a href="#">SEC Approval Order</a>	<a href="#">NASDAQ Rule 11140</a>	Transactions in Securities “Ex-Dividend,” “Ex-Rights” or “Ex-Warrants”	<b>Final</b> <b>Effective Date:</b> [NASDAQ] represents that it will announce the effective date of the proposed rule change in an Equity Regulatory Alert, which date would correspond with the industry-led transition to a T+2 standard settlement, and the effective date of the Commission’s proposed amendment to Rule 15c6-1(a) under the Act.
	<a href="#">NASDAQ Rule 11150</a>	Transactions “Ex-Interest” in Bonds Which Are Dealt in “Flat”	
	<a href="#">NASDAQ Rule 11210</a>	Sent by Each Party	
	<a href="#">NASDAQ Rule 11320</a>	Dates of Delivery	
	<a href="#">NASDAQ Rule 11620</a>	Computation of Interest	
	<a href="#">NASDAQ IM-11810</a>	Sample Buy-In Forms [(i) Liability Notice Requirements]	
<b>NYSE</b> - <a href="#">Rule Change Proposal</a> - <a href="#">Federal Register Notice</a> - <a href="#">SIFMA Comments</a> - <a href="#">SEC Approval Order</a>	<a href="#">NYSE Rule 14</a>	Non-Regular Way Settlement Instructions for Orders	<b>Final</b> <b>Operative Date:</b> (1) the Exchange will file a separate rule change to establish the operative date of the proposed rule, delete the current version and the proposed preamble, and remove the preamble text from the revised rule; and (2) until such time, the current version of the rule will remain operative and, in addition to filing the necessary proposed rule changes, the Exchange will announce via Information Memo the implementation of the proposed rule and the operative date of the deletion of the current rule.
	<a href="#">NYSE Section Heading - 45-299C</a>	Dealings and Settlements (Rules 45—299C)	
	<a href="#">NYSE Rule 64</a>	Bonds, Rights and 100-Share-Unit Stocks	
	<a href="#">NYSE Rule 235</a>	Ex-Dividend, Ex-Rights	
	<a href="#">NYSE Rule 236</a>	Ex-Warrants	
	<a href="#">NYSE Rule 257</a>	Deliveries After “Ex” Date	
	<a href="#">NYSE Rule 282.65</a>	Failure to Deliver and Liability Notice Procedure	
<a href="#">NYSE Listed Company Manual - §703.02 (part 2)</a>	Stock Split/Stock Rights/Stock Dividend Listing Process		
<b>Office of the Comptroller of the Currency</b>	<a href="#">OCC Regulations, Part 12.9(a)</a>	Settlement of Securities Transactions	<b>In Analysis</b>
<b>Federal Deposit Insurance Corporation</b>	<a href="#">FDIC Rules and Regulations, Part 344.7(a)</a>	Settlement of Securities Transactions	<b>In Analysis</b>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule <small>[link to current rule]</small>	Title	Status
<b>NSCC</b> - <a href="#">19b-4</a> - <a href="#">SEC Approval Order</a>	<a href="#">NSCC Proposed Rule Change - Exhibit 5</a>	Exhibit 5	Final <b>Effective Date:</b> NSCC will submit a rule filing that establishes effective date aligned with the transition date to a shorter settlement cycle.
<b>DTC</b> - <a href="#">19b-4</a> - <a href="#">SEC Approval Order</a>	<a href="#">DTCC Proposed Rule Change - Exhibit 5</a>	Exhibit 5	Final <b>Effective Date:</b> DTC will submit a rule filing that establishes effective date aligned with the transition date to a shorter settlement cycle.
<b>Options Clearing Corporation</b>	<a href="#">OCC Rule 901(d)</a>	Settlement Through Correspondent Clearing Corporation	In Analysis
	<a href="#">OCC Rule 903</a>	Obligation to Deliver	
	<a href="#">OCC Rule 2208(a)</a>	Settlement Date	
	<a href="#">OCC Rule 2209A(a) &amp; (d)</a>	Termination of Market Loans	
	<a href="#">OCC Rule 2502</a>	Settlement Date for BOUNDS	

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
<b>SEC</b>	<p><b>Rule 15c6-1. Shortened Settlement Cycle</b></p> <p>240.15c6-1 Settlement Cycle.</p> <p>(a) Except as provided in paragraphs (b), (c), and (d) of this section, a broker or dealer shall not effect or enter into a contract for the purchase or sale of a security (other than an exempted security, government security, municipal security, commercial paper, bankers' acceptances, or commercial bills) that provides for payment of funds and delivery of securities later than the [third] <b>second</b> business day after the date of the contract unless otherwise expressly agreed to by the parties at the time of the transaction.</p>
<b>FINRA</b>	<p><b>2341. Investment Company Securities</b></p> <p>(a) through (l) No Change.</p> <p><b>(m) Prompt Payment for Investment Company Shares</b></p> <p>(1) Members (including underwriters) that engage in direct retail transactions for investment company shares shall transmit payments received from customers for such shares, which such members have sold to customers, to payees (i.e., underwriters, investment companies or their designated agents) by (A) the end of the [third] <b>second</b> business day following a receipt of a customer's order to purchase such shares or by (B) the end of one business day following receipt of a customer's payment for such shares, whichever is the later date.</p> <p>(2) No Change.</p> <p>(n) No Change.</p>
<b>FINRA</b>	<p><b>11140. Transactions in Securities "Ex-Dividend," "Ex-Rights" or "Ex-Warrants"</b></p> <p>(a) No Change.</p> <p><b>(b) Normal Ex-Dividend, Ex-Warrants Dates</b></p> <p>(1) In respect to cash dividends or distributions, or stock dividends, and the issuance or distribution of warrants, which are less than 25% of the value of the subject security, if the definitive information is received sufficiently in advance of the record date, the date designated as the "ex-dividend date" shall be the [second] <b>first</b> business day preceding the record date if the record date falls on a business day, or the [third] <b>second</b> business day preceding the record date if the record date falls on a day designated by the Committee as a non-delivery date.</p> <p>(2) through (3) No Change.</p> <p>(c) through (e) No Change.</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
<p><b>FINRA</b></p>	<p><b>11150. Transactions “Ex-Interest” in Bonds Which Are Dealt in “Flat”</b></p> <p><b>(a) Normal Ex-Interest Dates</b></p> <p>All transactions, except “cash” transactions, in bonds or similar evidences of indebtedness which are traded “flat” shall be “ex-interest” as prescribed by the following provisions:</p> <ul style="list-style-type: none"> <li>(1) On the [second] <b>first</b> business day preceding the record date if the record date falls on a business day.</li> <li>(2) On the [third] <b>second</b> business day preceding the record date if the record date falls on a day other than a business day.</li> <li>(3) On the [third] <b>second</b> business day preceding the date on which an interest payment is to be made if no record date has been fixed.</li> </ul> <p>(b) No Change.</p>
<p><b>FINRA</b></p>	<p><b>11210. Sent by Each Party</b></p> <p>(a) through (b) No Change.</p> <p><b>(c) “DK” Procedures Using “Don’t Know Notices” (FINRA Form No. 101)</b></p> <p>When a party to a transaction sends a comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by the close of [four] <b>one</b> business day[s] following the trade date of the transaction, the following procedure may be utilized.</p> <ul style="list-style-type: none"> <li>(1) No Change.</li> <li>(2)(A) After receipt of the “Don’t Know Notice” as specified in paragraph (c)(1) of this Rule, the contra-member shall have [four] <b>two</b> business days after the notice is received to either confirm or DK the transaction in accordance with the provisions of [sub] paragraph[s] <b>(c)(2)(B)</b> or <b>(c)(2)(C)</b> of this Rule.</li> <li>(B) through (C) No Change.</li> <li>(3) If the confirming member does not receive a response from the contra- member by the close of [four] <b>two</b> business days after receipt by the confirming member of the fourth copy of the “Don’t Know Notice” if delivered by messenger, or the post office receipt if delivered by mail, as specified in paragraph (c)(1) of this Rule, such shall constitute a DK and the confirming member shall have no further liability for the trade.</li> <li>(4) through (5) No Change.</li> </ul> <p><b>(d) “DK” Procedure Using Other Forms of Notice</b></p> <p>When a party to a transaction sends comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by the close of [four] <b>one</b> business day[s] following the date of the transaction, the following procedure may be utilized in place of that provided in the preceding paragraph (c) of this Rule.</p> <ul style="list-style-type: none"> <li>(1) through (4) No Change.</li> </ul>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p>(5) If the confirming member does not receive a response in the form of a notice from the contra-member by the close of [four] <b>two</b> business days after receipt of the confirming member's notice, such shall constitute a DK and the confirming member shall have no further liability.</p> <p>(6) through (8) No Change.</p>
<p><b>FINRA</b></p>	<p><b>11320. Dates of Delivery</b></p> <p>(a) No Change.</p> <p><b>(b) “Regular Way”</b></p> <p>In connection with a transaction “regular way,” delivery shall be made at the office of the purchaser on, but not before, the [third] <b>second</b> business day following the date of the transaction.</p> <p><b>(c) “Seller’s Option”</b></p> <p>In connection with a transaction “seller’s option,” delivery shall be made at the office of the purchaser on the date on which the option expires; except that delivery may be made by the seller on any business day after the [third] <b>second</b> business day following the date of the transaction and prior to the expiration of the option, provided the seller delivers at the office of purchaser, on a business day preceding the day of delivery, written notice of intention to deliver.</p> <p>(d) through (h) No Change.</p>
<p><b>FINRA</b></p>	<p><b>11620. Computation of Interest</b></p> <p><b>(a) Interest [T] <del>to</del> [B] <del>be</del> Added to the Dollar Price</b></p> <p>In the settlement of contracts in interest-paying securities other than for “cash,”</p> <p>there shall be added to the dollar price interest at the rate specified in the security, which shall be computed up to but not including the [third] <b>second</b> business day following the date of the transaction. In transactions for “cash,” interest shall be added to the dollar price at the rate specified in the security up to but not including the date of transaction.</p> <p>(b) through (f) No Change.</p>
<p><b>FINRA</b></p>	<p><b>11810. Buy-In Procedures and Requirements</b></p> <p>(a) through (i) No Change.</p> <p><b>(j) Failure to Deliver and Liability Notice Procedures</b></p> <p>(1)(A) If a contract is for warrants, rights, convertible securities or other securities which (i) have been called for redemption; (ii) are due to expire by their terms; (iii) are the subject of a tender or exchange offer; or (iv) are subject to other expiring events such as a record date for the underlying security and the last day on which the securities must be</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p>delivered or surrendered (the expiration date) is the settlement date of the contract or later, the receiving member may deliver a Liability Notice to the delivering member as an alternative to the close-out procedures set forth in paragraphs (b) through (h). When the parties to a contract are both participants in a registered clearing agency that has an automated service for notifying a failing party of the liability that will be attendant to a failure to deliver, the transmission of the liability notice must be accomplished through the use of said automated notification service. When the parties to a contract are not both participants in a registered clearing agency that has an automated service for notifying a failing party of the liability that will be attendant to a failure to deliver, such notice must be issued using written or comparable electronic media having immediate receipt capabilities [no later than one business day prior to the latest time and the date of the], <b><u>and must be sent as soon as practicable but not later than two hours prior to the cutoff time set forth in the instructions on a specific</u></b> offer or other event in order to obtain the protection provided by this Rule.</p> <p>(B) through (C) No Change. (2) through (4) No Change.</p> <p>(k) through (m) No Change.</p>
<p><b>FINRA</b></p>	<p><b>11860. COD Orders</b></p> <p>(a) No member shall accept an order from a customer, including foreign customers and/or broker-dealers trading with or through the member, for eligible transactions of such customers that settle in the United States, pursuant to an arrangement whereby payment for securities purchased or delivery of securities sold is to be made to or by an agent of the customer unless all of the following procedures are followed:</p> <p>(1) through (3) No Change.</p> <p>(4) The member shall have obtained an agreement from the customer that the customer will furnish its agent instructions with respect to the receipt or delivery of the securities involved in the transaction promptly upon receipt by the customer of each confirmation, or the relevant data as to each execution, relating to such order (even though such execution represents the purchase or sale of only a part of the order), and that in any event the customer will assure that such instructions are delivered to its agent no later than:</p> <p>(A) in the case of a purchase by the customer where the agent is to receive the securities against payment (COD), the close of business on the [second] <b>first</b> business day after the date of execution of the trade as to which the particular confirmation relates; or</p> <p>(B) No Change.</p> <p>(5) No Change.</p> <p>(b) No Change.</p>
<p><b>MSRB</b></p>	<p><b>Rule G-12 Uniform Practice</b></p> <p>(ii) <i>Settlement Dates</i>. Settlement dates shall be as follows:</p> <p>(A) for “cash” transactions, the trade date;</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p>(B) for “regular way” transactions, the [third] <b>second</b> business day following the trade date;</p> <p>(C) for “when, as and if issued” transactions, a date agreed upon by both parties, which date: (1) with respect to transactions required to be compared in an automated comparison system under rule G-12(f)(i), shall not be earlier than two business days after notification of initial settlement date for the issue is provided to the registered clearing agency by the managing underwriter for the issue as required by rule G-34(a)(ii)(D)(2); and (2) with respect to transactions not eligible for automated comparison, shall not be earlier than the [third] <b>second</b> business day following the date that the confirmation indicating the final settlement date is sent; and</p> <p>(D) for all other transactions, a date agreed upon by both parties, <i>provided, however</i>, that a broker, dealer or municipal securities dealer shall not effect or enter into a transaction for the purchase or sale of a municipal security (other than a “when, as and if issued” transaction) that provides for payment of funds and delivery of securities later than the [third] <b>second</b> business day after the date of the transaction unless expressly agreed to by the parties, at the time of the transaction.</p>
<p><b>MSRB</b></p>	<p><b>Rule G-15 Confirmation, Clearance, Settlement and Other Uniform Practice Requirements with Respect to Transactions with Customers</b></p> <p>(b) <i>Settlement Dates.</i></p> <p>(i) Definitions. For purposes of this rule, the following terms shall have the following meanings:</p> <p>(A) Settlement Date. The term “settlement date” shall mean the day used in price and interest computations, which shall also be the day delivery is due unless otherwise agreed by the parties.</p> <p>(B) Business Day. The term “business day” shall mean a day recognized by the National Association of Securities Dealers, Inc. as a day on which securities transactions may be settled.</p> <p>(ii) Settlement Dates. Settlement dates shall be as follows:</p> <p>(A) for “cash” transactions, the trade date;</p> <p>(B) for “regular way” transactions, the [third] <b>second</b> business day following the trade date;</p> <p>(C) for all other transactions, a date agreed upon by both parties; <i>provided, however</i>, that a broker, dealer or municipal securities dealer shall not effect or enter into a transaction for the purchase or sale of a municipal security (other than a “when, as and if issued” transaction) that provides for payment of funds and delivery of securities later than the [third] <b>second</b> business day after the date of the transaction unless expressly agreed to by the parties, at the time of the transaction</p>
<p><b>NASDAQ</b></p>	<p><b>11140. Transactions in Securities “Ex-Dividend,” “Ex-Rights” or “Ex-Warrants”</b></p> <p>(a) No change</p> <p>(b) <b>Normal Ex-Dividend, Ex-Warrants Dates</b></p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p>(1) In respect to cash dividends or distributions, or stock dividends, and the issuance or distribution of warrants, which are less than 25% of the value of the subject security, if the definitive information is received sufficiently in advance of the record date, the date designated as the “ex-dividend date” shall be the [second] <b>first</b> business day preceding the record date if the record date falls on a business day, or the [third] <b>second</b> business day preceding the record date if the record date falls on a day designated by Nasdaq Regulation as a non-delivery date.</p> <p>(2) and (3) No change.</p> <p>(c) – (e) No change.</p>
<p><b>NASDAQ</b></p>	<p><b>11150. Transactions “Ex-Interest” in Bonds Which Are Dealt in “Flat”</b></p> <p><b>(a) Normal Ex-Interest Dates</b></p> <p>All transactions, except “cash” transactions, in bonds or similar evidences of indebtedness which are traded “flat” shall be “ex-interest” as prescribed by the following provisions:</p> <p>(1) On the [second] <b>first</b> business day preceding the record date if the record date falls on a business day.</p> <p>(2) On the [third] <b>second</b> business day preceding the record date if the record date falls on a day other than a business day.</p> <p>(3) On the [third] <b>second</b> business day preceding the date on which an interest payment is to be made if no record date has been fixed.</p> <p>(b) No change</p>
<p><b>NASDAQ</b></p>	<p><b>11210. Sent by Each Party</b></p> <p><b>(a) Comparisons or Confirmations</b></p> <p>(1) - (4) No change.</p> <p>(b) No change</p> <p><b>(c) “DK” Procedures Using “Don’t Know Notices” (NASD Form No. 101)</b></p> <p>When a party to a transaction sends a comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK from the contra-member by the close of [four] <b>one</b> business day[s] following the trade date of the transaction, the following procedure may be utilized.</p> <p>(1) No change.</p> <p>(2)</p> <p>(A) After receipt of the “Don’t Know Notice” as specified in paragraph (c)(1) of this Rule, the contra-member shall have [four] <b>two</b> business days after the notice is received to either confirm or DK the transaction in accordance with the provisions of [sub] paragraph[s] <b>(c)(2)(B)</b> or <b>(c)(2)(C)</b> below.</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p><b>(B)</b> and <b>(C)</b> No change.</p> <p><b>(3)</b> If the confirming member does not receive a response from the contra-member by the close of [four] <b>two</b> business days after receipt by the confirming member of the fourth copy of the “Don’t Know Notice” if delivered by messenger, or the post office receipt if delivered by mail, as specified in paragraph (c)(1) of this Rule, such shall constitute a DK and the confirming member shall have no further liability for the trade.</p> <p><b>(4)</b> and <b>(5)</b> No change.</p> <p><b>(d) “DK” Procedure Using Other Forms of Notice</b></p> <p>When a party to a transaction sends comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by the close of [four] <b>one</b> business day[s] following the date of the transaction, the following procedure may be utilized in place of that provided in the preceding paragraph (c).</p> <p><b>(1) - (4)</b> No change.</p> <p><b>(5)</b> If the confirming member does not receive a response in the form of a notice from the contra-member by the close of [four] <b>two</b> business days after receipt of the confirming member’s notice, such shall constitute a DK and the confirming member shall have no further liability.</p> <p><b>(6) - (8)</b> No change.</p>
<p><b>NASDAQ</b></p>	<p><b>11320. Dates of Delivery</b></p> <p><b>(a)</b> No change.</p> <p><b>(b) “Regular Way”</b></p> <p>In connection with a transaction “regular way,” delivery shall be made at the office of the purchaser on, but not before, the [third] <b>second</b> business day following the date of the transaction.</p> <p><b>(c) “Seller’s Option”</b></p> <p>In connection with a transaction “seller’s option,” delivery shall be made at the office of the purchaser on the date on which the option expires; except that delivery may be made by the seller on any business day after the [third] <b>second</b> business day following the date of <b>the</b> transaction and prior to the expiration of the option, provided the seller delivers at the office of purchaser, on a business day preceding the day of delivery, written notice of intention to deliver.</p> <p><b>(d) - (h)</b> No change.</p>
<p><b>NASDAQ</b></p>	<p><b>11620. Computation of Interest</b></p> <p><b>(a) Interest [T] <del>to</del> [B] <del>be</del> Added to the Dollar Price</b></p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p>In the settlement of contracts in interest-paying securities other than for “cash,” there shall be added to the dollar price interest at the rate specified in the security, which shall be computed up to but not including the [third] <b>second</b> business day following the date of the transaction. In transactions for “cash,” interest shall be added to the dollar price at the rate specified in the security up to but not including the date of transaction.</p> <p><b>(b) - (f)</b> No change.</p> <p><b>IM-11810. Sample Buy-In Forms</b></p> <p><b>(a) – (g)</b> No change.</p> <p><b>(h) “Close-Out” Under Nasdaq Regulation, Securities Association or Other Exchange Rulings</b></p> <p><b>(1) – (3)</b> No change.</p> <p><b>(4)</b> All close-outs executed pursuant to the provisions of this paragraph shall be executed for the account and liability of the member in question. Notification of all close-outs shall immediately be sent to such member pursuant to the confirmation provisions of the Rule 11200 Series.</p> <p><b>(i) Failure to Deliver and Liability Notice Procedures</b></p> <p><b>(1)</b></p> <p><b>(A)</b> If a contract is for warrants, rights, convertible securities or other securities which (i) have been called for redemption; (ii) are due to expire by their terms; (iii) are the subject of a tender or exchange offer; or (iv) are subject to other expiring events such as a record date for the underlying security and the last day on which the securities must be delivered or surrendered (the expiration date) is the settlement date of the contract or later the receiving member may deliver a Liability Notice to the delivering member as an alternative to the close-out procedures set forth in paragraphs (a) through (g). When the parties to a contract are both participants in a registered clearing agency that has an automated service for notifying a failing party of the liability that will be attendant to a failure to deliver, the transmission of the liability notice must be accomplished through the use of said automated notification service. When the parties to a contract are not both participants in a registered clearing agency that has an automated service for notifying a failing party of the liability that will be attendant to a failure to deliver, such notice must be issued using written or comparable electronic media having immediate receipt capabilities [no later than one business day prior to the latest time and the date of the offer or other event in order to obtain the protection provided by this Rule.] <b><u>and must be sent as soon as practicable but not later than two hours prior to the cutoff time set forth in the instructions on a specific offer or other event to obtain the protection provided by this Rule.</u></b></p> <p><b>(B)</b> and <b>(C)</b> No change.</p> <p><b>(2) – (4)</b> No change.</p> <p><b>(j) – (m)</b> No change.</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
<b>NYSE</b>	<p><b>Rule 14. Non-Regular Way Settlement Instructions for Orders</b></p> <p>(a)(i) Bids and offers in securities admitted to dealings on the Exchange may be submitted with instructions that allow for settlement other than regular way (i.e., settlement on the [third] <b>second</b> business day following trade date for securities other than U.S. Government Securities). These may be known as “non-regular way” settlement instructions.</p> <p>(ii) Bids and offers in securities admitted to dealings on the Exchange submitted with instructions that allow for settlement other than regular way (i.e., non-regular way, as defined below) must be transmitted to a Floor broker for representation in the Exchange’s market.</p> <p>(b) – (f) No Change</p>
<b>NYSE</b>	<p><b>Dealings and Settlements (Rules 45—299C)</b></p> <p><b>Cash</b> – No Change</p> <p><b>Regular Way</b></p> <p>Due on the [third] <b>second</b> business day following the day of the contract.</p> <p><b>Seller’s Option</b>– No Change</p> <p><b>When Issued and When Distributed (Rule 63).</b> – No Change</p>
<b>NYSE</b>	<p><b>Rule 64. Bonds, Rights and 100-Share-Unit Stocks</b></p> <p>(a) (i) Except as provided in (ii) below, bids and offers in securities admitted to dealings on an “issued” basis, shall be made as “regular way,” i.e., for delivery on the [third] <b>second</b> business day following the day of the contract. In addition, the Exchange may allow for any such additional settlement instructions and periods as the Exchange may from time to time determine. (See Rule 14 (Non-Regular Way Settlement Instructions for Orders) for additional permissible settlement instructions.)</p> <p>(ii) On the second [and third] business [days] <b>day</b> preceding the final day for subscription, bids and offers in rights to subscribe shall be made only “next day,” i.e., for delivery on the next business day following the day of the contract; and shall be made only for “cash” on the day preceding the final day for subscription.</p> <p>(b) No Change</p> <p>(c) All “seller’s option” trades, for delivery between [two] <b>three</b> and 60 business days, should be reported to the tape only in calendar days. For example, a trade settling in six business days would print as a “seller’s 8” unless there is an intervening holiday (in which case it would print as a “seller’s 9”). Weekends and holidays are counted and the trade date is not included when calculating the print for “seller’s option” trades. The settlement date of a “seller’s option” transaction printed as calendar days cannot coincide with the normal [three] <b>two</b> business day “regular way” settlement.</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
<p><b>NYSE</b></p>	<p><b>Rule 235. Ex-Dividend, Ex-Rights</b></p> <p>Transactions in stocks, except those made for “cash” as prescribed in Rule 14, shall be ex-dividend or ex-rights on the [second] business day preceding the record date fixed by the corporation or the date of the closing of transfer books. Should such record date or such closing of transfer books occur upon a day other than a business day, this Rule shall apply for the [third] <b>second</b> preceding business day.</p> <p>Transactions in stocks made for “cash” shall be ex-dividend or ex-rights on the business day following said record date or date of closing of transfer books.</p> <p>The Exchange may, however, in any specific case, direct otherwise.</p>
<p><b>NYSE</b></p>	<p><b>Rule 236. Ex-Warrants</b></p> <p>Transactions in securities which have subscription warrants attached (except those made for “cash”), as prescribed in Rule 14, shall be ex-warrants on the [second] business day preceding the date of expiration of the warrants, except that when the date of expiration occurs on a day other than a business day, said transactions shall be ex-warrants on the [third] <b>second</b> business day preceding said date of expiration.</p> <p>Transactions in securities made for “cash” shall be ex-warrants on the business day following the date of expiration of the warrants.</p> <p>The Exchange may, however, in any specific case, direct otherwise.</p>
<p><b>NYSE</b></p>	<p><b>Rule 257. Deliveries After “Ex” Date</b></p> <p>When a security is sold before it is ex-dividend or ex-rights, or is sold thereafter to and including the record date for “cash,” as prescribed in Rule 14, and delivery is made too late to enable the buyer to obtain transfer in time to become a holder of record to receive the distribution to be made with respect to such security, the seller shall pay or deliver the distribution to the buyer in the following manner, unless otherwise directed by the Exchange:</p> <p>(1) In the case of stock dividends or rights to subscribe, the seller shall deliver to the buyer, within [three] <b>two</b> days after the record date, either the dividend or rights, or a due- bill for such dividend or rights.</p> <p>(2) In the case of cash dividends, the seller shall deliver to the buyer, within [three] <b>two</b> days after the record date, a due-bill-check for the amount of the dividend.</p> <p>The same principle shall apply to the return of loans of securities after the record date.</p>
<p><b>NYSE</b></p>	<p><b>Rule 282. Buy-in Procedures .65 Failure to Deliver and Liability Notice Procedures</b></p> <p>(1)</p> <p>(A) If a contract is for warrants, rights, convertible securities or other securities which: (i) have been called for redemption; (ii) are due to expire by their terms; (iii) are the subject of a tender or exchange offer; or (iv) are subject to other expiring events such as a record date for the underlying security and the last day on which the securities must be</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p>delivered or surrendered (the expiration date) is the settlement date of the contract or later the receiving member organization may deliver a Liability Notice to the delivering member organization as an alternative to the close-out procedures set forth in this Rule. When the parties to a contract are both participants in a Qualified Clearing Agency that has an automated service for notifying a failing party of the liability that will be attendant to a failure to deliver, the transmission of the liability notice must be accomplished through the use of said automated notification service. When the parties to a contract are not both participants in a Qualified Clearing Agency that has an automated service for notifying a failing party of the liability that will be attendant to a failure to deliver, such notice must be issued using written or comparable electronic media having immediate receipt capabilities [no] <b>and must be sent as soon as practicable but not</b> later than [one business day] <b>two hours</b> prior to the [latest] <b>cutoff</b> time [and] <b>set forth in</b> the [date of the] <b>instructions on a specific</b> offer or other event in order to obtain the protection provided by this Rule.</p> <p>(B) – (C) No Change</p> <p>(2)-(4) No Change</p>
<b>NYSE</b>	<p><b>703.02 (part 2) Stock Split/Stock Rights/Stock Dividend Listing Process</b></p> <p>“Regular Way” Trading with a Deferred “Ex” Date—</p> <p>Normally, a distribution of less than 25 % is traded “ex” (without the distribution) on and after the [second] business day prior to the record date. This procedure is based on the Exchange’s [three] <b>two</b>-day delivery rule, pursuant to which contracts made on the Exchange for the purchase and sale of securities are settled by delivery on the [third] <b>second</b> business day after the contract is made, unless other terms of settlement are specified at the time the contract is made.</p>
<b>OCC (In-Analysis)</b>	<p><b>Regulations, Part 12.9(a)</b></p> <p><b>§12.9 Settlement of securities transactions.</b></p> <p>(a) A national bank shall not effect or enter into a contract for the purchase or sale of a security (other than an exempted security as defined in 15 U.S.C. 78c(a)(12), government security, municipal security, commercial paper, bankers’ acceptances, or commercial bills) that provides for payment of funds and delivery of securities later than the [third] <b>second</b> business day after the date of the contract, unless otherwise expressly agreed to by the parties at the time of the transaction</p>
<b>FDIC (In-Analysis)</b>	<p><b>§ 344.7 Settlement of securities transactions.</b></p> <p>(a) An FDIC-supervised institution shall not effect or enter into a contract for the purchase or sale of a security (other than an exempted security as defined in 15 U.S.C. 78c(a)(12), government security, municipal security, commercial paper, bankers’ acceptances, or commercial bills) that provides for payment of funds and delivery of securities later than the [third] <b>second</b> business day after the date of the contract unless otherwise expressly agreed to by the parties at the time of the transaction.</p> <p>(b) - (d) No Change [Codified to 12 C.F.R. § 344.7]</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
<p><b>NSCC</b></p>	<p><b>Rule 4(A). SUPPLEMENTAL LIQUIDITY DEPOSITS</b></p> <p>SEC. 2. <i>Defined Terms.</i> The following terms shall have the meanings specified:</p> <p>“Options Expiration Activity Period” means the period (i) beginning at the opening of business on the Friday preceding the Saturday that is the monthly expiration date for stock options (or the Business Day before that if such Friday is not a Business Day) and (ii) ending at the close of business on the [third] <b>second</b> Settlement Day following such date. If the monthly expiration date for stock options is changed to a Friday, the “Options Expiration Activity Period” shall mean the period (i) beginning at the opening of business on such Friday (or the Business Day before that if such Friday is not a Business Day) and (ii) ending at the close of business on the [third] <b>second</b> Settlement Day following such date.</p>
<p><b>NSCC</b></p>	<p><b>PROCEDURE II. TRADE COMPARISON AND RECORDING SERVICE</b></p> <p>C. Debt Securities</p> <p>1. <i>Trade Input and Comparison</i></p> <p>(p) Trade input and comparison of transactions submitted for [T+2 and] <b>T+1</b> settlement is handled in the same manner as set forth above with respect to transactions submitted for regular way settlement.</p> <p>2. <i>Debt</i></p> <p>(A) If the Corporation has information that a municipal or corporate debt security is coming to market, the following provisions shall apply:</p> <p>(b) Municipal and corporate securities transactions that are submitted [two] <b>one days</b> prior to the initial Settlement Date for the issue or later, and contain a settlement date which is after the initial Settlement Date for the issue, but do not meet the above criteria will be treated as regular way transactions. All other transactions that are not submitted as specified above will be rejected.</p> <p>F. Index Receipts</p> <p>2. <i>Creation/Redemption Input</i></p> <p>On T, by such time as established by the Corporation from time to time, an Index Receipt Agent may submit to the Corporation on behalf of Members, index receipt creation and redemption instructions and their scheduled settlement date, the final Dividend/Balancing Cash Amount relative to such instructions and a transaction amount representing the Index Receipt Agent’s fee for the processing of the index receipt. The Index Receipt Agent may elect a Settlement Date of T+1, <b>or</b> T+2 [or +T3] for the Index Receipts and the component securities or cash. The Index Receipt Agent may submit as-of index creation and redemption instructions, but only if such as-of data is submitted by the cut-off time as designated by the Corporation from time to time, with next day settling creates and redeems required to be submitted by such cut-off time on T.</p> <p>G. Reports and Output</p> <p>Reports are produced at such intervals and in such formats as determined by the Corporation showing all compared trade data resulting from T+1 and older adjustments processed by a Self-Regulatory Organization, as well as step out transactions processed that day. Designations for CNS Securities and Balance Order securities are shown in the</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p>same manner as on the reports issued as a result of T input. If trades are listed on reports which include totals, the new data is added to or subtracted from such totals, to arrive at new totals. The new totals represent the combined input for T through such cutoff time on T+ [3] <b>2</b> as the Corporation may designate. Trades received after such cutoff time as established on T+[3] <b>2</b> are not included in the normal settlement cycle. Such trades will be assigned a new settlement date which will be the next settlement day following the date the trade is received by the Corporation.</p>
<p><b>NSSC</b></p>	<p><b>PROCEDURE III. TRADE RECORDING SERVICE (INTERFACE WITH QUALIFIED CLEARING AGENCIES)</b></p> <p style="text-align: center;">****</p> <p>B. Settlement of Option Exercises and Assignments (“E&amp;A”)</p> <p>The date of the exercise at OCC is recorded as the trade date for the exercise or assignment. The Settlement Date for such transactions is [three] <b>two</b> days later. If the exercise occurs on a Saturday during exercise weekend, the preceding OCC business day is the trade date.</p>
<p><b>NSSC</b></p>	<p><b>PROCEDURE V. BALANCE ORDER ACCOUNTING OPERATION</b></p> <p>B. Trade-for-Trade Balance Orders</p> <p>All transactions either: (i) identified as Special Trades, (ii) compared or otherwise entered to the Balance Order Accounting Operation on SD-1, <b><u>after the cutoff time established by the Corporation</u></b>, or thereafter, (iii) in securities which are subject to a voluntary corporate reorganization which have a trade date on or before the expiration of the voluntary corporate reorganization and which are compared or received [after] <b><u>on</u></b> SD-1, <b><u>after the cutoff time established by the Corporation</u></b>, and at least one day prior to the end of the protect period, or (iv) identified as cash, next day or seller’s option transactions in Balance Order Securities, or in securities which are subject to any corporate action, whether mandatory or voluntary, are processed on a trade-for-trade basis. Receive and Deliver Orders are produced instructing Members to deliver or receive a quantity of securities to or from the contra-Member involved in that transaction.</p> <p>C. Net Balance Orders</p> <p>Trades in Balance Order Securities (except for Special Trades) which are compared on T [and T+1] , and transactions entered through the Trade Recording or Special Representative procedures on T [and T+1] , are netted so that the Member becomes a net purchaser or net seller in each security issue in which it had activity. An allotting procedure matches these net quantities and produces Net Balance Orders. Net Balance Orders are instructions to a Member to deliver or receive a quantity of securities to or from another Member. Net Balance Orders have the same status under the Rules and these Procedures as Balance Orders.</p> <p>A mechanism is required to adjust the differences between Contract Money (i.e., the price at which the trade was executed) and Settlement Money. To avoid calculating an adjustment for each Balance Order, the Corporation computes a single adjustment amount for each Member. This amount is called the Clearance Cash Adjustment. The Clearance Cash Adjustment amount for all Balance Orders, both bond and equity, plus the net amount of both figures will appear on the Consolidated Trade Summary[which is available on T+2].</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
<p><b>NSSC</b></p>	<p><b>PROCEDURE VII. CNS ACCOUNTING OPERATION</b></p> <p style="text-align: center;">****</p> <p>B. Consolidated Trade Summary</p> <p>(i) those trades compared or recorded through [T+1 up to] the Corporation’s cutoff time on that day which are due to settle on the following settlement day (i.e., if the report is issued late Monday evening, it will show trades due to settle on Wednesday), and</p> <p>(ii) with respect to trades due to settle on the same settlement day (i.e., Tuesday), T+[2] <u>1</u> and older as-of trades and next day settling trades not previously reported on the prior day’s CTS or on any Supplemental CTS, in each case in CUSIP order, reported as broad buys and sells by marketplace or source, netted by issue, quantity and money</p> <p><b>Note:</b> any T+[3] <u>2</u> or older as-of trades compared or recorded after such cutoff time on settlement day will settle on the next settlement day and appear on that night’s Consolidated Trade Summary</p> <p>D. Controlling Deliveries to CNS</p> <p>1. <i>Projection Report</i></p> <p><u>[Each morning] twice a day</u>, a Projection Report is distributed to each Member. This report shows, as of the time of its preparation, the Member’s long position or short position for each security, settling trades for the next day, plus any miscellaneous activity and stock dividends payable on the next day; and may include long and short positions due to settle that day. Throughout the day the Corporation will make available updates to this information, in such formats as it may determine.</p> <p>G. CNS Dividend Accounting</p> <p>3. <i>Due Bill Accounting</i></p> <p>In the case of stock splits, the Current Market Price is adjusted by the rate of the split during the [last two] <u>one days</u> prior to the Due Bill Redemption Date. This process synchronizes the application of additional quantities to the Member’s account with the valuation of that security at the new price.</p> <p>H. Miscellaneous CNS Activity</p> <p>4. <i>Corporate Reorganizations</i></p> <p>(b) Voluntary Reorganizations</p> <p>The Rules below assume the processing of subject securities with a protect period of [three] <u>two</u> days. Except where otherwise indicated in this subsection (b), the processing of subject securities with a protect period of [three] <u>two</u> days is the same as for subject securities with a protect period of greater than [three] <u>two</u> days. The processing of subject securities with a protect period of [two] <u>one days</u> or less shall be in accordance with the time frames set forth in the table below.</p> <p>On E+[2] <u>1</u>, by such time and in such manner as established by the Corporation from time to time, a Member with a long position (including long positions due to settle up to and including the last day of the protect period) at the close of business on such day in the subject security who seeks to have the Corporation provide the protection described below for such long</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p>position, must instruct the Corporation to move its long positions into a CNS Reorganization Sub-Account. Instructions by a Member to move a position to a CNS Reorganization Sub-Account constitute a formal request by the Member for the Corporation to provide such protection for the position moved.</p> <p>After the night cycle on E+[2] <u>1</u>, by such time and in such manner as established by the Corporation from time to time, the Corporation will inform Members with short positions (including short positions due to settle up to and including the last day of the protect period) in a subject security advising of their potential liability based on their short positions as of that time in such subject security.</p> <p><b>Note:</b> Any same day settling trade in such subject security that is received for processing after the night cycle of E+[2] <u>1</u> will be designated a Special Trade and will be cleared and settled on a Member-to-Member basis between the parties directly.</p> <p>On E+[3] <u>2</u>, a Member who has given the Corporation instructions to move a long position into a CNS Reorganization Sub-Account will be informed of its potential moves to a CNS Reorganization Sub-Account. On E+[3] <u>2</u> Members may add, adjust, or delete long positions which will be moved to the Sub-Account in whole or in part by submitting an instruction to the Corporation in such form and until such time on E+[3] <u>2</u> as established by the Corporation from time to time.</p> <p>At the time established by the Corporation after the day cycle on E+[3] <u>2</u> those long positions for which proper instructions have been received are moved to a CNS Reorganization Sub-Account. Simultaneously, the Corporation moves into the Sub-Account a corresponding number of short positions representing those short Members with the oldest positions. If more than one short position is of the same age, positions to be moved are selected on a random basis. As a result of this pairing of long and short positions, a Member with a short position could have only a partial allocation of its position to the CNS Reorganization Sub-Account and thus could have short positions both in the Sub-Account and its CNS General Account. On E+[3] <u>2</u>, when the long and short positions are moved into the CNS Reorganization Sub-Account the Corporation will provide Members with long positions their final protection, and will provide Members with short positions their final liability</p> <p>Short positions in the CNS Reorganization Sub-Account are marked from the Current Market Price to the tender offer price on E+[4] <u>3</u> and on each subsequent day; funds received as a result of such mark payments are retained by the Corporation until the conclusion of the tender offer. The Corporation freezes the positions in the Sub-Account; corresponding long and short positions in the Sub-Account only will be moved out of the Sub-Account (i) through the CNS allocation process, as described below, (ii) upon the request of a Member with a long position, as described above, or (iii) upon conclusion of the tender offer. Positions in the CNS Reorganization Sub-Account automatically are returned to the CNS General Account, and the mark to the tender offer price returned to Members with short positions, when a tender offer is canceled.</p> <p>The table below sets forth the time frames for the processing of subject securities with a protect period o [two] <u>one</u> day[s] or less.</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change								
		Date long position member must instruct NSCC to move position to Reorg. Sub-Acct. (Standard Date)	Date short Member notified of potential Liability	Date long Member notified of potential Protection	Last date long members may submit Delete instructions	Last date long Members may submit Protect Add or Adjust Instructions (protect add or adjust submitted on CNS end date)*	Date long positions moved to Reorg. Sub-Account	Date long Member notified of Final Protection and short Member notified of Final Liability	Short position marked to tender offer price
	[2 Day Protect]	[E+1]	[E+1]	[E+2]	[E+2]	[E+2]	[E+2]	[E+2]	[E+3 or thereafter]
	1 Day Protect	E	E	E+1	E+1	E+1	E+1	E+1	E+2 or thereafter
	No Protect	E-1	E-1	E	E	E	E	E	E+1 or thereafter
<p>* “CNS end date” is either the protect expiration date of the offer or, when there is no protect, it is the expiration date of the offer</p> <p>6. ID Net Service</p> <p>Pursuant to Rule 65 and Procedure XVI, the Corporation permits ID Net Subscribers to enter into transactions eligible for the ID Net Service. All such transactions will be recorded on the Miscellaneous Activity Report [on the night of T+2] . All removals of such transactions from the ID Net Service occurring in either day or evening cycle will also be recorded on the Miscellaneous Activity Report.</p> <p>K. Instruments with Exercise Privileges</p> <p>A Member with a short position or a short Settling Trade position in a security to which an exercise privilege attaches will be advised of its potential liability based on its short position or short Settling Trade position on its CNS Projection Report starting on T+[2] <u>1</u>.</p>									

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
<p><b>NSSC</b></p>	<p><b>PROCEDURE X. EXECUTION OF BUY-INS</b></p> <p>B. Balance Order System</p> <p style="text-align: center;">****</p> <p>If the balance order is for warrants, rights, convertible securities or other securities which have been called for redemption or are due to expire or on which a call or expiration date is impending or which is subject to a tender or exchange offer or other event which will expire, and the last day on which the securities must be delivered or surrendered (the “expiration date”) is the Settlement Date for the balance order or any day after the Settlement Date, the Member holding the receive balance order may deliver a notice to the <u>contra</u> party [by the time specified by the Corporation on the business day predating the expiration date] (a “Liability Notice”). If a Liability Notice is so delivered to the <u>contra</u> party, and the <u>contra</u> party fails to deliver the securities on expiration date, the <u>contra</u> party shall be liable for any damages which may accrue thereby. All claims for such damage shall be made promptly.</p>
<p><b>NSSC</b></p>	<p><b>PROCEDURE XIII. DEFINITIONS</b></p> <p><u>T</u> - T denotes the day on which the trade occurred. T+1 is the next business day, and so on. T+[3] <u>2</u> is normally the Settlement [Day] <u>Date</u>.</p>
<p><b>NSSC</b></p>	<p><b>PROCEDURE XVI. ID NET SERVICE</b></p> <p>The ID Net Service utilizes the settlement and delivery services operated by a Qualified Securities Depository for input and affirmation purposes related to transactions qualifying for the ID Net Service as set forth in Rule 65. Certain transactions which are between an ID Net Subscriber and a participant of the Qualified Securities Depository are affirmed through: (i) a Registered Clearing Agency, (ii) other entities which have obtained an exemption from such registration from the Commission, or (iii) Qualified Vendors as defined in the rules of the New York Stock Exchange, the National Association of Securities Dealers, or other self-regulatory organizations, as applicable, (an “Affirming Agency”) in accordance with the applicable procedures of the Affirming Agency and then confirmed by such Affirming Agency as eligible for processing in the ID Net Service. If the transaction is affirmed and eligible for processing in the ID Net Service, such Affirming Agency then forwards the appropriate delivery instructions to the Qualified Securities Depository, which facilitates the movement of the transaction to an account at the Qualified Securities Depository maintained by the Corporation as agent on behalf of the ID Net Subscriber (the “ID Netting Subscriber Deliver Account”). The transaction is then entered into the CNS Accounting Operation on the evening [of T+2] <b><u>prior to Settlement Date</u></b> by the Corporation on behalf of the ID Net Subscriber. On the night <b><u>prior to Settlement Date</u></b> [of T+2] , the ID Net Subscriber’s CNS position, if any, will be updated for the quantity and value of the transaction versus creating an open obligation in the ID Netting Subscriber Deliver Account. For transactions in which the ID Net Subscriber is delivering securities to a participant at the Qualified Securities Depository, the ID Net Subscriber’s position in the CNS Accounting Operation, if any, will be updated for the quantity and value of the transaction versus creating an open obligation in an agency account established for this purpose at the Qualified Securities Depository by the Corporation on behalf of the ID Net Subscriber (the “ID Netting Subscriber Receive Account”). Once the securities are credited to this account, the securities will be delivered to the appropriate participant account at the Qualified Securities Depository</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
<p><b>NSCC</b></p>	<p><b>ADDENDUM A</b></p> <p>NATIONAL SECURITIES CLEARING CORPORATION</p> <p>FEE STRUCTURE</p> <p>E. Index Receipts</p> <ol style="list-style-type: none"> <li>1. Index Creation and Redemption Units – each side of each Index Creation and Redemption instruction submitted for regular way (T+[3] <b>2</b>) settlement – \$30 per side</li> </ol>
<p><b>NSCC</b></p>	<p><b>ADDENDUM K</b></p> <p>INTERPRETATION OF THE BOARD OF DIRECTORS</p> <p>APPLICATION OF CLEARING FUND</p> <p><u><b>[Bracketed, underlined, boldface and blue] text indicates proposed rule changes in connection with a separate proposal that have not yet been approved (NSCC)</b></u></p> <p>I. APPLICATION OF THE CLEARING FUND TO LOSSES SUSTAINED BY A SYSTEM</p> <ol style="list-style-type: none"> <li>2. The Corporation has in practice assumed responsibility for completion of transactions in each of the following services, and has deemed each of these services to be a System, even though the Corporation has not previously made a formal designation of each such service as a System within the definition of Section 1 of Rule 4: <ul style="list-style-type: none"> <li>The Corporation guarantees the completion of compared and locked-in CNS and balance orders transactions from a fixed point in the clearance and settlement process.<sup>[FN]</sup> CNS transactions are guaranteed as of the <u>point they have: (i) for bilateral submissions by Members, been validated and compared by the Corporation pursuant to these Rules and Procedures, and (ii) for locked-in submissions, been validated by the Corporation pursuant to these Rules and Procedures. later of: (i) midnight of T+1, and (ii) midnight of the day they are reported as compared or as of midnight on the day they appear on reports/output for locked-in trades. With respect to bB</u> balance order transactions, <u>such transactions</u> are guaranteed as of the <u>later of: (i) midnight of T+1, and (ii) midnight of the day they are reported to Members as compared/recorded on contracts and, in either case, point they have: (i) for bilateral submissions by Members, been validated and compared by the Corporation pursuant to these Rules and Procedures, and (ii) for locked-in submissions, been validated by the Corporation pursuant to these Rules and Procedures</u> through the close of business on T+32. <del>The Corporation guarantees same day and one day settling trades as of the completion of trade comparison or trade recording processing and with respect to balance order transactions, the Corporation guarantees same day and one day settling trades as of the completion of trade comparison or trade recording through T+3; provided, however, that: i) for transactions relating to one day index receipt creates and redeems, including their underlying components, and unless otherwise removed from processing pursuant to Procedure II. F. 2, such transactions will be guaranteed after such time on Settlement Date as the Corporation determines to complete processing of such items in the day cycle of the CNS Accounting Operation, and (ii) iii]</del> If the contra party to a same day or one day settling trade is a member of an interfacing clearing corporation, such guarantee shall not be applicable unless an agreement to guarantee such trade exists between the Corporation and the interfacing clearing corporation. The Corporation has also adopted a policy of guaranteeing the completion of when-issued and when-distributed trades, as of the <u>later of: (i) midnight of T+1, and (ii) midnight of the</u></li> </ul> </li> </ol>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change
	<p><u>day the trades are reported to Members as compared/recorded on contracts point they have: (i) for bilateral submissions by Members, been validated and compared by the Corporation pursuant to these Rules and Procedures, and (ii) for locked-in submissions, been validated by the Corporation pursuant to these Rules and Procedures</u> and will consider all when-issued and when-distributed trades of Members as if they were CNS transactions for surveillance purposes regardless of the accounting operation in which they ultimately settle.</p> <p><u>FN [The trade guarantee of obligations arising out of the exercise or assignment of options that are settled at the Corporation is addressed in a separate arrangement between NSCC and Options Clearing Corporation, as referred to in Procedure III of the Rules, and is not addressed in these Rules.]</u></p>
<p><b>DTC</b></p>	<p><b>ID Net Processing Eligibility</b></p> <p><i>ID Net Processing Eligibility</i></p> <p>In addition to Participant and security eligibility requirements, for a transaction to be eligible for ID Net:</p> <ul style="list-style-type: none"> <li>▪ The trade must be affirmed/matched by a Matching Utility.</li> <li>▪ <b><u>DTC should receive the Affirmed Transaction from the Matching Utility no later than 11:30 a.m. eastern time on the business day immediately preceding settlement date (“SD-1”) to be considered for ID Net eligibility.</u></b> [The trade must be affirmed before 9:00 p.m. eastern time on (T+1).</li> <li>▪ The trade must be regular way; i.e., T+3 settlement.<sup>FN]</sup></li> </ul> <p><sup>[FN]</sup> [“Regular way”]</p>
<p><b>DTC</b></p>	<p><b>Authorization, Exemption and Cancel Processing for ID Net Firms</b></p> <p>ID Net Firms may exempt a receive before the night of [T+2] <b>SD-1</b> from a bank that is in the ID Net Service via a new IMS capability. This receive exemption will only be permitted on a trade-for-trade basis. This exemption will exit the transaction from ID Net by returning the original clearing firm number back into the receiver field and making the appropriate CNS adjustment entries. The transaction will then be available for trade-for-trade settlement.</p>
<p><b>DTC</b></p>	<p><b>Processing of ID Net Firm Trades Exited from ID Net</b></p> <p>A previously eligible ID Net trade can be exited from the ID Net process for a number of reasons. If an ID Net trade is exited from the ID Net Service, it will revert back to an original ID trade from the ID Net Firm’s account, despite the fact that the ID Net Firm or IMS may have already performed the authorization or exemption process for ID trades from its account. Trades that are exited from ID Net before settlement processing begins on the night of [T+2] <b>SD-1</b> will be placed back into an unprocessed state in IMS and the ID Net Firm has to authorize these trades if it intends to deliver them. Applicable output messages are available for all exited ID Net trades.</p>

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change						
<p><b>DTC</b></p>	<p><b>Change of Eligibility</b></p> <p>After a trade has been affirmed and deemed eligible for ID Net, the ID Net process will continue to check the transaction’s eligibility up until 8 p.m. on the night of [T+2] <b>SD-1</b>. If a trade becomes ineligible, for example, a Reorganization is announced, the trade will be removed from the ID Net process regardless of whether it is in an authorized or an exempt state. The trade will be staged for trade-for-trade settlement between the ID Net Firm and the ID Net Bank and will maintain its current state, i.e., authorized trades will remain authorized and exempted trades will remain exempted.</p>						
<p><b>DTC</b></p>	<p><b>Interim Accounting</b></p> <p>Interim Accounting is an important part of the Entitlements and Allocations process. The interim period is defined as the time period during which a trade settling still has due bills attached to it. The period of time in which due bills are used is called the due bill period, which extends from the record date +1 up to the ex-date +[2] <b>1</b>.</p> <p>Normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. There are times, however, when that is not the case. There are two common reasons why this could occur:</p> <ol style="list-style-type: none"> <li>1. The buyer is entitled to the distribution when the registered holder of an equity issue where ex-date is not [two] <b>one</b> business days prior to record date (for example, if the ex-date is after the record date) sells the security prior to the ex-date with the distribution.</li> </ol> <table border="1" data-bbox="379 808 2548 1318"> <thead> <tr> <th data-bbox="379 808 903 878">For</th> <th data-bbox="903 808 2548 878">Interim accounting is used</th> </tr> </thead> <tbody> <tr> <td data-bbox="379 878 903 1003">Cash dividends</td> <td data-bbox="903 878 2548 1003">                     When the ex-date is not equal to record date [2] <b>1</b> business days, and DTC is aware of the ex-date prior to the payable date.                      In this case, the interim period runs from record date +1 through close of business on ex-date +[2] <b>1</b>.                 </td> </tr> <tr> <td data-bbox="379 1003 903 1318">Stock distributions</td> <td data-bbox="903 1003 2548 1318">                     For:                      All stock splits or                      A stock distribution with an ex-date that is not equal to record date –[2] <b>1</b>.                      In this case, the interim period runs from record date +1 through close of business on ex-date +[2] <b>1</b>.                      Note: Stock splits are allocated to your general free and pledged accounts on the business day following the close of the due bill period. Shares allocated to the pledged account automatically become additional collateral for the loan.                 </td> </tr> </tbody> </table>	For	Interim accounting is used	Cash dividends	When the ex-date is not equal to record date [2] <b>1</b> business days, and DTC is aware of the ex-date prior to the payable date. In this case, the interim period runs from record date +1 through close of business on ex-date +[2] <b>1</b> .	Stock distributions	For: All stock splits or A stock distribution with an ex-date that is not equal to record date –[2] <b>1</b> . In this case, the interim period runs from record date +1 through close of business on ex-date +[2] <b>1</b> . Note: Stock splits are allocated to your general free and pledged accounts on the business day following the close of the due bill period. Shares allocated to the pledged account automatically become additional collateral for the loan.
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## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change	
	<p>Rights</p>	<p>When the ex-date is not equal to record date <math>-[2] \underline{1}</math>, and there is adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date.</p> <p>In this case, the interim period runs from record date +1 through close of business on ex-date <math>+ [2] \underline{1}</math>.</p> <p>Note: If there is not adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date, DTC will credit your account based on your record date position. You must settle due bills outside DTC's Distribution event processing service.</p>
	<p>Corporate bonds, CDs, and government bond interest</p>	<p>Because the majority of these settle with interest up to the business day before the payable date.</p> <p>In this case, the interim period runs from record date +1 through payable date <math>-1</math>.</p>
	<p>Asset-backed securities (ABS)</p>	<p>As dictated by the issuer's accrual period. For example, if the accrual period ends after the record date and before the payable date, the interim period runs from record date +1 through the end of the accrual period.</p> <p>Note: If the accrual period ends prior to the record date, DTC will not run interim or run "reverse" interim (reverse due bill).</p>
	<p>Supplemental due bills</p>	<p>For special large cash dividends, when the ex-date is the day after the announced payable date. In this case:</p> <p>The interim period runs from record date +1 through payable date <math>-1</math></p> <p>Allocation is made on payable date, and</p> <p>Interim accounting starts again on the payable date and continues on a daily basis through ex-date +21. Allocation is made on the business day following the day of delivery by crediting the money settlement account of the receiver and debiting the money settlement account of the deliverer.</p>
<p><b>DTC</b></p>	<p><b>Allocations</b></p> <p>Cash Distributions</p> <p>Funds from agents/issuers received by 3:00 p.m. with corresponding CUSIP-level identification information are generally allocated upon receipt, beginning at 8:20 a.m. Eastern Time and continuing every 20 minutes. Funds received after <u>the</u> cutoff are allocated the following morning.</p> <p>Also, from time to time DTC may determine that a payment received by you or your customer directly from the paying agent was rightfully due DTC. In this case, DTC may, in accordance with established procedures, charge your account for the amount of the improper payment.</p>	

## Shortened Settlement Cycle – Rule Changes

Regulator	Rule Change										
<b>DTC</b>	<p><b>Stock Distributions</b></p> <p>Stock Distribution events such as stock dividends, splits, and spinoffs are allocated on the ex-date +[3] <u>2</u> or the payable date, whichever comes later once DTC receives the securities. Your DTC position is increased in the security for which the distribution was declared, or in securities of another issue resulting from a spinoff or rights distribution event. Typically, cash is paid in lieu of fractional shares</p> <table border="1" data-bbox="379 423 2548 813"> <thead> <tr> <th data-bbox="379 423 1158 493">For this type of distribution</th> <th data-bbox="1158 423 2548 493">Allocation normally occurs</th> </tr> </thead> <tbody> <tr> <td data-bbox="379 493 1158 563">Stock dividends, regular trading</td> <td data-bbox="1158 493 2548 563">On the morning of the payable date.</td> </tr> <tr> <td data-bbox="379 563 1158 633">Stock dividends with a late ex-date</td> <td data-bbox="1158 563 2548 633">On the payable date or ex-date +[3] <u>2</u>, whichever comes later.</td> </tr> <tr> <td data-bbox="379 633 1158 740">Stock splits, with ex-distribution beginning on the business day following the payable date</td> <td data-bbox="1158 633 2548 740">For the split shares on ex-date +[3] <u>2</u>.</td> </tr> <tr> <td data-bbox="379 740 1158 813">Stock spinoffs to a DTC-eligible security</td> <td data-bbox="1158 740 2548 813">On the payable date, or ex-date +[3] <u>2</u>, whichever comes later.</td> </tr> </tbody> </table>	For this type of distribution	Allocation normally occurs	Stock dividends, regular trading	On the morning of the payable date.	Stock dividends with a late ex-date	On the payable date or ex-date +[3] <u>2</u> , whichever comes later.	Stock splits, with ex-distribution beginning on the business day following the payable date	For the split shares on ex-date +[3] <u>2</u> .	Stock spinoffs to a DTC-eligible security	On the payable date, or ex-date +[3] <u>2</u> , whichever comes later.
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<b>Options Clearing Corporation (In-Analysis)</b>	<b>Rule 901(d) – Settlement Through Correspondent Clearing Corporation</b>										
	<b>Rule 903 – Obligation to Deliver</b>										
	<b>Rule 2208(a) – Settlement Date</b>										
	<b>Rule 2209A(a) &amp; (d) – Termination of Market Loans</b>										
	<b>Rule 2502 – Settlement Date for BOUNDS</b>										