

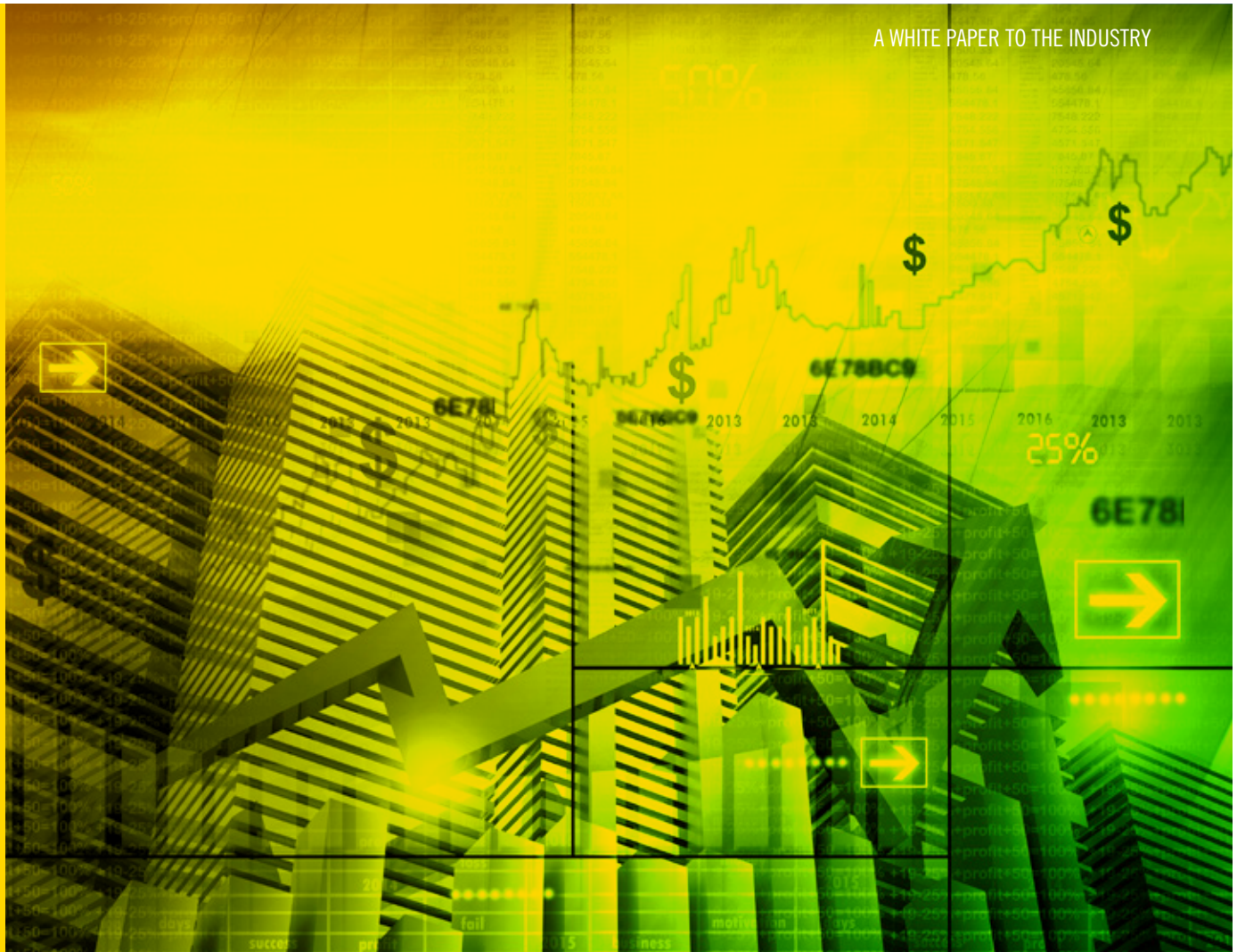
# DTCC

Securing Today. Shaping Tomorrow.®

AUGUST 2017

## T+2 CONVERSION GUIDE

A WHITE PAPER TO THE INDUSTRY



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# INTRODUCTION

The U.S. financial services industry, in coordination with applicable regulators, will implement a shortened settlement cycle for most financial products, that represent a significant volume of U.S. financial activity, from current trade date plus three business days (T+3) to trade date plus two business days (T+2) on September 5, 2017.

The move to a shorter settlement cycle has been a multi-year industry initiative, during which DTCC has published several documents to assist its Members in preparing for the transition to a T+2 settlement cycle. This includes DTCC's whitepaper on [T+2 functional changes](#), which outlined the systems and processing changes required to move to a two day settlement for DTCC's subsidiaries – DTC, NSCC and Omgeo, as well as the [T+2 Detailed Industry Testing Whitepaper](#) to provide DTCC Members with a detailed plan for testing T+2 changes with DTCC and other industry infrastructures.

The purpose of this paper is to provide Members with a comprehensive guide on the steps DTCC will take during the T+2 conversion process, along with changes that will be effective upon implementation of the T+2 settlement cycle on September 5, 2017. This paper includes information on:

- DTCC's timeline to deploy it's T+2 functional changes into the Production environment (timeline to convert it's Production environment from a T+3 to a T+2 settlement cycle environment)
- DTCC's systems and processing changes for T+2
- DTCC's Member support during the T+2 conversion period

## DTCC'S IMPLEMENTATION SCHEDULE

The implementation of a T+2 settlement cycle will require systemic and processing changes at DTCC's Subsidiaries – DTC, NSCC and Omgeo, as defined in DTCC's [Shortened Settlement \(T+2\) DTC, NSCC and OMGEO Functional Changes](#) document.

DTCC's Production environment will conform to a T+3 settlement cycle until close of business on Friday, September 1, 2017 and will be fully converted into a T+2 settlement cycle environment prior to start of business on Tuesday, September 5, 2017.

DTCC's conversion process will be transparent to Members. DTCC will begin to deploy its T+2 coding changes into the Production environment after close of business on Friday September 1, 2017 (as DTC, NSCC and Omgeo processes complete and outputs are distributed) and will conclude the process before start of business on Tuesday, September 5, 2017.

DTCC's internal T+2 conversion process will be fully supported by a robust implementation plan and schedule for the technical deployment of T+2 codes into the Production environment. Throughout the conversion period, DTCC is committed to rigorously monitoring its processes, tracking and reporting status to Members at regularly scheduled intervals and on an ad hoc basis, as need be.

The T+2 ISC is also preparing communication plans for the T+2 conversion period and DTCC's regularly scheduled updates will be incorporated into those plans.

## T+2 SYSTEMS AND PROCESSING CHANGES

This section lists DTCC's systems and processing changes for T+2, which will take effect upon implementation of the T+2 settlement cycle on September 5, 2017. These changes are depicted over the T+2 conversion period, defined as start of business on Friday, September 1, 2017 (last business day of the T+3 settlement cycle) through Thursday, September 7, 2017 (Double Settlement Date for Regular Way trades received on September 1, 2017 and September 5, 2017).

### NSCC TRADE CAPTURE

NSCC will implement coding changes to its Universal Trade Capture (UTC) system and Exchange Traded Funds (ETF) Creation and Redemption system to update the rules these systems use to assign the settlement date to transactions in a T+2 settlement cycle.

- Universal Trade Capture (UTC) system:** UTC receives Trade Date and Settlement Type (Cash, Next Day, Seller's Option, Regular Way and When Issued) from submitters (generally exchanges and Alternative Trading Systems). If Seller's Option is submitted, the transaction must also include a number of days to settlement. UTC assigns settlement date based on the values submitted on the trade.

UNIVERSAL TRADE CAPTURE SYSTEM (UTC)				
<i>Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day</i>				
Trade Type	T+3 PRE- CONVERSION RULE	T+2 POST-CONVERSION RULE		
	Friday, September 1, 2017*	Tuesday, September 5, 2017 **	Wednesday, September 6, 2017	Thursday, September 7, 2017
Regular Way (RW) Trades	RW trades will be assigned a settlement date of trade date plus three business days (T+3)  RW trades received on September 1, 2017 (T+3) will be assigned a settlement date of Thursday, September 7, 2017 (Double Settlement Day)	RW trades will be assigned a settlement date of Trade Date plus two business days (T+2)  RW trades received on September 5, 2017 (T+2) will be assigned a settlement date of Thursday, September 7, 2017 (Double Settlement Day)	RW trades will be assigned a T+2 settlement date  RW trades received on, September 6, 2017 (T+2) will be assigned a settlement date of Friday, September 8, 2017	RW trades will be assigned a T+2 settlement date  This will also be a Double Settlement Day.  RW trades received on September 1, 2017 (T+3) and September 5, 2017 (T+2) will both settle on this date
Seller's Option Trades	Seller's Option trades can be submitted with a value of 002, or between 004 and 180 (number of business days until settlement)  UTC will reject a value of 003, because Regular Way settlement is still defined as T+3	Seller's Option trades can be submitted with a value of 003 through 180 (number of business days until settlement).  UTC will reject a value of 002, because Regular Way settlement is now defined as T+2	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

### UNIVERSAL TRADE CAPTURE SYSTEM (UTC)

*Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day*

Trade Type	T+3 PRE- CONVERSION RULE	T+2 POST-CONVERSION RULE		
	Friday, September 1, 2017*	Tuesday, September 5, 2017 **	Wednesday, September 6, 2017	Thursday, September 7, 2017
"As of" Regular Way trades	"As of" Regular Way trades will be assigned a settlement date of T+3	"As of" Regular Way trades with a trade date of September 1, 2017 or before (pre T+2 conversion), will be assigned a settlement date of T+3	<p>"As of" Regular Way trades with a trade date of September 1, 2017 or before (pre T+2 conversion) will be assigned a settlement date of T+3</p> <p>"As of" Regular Way trades with a trade date of September 5, 2017 or after (post T+2 conversion), will be assigned a settlement date of T+2</p>	Same as Wednesday, September 6, 2017
	<i>* Friday Sep 1, 2017 is the last business day under T+3</i>	<i>** Tuesday Sep 5, 2017 is the first business day under T+2</i>		

- **Exchange Traded Fund (ETF) Creation and Redemption System:** The ETF system receives Trade Date and Shortened Settlement Indicator Value (Space = Regular Way, 2 = Two Day Settlement or 1 = One Day Settlement) for the Creation / Redemption instructions from the ETF Agents. The ETF system assigns settlement date based on the submitted Shortened Settlement Indicator Value.

<b>EXCHANGE TRADED FUNDS (ETF) CREATION / REDEMPTION PROCESSING</b>				
<i>Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day</i>				
Trade Type	T+3 PRE- CONVERSION RULE	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
Regular Way (RW) Create / Redeem Instructions	<p>RW Create / Redeem instructions will be assigned a settlement date of T+3</p> <p>RW Create / Redeem instructions with trade date of Friday, September 1, 2017 will be assigned a settlement date of Thursday September 7, 2017 (Double Settlement Day)</p>	<p>RW Create / Redeem instructions will be assigned a settlement date of T+2</p> <p>RW Create / Redeem instructions with trade date of September 5, 2017 will be assigned a settlement date of Thursday September 7, 2017 (Double Settlement Day)</p>	<p>RW Create / Redeem instructions will be assigned a T+2 settlement date</p> <p>RW Create / Redeem instructions with trade date of September 6, 2017 will be assigned a settlement date of Friday, September 8, 2017</p>	<p>RW Create / Redeem instructions will be assigned a T+2 settlement date</p> <p>This will be a Double Settlement Day where the RW Create / Redeem instructions received on Friday September 1, 2017 (T+3) and Tuesday September 5, 2017 (T+2) will both settle on this date</p>
Non-Regular Way Settling (Shortened Settlement) Create / Redeem Instructions	<p>Create / Redeem instructions can be submitted with a shortened settlement indicator value of 002 (two day settlement) or 001 (next day settlement)</p> <p>A shortened settlement indicator value of 003 will be rejected by the ETF system because Regular Way settlement is still defined as T+3</p>	<p>Create / Redeem instructions can be submitted with a shortened settlement indicator value of 001 (next day settlement)</p> <p>A shortened settlement indicator value of 002 will be rejected by the ETF system because Regular Way settlement is now defined as T+2</p>	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

**EXCHANGE TRADED FUNDS (ETF) CREATION / REDEMPTION PROCESSING**

*Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day*

Trade Type	T+3 PRE- CONVERSION RULE	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
“As of” Regular Way settling (RW) Create / Redeem Instructions	“As of” Regular Way Create / Redeem instructions will be assigned a settlement date of T+3	“As of” Regular Way Create / Redeem instructions with a trade date of September 1, 2017 or before (pre T+2 conversion), will be assigned a settlement date of T+3	“As of” Regular Way Create / Redeem instructions with a trade date of September 1, 2017 or before (pre T+2 conversion), will be assigned a settlement date of T+3  As of” Regular Way Create/Redeem instructions with a trade date of September 5, 2017 or after (post T+2 conversion) will be assigned a settlement date of T+2	Same as Wednesday, September 6, 2017
	<i>* Friday Sep 1, 2017 is the last business day under T+3</i>	<i>** Tuesday Sep 5, 2017 is the first business day under T+2</i>		



**EXCHANGE TRADED FUNDS (ETF) CREATION / REDEMPTION PROCESSING**

*Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day*

Trade Type	T+3 PRE- CONVERSION RULE	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
<p>“As-of” Non-Regular Way settling (Shortened Settlement) Create/ Redeem instructions</p> <p>The chart below summarizes the changes for “As-of” Non-Regular Way Create / Redeem instructions</p>	<p>“As-of” Non-Regular Way settling Create / Redeem instructions can be submitted with a shortened settlement indicator value of 002 (two day settlement)</p> <p>As the ETF application does not support same day settlement, “As-of” Non-Regular Way settling Create / Redeem instructions with a shortened settlement indicator value of 001 (next day settlement) will be rejected because the settlement date will coincide with the date these instructions are received</p>	<p>“As-of” Non-Regular Way settling Create / Redeem instructions with a pre-T+2 conversion trade date (September 1, 2017 or before) will conform to the T+3 settlement cycle rules; a two day settling “As-of” instruction will be considered a shortened settlement instruction that should be submitted with a shortened settlement indicator value of 002</p> <p>September 5, 2017 is by default the last day “As-of” Non-Regular Way settling Create / Redeem instructions can be submitted for a pre-T+2 conversion trade date (trade date of September 1, 2017 in this case), where the calculated T+2 settlement date is not in the past</p> <p>As stated before, “As-of” Non-Regular Way settling Create / Redeem instructions with a shortened settlement indicator value of 001 (next day settlement) will be rejected because the settlement date will coincide with the date these instructions are received</p>	<p>Beginning September 6, 2017, “As-of” Non-Regular Way settling Create / Redeem instructions with a trade date of September 1, 2017 or before (pre T+2 conversion dates) will be rejected because the settlement date will have passed</p>	<p>Same as Wednesday, September 6, 2017</p>
	<i>* Friday Sep 1, 2017 is the last business day under T+3</i>	<i>** Tuesday Sep 5, 2017 is the first business day under T+2</i>		

The chart below summarizes the changes for “As-of” Non-Regular Way (Shortened Settlement)

Create / Redeem instructions:

SUBMITTED DATE	TRADE DATE	SHORTENED SETTLEMENT INDICATOR	ETF ASSIGNED SETTLEMENT DATE
09/01/2017	08/31/2017	2 = Two Day Settlement	09/05/2017
09/01/2017	08/30/2017	2 = Two Day Settlement	Rejected (same day settlement not supported)
09/01/2017	08/31/2017	1 = One Day Settlement	Rejected for any trade date (same day settlement not supported)
09/05/2017	09/01/2017	2 = Two Day Settlement	09/06/2017
09/05/2017	08/31/2017	2 = Two Day Settlement	Rejected (same day settlement not supported)
09/05/2017	09/01/2017	1 = One Day Settlement	Rejected for any trade date (same day settlement not supported)
09/06/2017	09/01/2017	2 = Two Day Settlement	Rejected (same day settlement not supported)
09/06/2017	09/05/2017	2 = Two Day Settlement	Rejected (shortened settlement indicator value of 002 is not valid for a post T+2 conversion trade date)
09/06/2017	09/05/2017	1 = One Day Settlement	Rejected for any trade date (same day settlement not supported)
09/07/2017	09/06/2017	2 = Two Day Settlement	Rejected (shortened settlement indicator value of 002 is not valid for a post T+2 conversion trade date )
09/07/2017	09/06/2017	1 = One Day Settlement	Rejected for any trade date (same day settlement not supported)

■ = Rejected   □ = Accepted

## NSCC TRADE MATCHING – CORPORATE BONDS, MUNICIPAL BONDS AND UNIT INVESTMENT TRUSTS (CMU)

The existing (T+3) CMU Real Time Trade Management (RTTM) trade matching cutoff of 11:30 ET on Settlement Date (SD) will not change with the implementation of the T+2 settlement cycle, in order for a trade to be assigned its contractual Settlement Date (SD). However, under a T+2 settlement cycle trades must be matched by 11:30 ET on T+2 (SD) to be assigned a T+2 contractual SD.

<b>CMU RTTM</b>				
<i>Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day</i>				
Trade Type	PRE- CONVERSION RULE (T+3)	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
CMU RTTM Trade Matching Cut off	<p>CMU T+3 trades submitted on September 1, 2017 must be matched by 11:30 ET on T+3 (Thursday, September 7, 2017 in this case) in order to be assigned its contractual T+3 settlement date</p> <p>If a trade is matched past the 11:30 ET on settlement date cutoff, CMU RTTM will assign the settlement date of the next business day</p> <p>T+3 trade matching rules will apply to CMU trades with a trade date of Friday, September 1, 2017 or before</p>	<p>CMU T+2 trades submitted on September 5, 2017 must be matched by 11:30 ET on T+2 (Thursday, September 7, 2017 in this case) in order to be assigned its contractual T+2 settlement date</p> <p>As in the T+3 environment, trades matched past 11:30 ET on settlement date cutoff, will be assigned the settlement date of the next business date</p> <p>T+2 trade matching rules will apply to CMU trades with a trade date of Tuesday, September 5, 2017 or after</p>	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
Settlement Type Indicator for When-Issued Trades	<p>When-Issued trades settling <b>four</b> or more days after T (date received by NSCC), need to be submitted as extended settlement trades</p> <p>This will apply to When-Issued trades with Trade Date of Friday, September 1, 2017 or before</p>	<p>When-Issued trades settling <b>three</b> or more days after T (date received by NSCC), need to be submitted as extended settlement trades</p> <p>This will apply to When-Issued trades with Trade Date of Tuesday, September 5, 2017 or after</p>	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

## TRADE AFFIRMATION – OMGEO

The following changes will apply to the institutional trade processing at Omgeo, upon implementation of the T+2 settlement cycle (effective start of business on September 5, 2017):

- The affirmation cutoff time for having institutional trades automatically introduced into NSCC and DTC for straight-through-processing.
- The Prime Broker disaffirmation cutoff time

These changes are outlined in the table below:

<b>OMGEO TRADE SUITE</b>				
<i>Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day</i>				
Trade Type	PRE- CONVERSION RULE (T+3)	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
Trade Affirmation cutoff for Non-ID Net Institutional Trades	<p>Trades must be affirmed by 12:00 ET on Settlement Date (SD)-1, which is T+2</p> <p>Non-ID Net institutional trades with a settlement date of Friday, September 1, 2017 must be affirmed by 12:00 ET on Thursday, August 31, 2017 (SD-1)</p>	<p>Trades must be affirmed by 11:30 ET on Settlement Date (SD)-1, which is now T+1</p> <p>Non-ID Net institutional trades with a settlement date of Tuesday, September 5, 2017 must be affirmed by 12:00 ET on Friday, September 1, 2017 (SD-1)</p> <p>The T+2 trade affirmation cutoff will apply to trades with a settlement date of September 6, 2017 or after</p>	<p>Trades must be affirmed by 11:30 ET on Settlement Date (SD)-1</p> <p>Non-ID Net institutional trades with a settlement date of Wednesday, September 6, 2017 must be affirmed by 11:30 ET on Tuesday, September 5, 2017 (SD-1)</p>	<p>Same as Wednesday, September 6, 2017</p> <p>Non-ID Net trades with a settlement date of Thursday, September 7, 2017 must be affirmed by 11:30 ET on Wednesday, September 6, 2017 (SD-1)</p>
Trade Affirmation cutoff for ID Net Institutional Trades	<p>ID Net trades must be affirmed by 21:00 ET on SD-2 (T+1)</p> <p>ID-Net trades with a settlement date of Friday, September 1, 2017 must be affirmed by 21:00 ET on Wednesday, August 30, 2017 (SD-2 or T+1)</p>	<p>Similar to other institutional trades, ID-Net trades must be affirmed by 11:30 ET on SD-1 (T+1)</p> <p>ID Net trades with a settlement date of Tuesday, September 5, 2017 must be affirmed by 21:00 ET on Thursday, August 31, 2017 (SD-2 or T+1)</p> <p>The T+2 trade affirmation cutoff will apply to ID trades with a settlement date of September 6, 2017 or after</p>	<p>ID Net Trades must be affirmed by 11:30 ET on SD-1 (T+1)</p> <p>Given the Trade affirmation cutoff for ID Net trades with a settlement date of September 6, 2017 will straddle the T+3 and T+2 settlement cycles (trade affirmation cutoff of 21:00 ET on Friday, September 1, 2017 per T+3 rules, and 11:30 ET on Tuesday, September 5, 2017 per T+2 rules). DTCC will apply the T+2 trade</p>	<p>Same as Wednesday, September 6, 2017</p> <p>ID Net trades with a settlement date of Thursday, September 7, 2017 must be affirmed by 11:30 ET on Wednesday, September 6, 2017 (SD-1 or T+1)</p>
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

### OMGEO TRADE SUITE

*Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day*

Trade Type	PRE- CONVERSION RULE (T+3)	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
			affirmation cutoff to these ID Net trades; these trades must be affirmed by 11:30 ET on Tuesday, September 5, 2017 (SD-1 or T+1)	
Prime Broker Trade Disaffirmation	<p><b>Prime Brokers can disaffirm trades until 10:00 ET on SD-1 or T+2</b></p> <p>Prime Broker trades with a settlement date of Friday, September 1, 2017 can be disaffirmed by 10:00 ET on Thursday, August 30, 2017 (SD-1 or T+2)</p>	<p><b>Prime Brokers can disaffirm trades until 17:00 ET on SD-1 or T+1</b></p> <p>Prime Broker trades with a settlement date of Tuesday, September 5, 2017 can be disaffirmed by 10:00 ET on Friday, September 1, 2017 (SD-1 or T+1)</p> <p>The T+2 disaffirmation cutoff will apply to Prime Broker institutional trades with a settlement date of September 6, 2017 or after</p>	<p><b>Prime Brokers can disaffirm trades until 17:00 ET on SD-1 or T+1</b></p> <p>Prime Broker trades with a settlement date of Wednesday, September 6, 2017 can be disaffirmed by 17:00 ET on Tuesday, September 5, 2017 (SD-1 or T+1)</p>	<p>Same as Wednesday, September 6, 2017</p> <p>Prime Broker trades with a settlement date of Thursday, September 7, 2017 can be disaffirmed by 17:00 ET on Wednesday, September 6, 2017</p>
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

## ASSET SERVICING – CORPORATE ACTIONS

The following DTC Corporate Action processing changes will be implemented as part of the move to the T+2 Settlement Cycle on September 5, 2017:

- DTC Investor Voluntary Redemptions System (IVORS) settlement date
- Guaranteed Delivery or Cover/Protect period on a Voluntary Corporate Action
- Ex-Date Calculation for Regular Way and Irregular Way Dividend Processing

These changes are outlined in the table below:

<b>ASSET SERVICING</b>				
<i>Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day</i>				
Trade Type	PRE- CONVERSION RULE (T+3)	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
DTC IVORS - Settlement Date Changes	<p><b>The settlement date of a UIT Redemption/Rollover request in the DTC IVOR function is transaction date plus three business days</b></p> <p>UIT Redemption transactions submitted to DTC's IVOR system on or before Friday, September 1, 2017 will settle on a T+3 settlement date</p>	<p><b>The settlement date of a UIT Redemption/Rollover request in the DTC IVOR function is transaction date plus two business days</b></p> <p>UIT Redemption transactions submitted to DTC's IVOR system on September 5, 2017 or later will settle on a T+2 settlement date</p>	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
<p>Guaranteed Delivery or Cover/Protect Period for Voluntary Corporate Action</p> <p>The timeframe to cover a protect is generally established by the issuer or its agent, and passed to DTC for processing</p>	<p><b>Cover/Protect period is calculated as three business days after the offer expiration date</b></p> <p><b>Note:</b> NSCC's Continuous Net Settlement system (CNS) will not support any voluntary corporate action events over the T+2 conversion period. Securities subject to voluntary offers that would require Member instruction input from Monday, August 28, 2017 through Friday, September 8, 2017 will be exited from the CNS system</p>	<p><b>It is anticipated that effective September 5, 2017, the Cover/Protect period will be calculated as two business days after the offer expiration date.</b></p> <p>As noted before, securities subject to voluntary offers that would require Member instruction input from Monday, August 28, 2017 through Friday, September 8, 2017 will be exited from the CNS system</p>	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

## ASSET SERVICING

*Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day*

Trade Type	PRE- CONVERSION RULE (T+3)	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
<p>Ex-Date Calculation for Regular Way Dividend Processing</p> <p>Ex-Date is generally provided to DTC by the organized securities exchanges or FINRA</p>	<p><b>Ex-Date is two business days prior to the Record Date</b></p> <p>The T+3 convention for Ex-Date calculation will apply to Regular Way Distribution events with Record Date (R/D) of September 6, 2017 or before</p> <ul style="list-style-type: none"> <li>• For R/D September 5 - the Ex-Date will be August 31</li> <li>• For R/D September 6 - the Ex-Date will be September 1</li> <li>• For R/D September 7 - Ex-Date will be September 6 (First day applying T+2 settlement convention to the Ex-Date process)</li> </ul> <p>As depicted above, by default, September 5, 2017 will not be ruled an Ex-Date for Regular Way Dividend Processing</p>	<p><b>Ex-Date is one business day prior to the Record Date</b></p> <p>September 5, 2017 will not be ruled an Ex-Date for Regular Way Distribution events</p>	<p><b>Ex-Date is one business day prior to the Record Date</b></p> <p>The T+2 convention for Ex-Date calculation will apply to Dividend distribution events with Record Date of September 7, 2017 or after</p> <ul style="list-style-type: none"> <li>• For R/D September 7 - Ex-Date will be September 6 (T+2 Ex-Date convention)</li> <li>• For R/D September 6 - the Ex-Date will be September 1 (T+3 Ex-Date convention)</li> </ul>	<p><b>Ex-Date is one business day prior to the Record Date</b></p> <ul style="list-style-type: none"> <li>• For R/D September 7 - Ex-Date will be September 6 (T+2 Ex-Date convention)</li> <li>• For R/D September 8 - the Ex-Date will be September 7 (T+2 Ex-Date convention)</li> </ul>
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

## ASSET SERVICING

*Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day*

Trade Type	PRE- CONVERSION RULE (T+3)	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
<p>Ex-Date Calculation for Irregular Way Dividend Processing for a large distribution, such as Spin Off or Stock Split</p> <p>Ex-date is generally provided to DTC by the exchanges or FINRA. DTC systematically calculates the Distribution Settlement Date for Irregular Way Dividend (also known as the Due Bill Redemption Date) based on the Ex-Date of the Dividend Distribution event</p>	<p><b>Distribution Settlement Date is two business days after the Ex-Date on the Dividend Distribution Event</b></p> <p>The T+3 settlement cycle convention will apply to Irregular Way Distributions events with Ex-Date ruled of September 1, 2017 or before.</p> <ul style="list-style-type: none"> <li>For Ex-Date September 1, 2017, the Distribution Settlement Date will be September 6, 2017</li> </ul>	<p><b>Distribution Settlement Date is one business day after the Ex-Date on the Dividend Distribution Event</b></p> <p>The Exchanges (NYSE, NASDAQ, BATS) and FINRA have agreed <u>not to rule</u> September 5, 2017 as an Ex-Date for Distribution events, given the potential processing complexities that could occur with Distribution events having Ex-Date of September 5, 2017</p>	<p><b>T+2 settlement cycle convention will apply</b></p> <p>For Ex-Date September 6, 2017, the Distribution Settlement Date will be September 7, 2017</p>	<p><b>T+2 settlement cycle convention will apply</b></p> <p>For Ex-Date September 7, 2017, the Distribution Settlement Date will be September 8, 2017</p>
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

### **Additional Note:**

DTCC will publish a document on Corporate Actions processing over the T+2 conversion period to [the UST2 website](#). This document will provide additional information on the complexities related to Distribution events with Ex-Date of September 5, 2017, and Voluntary Reorganization events with three-day Guarantee of Delivery feature expiring on Friday, September 1, 2017.



## WEALTH MANAGEMENT SERVICE – MUTUAL FUND SERVICES- NSCC

Effective September 5, 2017, NSCC Wealth Management Services will systematically update the settlement cycle for domestic securities in the Fund/SERV system®, which currently have a T+3 settlement cycle, to a T+2 settlement cycle.

Important Notice [a8297](#) and [FAQs](#) provide additional information on the mutual fund settlement cycle updates to T+2.

The following table outlines the impact to Fund/SERV trades submitted prior to, and on or after the September 5, 2017 effective date for the securities being systematically updated from a T+3 to T+2 settlement cycle.

<b>FUND/SERV</b>				
<i>Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day</i>				
Trade Type	PRE- CONVERSION RULE (T+3)	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
Settlement Date of Orders (Settlement cycle is based on trade date of a confirmed order)	Orders submitted with a trade date on or before Friday, September 1, 2017, will settle based on a T+3 settlement cycle	Orders with a trade date of September 5, 2017 or after will settle based on a T+2 settlement cycle	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
Settlement Date of Orders with an 'Alternate Settlement Cycle' (settlement cycle is based on trade date of a confirmed order)	Orders with an alternate settlement cycle submitted with a trade date on or before Friday, September 1, 2017, will settle on a T+3 settlement cycle	Orders with an alternate settlement cycle submitted with a trade date of September 5, 2017 or after will settle on a T+2 settlement cycle	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
Settlement Date of "As-of" Orders and Exchanges (settlement cycle is based on confirmation date)	"As-of" Orders and Exchanges confirmed on or before Friday, September 1, 2017 will settle based on a T+3 settlement cycle	"As-of" Orders and Exchanges confirmed on or after Tuesday, September 5, 2017 will settle based on a T+2 settlement cycle	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
Settlement Date of Cash Adjustments (settlement cycle is based on submission date)	Cash adjustments with a submission date on or before Friday, September 1, 2017 will settle based on a T+3 settlement cycle	Cash adjustments with a submission date on or after Tuesday, September 5, 2017 will settle based on a T+2 settlement cycle	Same as Tuesday, September 5, 2017	Same as Tuesday, September 5, 2017
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

# T+2 IMPACT ON DTCC OUTPUTS

## NSCC's Consolidated Trade Summary (CTS) output

The move to a T+2 settlement cycle will **not** impact the format, reporting logic and distribution processing of existing Omgeo, DTC and NSCC outputs. All outputs, including NSCC's new CTS output, which was implemented on June 23, 2017, will be produced in the same format and at the same time as in the current T+3 settlement cycle.

However, shortening the standard settlement cycle from T+3 to T+2 will shift the reporting of certain transactions on the new CTS output. Additionally, on September 5, 2017, NSCC will implement the new CNS Midday Projection File. Subscription to the new CNS Projection File is optional for Members.

These changes are defined in greater detail below:

CONSOLIDATED TRADE SUMMARY (CTS)				
<i>Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day</i>				
Trade Type	PRE- CONVERSION RULE (T+3)	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
CTS Cycle 1 (distributed at approximately 21:00 ET)	<p>Reports trades settling in two business days and one business day</p> <p>Regular Way trades are reported in the CTS Cycle 1 output on T+1 (as trades settling in two business days)</p> <p>The CTS Cycle 1 output on Friday, September 1, 2017 will report RW trades received on Thursday, August 31, 2017, including OCC Stock Option trades</p>	<p>No change to reporting logic.</p> <p>However, in the T+2 settlement cycle, RW trades, with the exception of OCC stock option trades, will be reported in the CTS Cycle 1 output on T (trades settling in two business days)</p> <p>The CTS Cycle 1 output on Tuesday, September 5, 2017 will include RW trades, minus OCC trades, received on September 5, 2017 (T), and RW trades including OCC stock option trades, received on Friday, September 1, 2017, which will all settle on September 7, 2017 (settling in two business days)</p> <p>RW OCC Stock Option Trades, where NSCC has collected Clearing Fund, will now be reported in the CTS Cycle 3 output on T+1 or on Wednesday, September 6, 2017</p>	Same as September 5, 2017	Same as September 5, 2017
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

### CONSOLIDATED TRADE SUMMARY (CTS)

*Please note DTCC will be closed on Monday, September 4, 2017 in observance of Labor Day*

Trade Type	PRE- CONVERSION RULE (T+3)	POST-CONVERSION RULE (T+2)		
	Friday, September 1, 2017*	Tuesday, September 5, 2017**	Wednesday, September 6, 2017	Thursday, September 7, 2017
CTS Cycle 2 (distributed at approximately 00:30 ET)	Reports trades received between CTS Cycle 1 and CTS Cycle 2, settling in two business days and one business day	No change	No change	No change
CTS Cycle 3 (distributed at approximately 12:30 ET)	Reports trades settling in one business day or on the same business day	No change	As listed in the CTS Cycle 1 section, effective September 5, 2017, OCC trades, where NSCC has collected Clearing Fund will be reported in the CTS Cycle 3 output on T+1  Hence, CTS Cycle 3 output on September 6, will include OCC Stock Option trades received on September 5, 2017	Same as on September 6, 2017
	* Friday Sep 1, 2017 is the last business day under T+3	** Tuesday Sep 5, 2017 is the first business day under T+2		

## CNS OUTPUT

### New CNS midday projection file

- NSCC will distribute the new CNS Midday Projection File beginning September 5, 2017.
- This new Midday Projection File, which will be an optional output for Members, will include an updated projection of CNS settling positions for the next business day. The updated projection will include current position, one day settling trades received between CTS Cycle 2 and Cycle 3 and miscellaneous activity (i.e., ID Net trades received between 00:00 and 11:30 ET on SD-1).
- This output will be distributed at approximately 12:30 ET, after the CTS Cycle 3 distribution.
- The new CNS Midday Projection File will be distributed as both Machine Readable Output (MRO) and Comma Separated Value (.CSV) file. The latter can be downloaded to Excel to create a report version. The production AutoRoute #s are 02042358 (MRO) and 02042366 (CSV)
- Members should continue to utilize the current CNS Projection Report/File (AutoRoute# 02042022) for exemption processing purposes

Additionally, the following fields on the existing CNS Projection File (AutoRoute# 02042022) will become obsolete by the move to T+2. Members will see these updates occurring in their CNS Projection File issued on Saturday, September 2, 2017 at approximately 00:30 ET (after the completion of DTC's Night Settlement Cycle for Tuesday, September 5, 2017). These fields are:

- Following Day's Settling Trades (Detail Record, Position 64-72)
- Following Day's Settling Trades Sign (Detail Record, Position 73)
- Net Total Following Day's Pending Trades (Trailer Record, Position 26-36).
- Net Following Day's Pending Trades Sign (Trailer Record, Position 37).

## DTCC'S IMPLEMENTATION SUPPORT STRUCTURE

DTCC's support of the T+2 implementation process will be incorporated within the T+2 Industry Command Center's support plan, which will be published to the [UST2 website](#) in August 2017.

Key elements of the Command Center's T+2 implementation support plan are as follows:

- **Contact List:** The Command Center will publish a contact list for quick access to Key Industry and Market Infrastructure staff, including DTCC contacts.
- **Industry Calls:** Industry calls will be scheduled from Friday, September 1, 2017 through Friday, September 8, 2017 to provide Industry Members with a common forum to raise and discuss issues and feedback, including any that pertains to DTCC. DTCC may also establish separate calls for its Members, if needed.
- **T2 Implementation Mailbox:** Similar to the T+2 testing mailbox, a dedicated mailbox for the T+2 implementation process will be established in mid-August 2017 so that Industry Members can submit any T+2 implementation questions or issues. This mailbox will be monitored by a T+2 support team throughout regular business days and hours, and from 7:00 am ET to 7:00 pm ET on Saturday, September 2, 2017 through Monday, September 4, 2017. The support team will route the questions to appropriate industry infrastructure or organization, and will coordinate timely resolution of inquiry.
- **Status Updates:** The Command Center will publish status and issue tracking information to the UST2 website beginning Friday, September 1, 2017 through Friday September 8, 2017 at defined intervals and on an as needed basis.



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