



# T+2 Product Scope Clarifications

## Overview

Throughout the T+2 initiative, Industry participants have asked for guidance on the products that should be considered in-scope for the move to a T+2 standard settlement cycle, occurring in the U.S. on September 5, 2017.

T+2 leadership convened a T+2 Industry Product Scope Working Group that came to consensus on the cash products in-scope for the move to T+2. The list of in-scope cash products can be found at <http://www.ust2.com/pdfs/t2-cash-products-in-scope.pdf>.

Following the Working Group meetings, Industry participants continued to ask for clarification around the treatment of non-U.S. securities and specific securitized mortgage products.

In response, T+2 leadership held several forums with subject matter experts, major data vendors and Industry participants; the findings are contained herein.

## Non-U.S. Securities

Members of the T+2 Industry Product Scope Working Group agreed that the settlement cycle for non-U.S. securities settling in DTC should follow the settlement cycle of the ***place of settlement***. That means, non-U.S. securities settling in DTC should settle T+2 regardless of the settlement cycle of the market/jurisdiction in which the security is incorporated.

## Securitized Mortgage Products

Generally, Agency CMOs are not in-scope for the Industry move to T+2, regardless of settlement location. By contrast, Non-Agency CMOs, commonly referred to as Residential Mortgage-Backed Securities (RMBS) or Private Label CMOs, which are generally issued by banks and settled at The Depository Trust Corporation (DTC), are in-scope for the move to a T+2 settlement cycle.

## T+2 Product Scope Clarifications

The below lists provide a guide to the specific classes of securitized mortgage products that are in-scope and out of scope for the move to a shorter settlement cycle.

### *Mortgage sectors THAT ARE NOT changing to T+2*

- 1) Agency Residential CMO (FHR/FNR/FHS/FNS/GNR)
- 2) Agency Pools/TBA/Generics (good settlement per month)
- 3) Agency CMBS (issued or guaranteed by GSE/GNMA), e.g.:
  - GNMA multifamily CMBS Collateral
  - Guaranteed securities in Freddie K deal
  - Fannie Mae-Aces
- 4) Small Business Administration-guaranteed pools and REMICs
  - Small Business Admin pools
  - Small Business Admin deals

### *Mortgage sectors THAT ARE CHANGING to T+2*

- 1) ABS (Auto/Cards/Esoteric/CLO/SLABS etc.)
- 2) Non-Agency CMO/RMBS
- 3) Non-Agency CMBS
- 4) Non-Guaranteed bonds issued in Freddie Mac K-Deals
- 5) STACR/CAS - Credit risk transfers
- 6) The following quasi-Agency backed deal types:
  - FNGT - Collateral is mixed - Whole loan/VA
  - FSPC - Whole Loan/Alt A collateral (non-agency)
  - FNW - Mixed collateral (VA/Whole Loan)
  - VENDE - VA collateral
- 7) Canadian Pools

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