



PRESS RELEASE

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FINANCIAL SERVICES INDUSTRY SHORTENS TRADE SETTLEMENT CYCLE IN THE U.S., MARKING THE MOST SIGNIFICANT CHANGE IN TWO DECADES

Two-day settlement cycle reduces risk and enhances U.S. market structure by improving market safety and providing efficiency for investors.

New York/London/Hong Kong/Singapore, 5 September, 2017 – The Depository Trust & Clearing Corporation (DTCC), Investment Company Institute (ICI) and the Securities Industry and Financial Markets Association (SIFMA), on behalf of the T+2 Industry Steering Committee ([T+2 ISC](#)), today oversaw the transition to a standard settlement timeframe of trade date plus two days (T+2) for in-scope securities, including U.S. equity, corporate and municipal bond, and unit investment trust (UIT) trades, reducing operational and systemic risks to the U.S. marketplace.

Beginning today, trades in the affected securities will settle in two business days instead of the previous three-day cycle, providing [significant benefits](#), including reduced market and counterparty risk, increased financial stability and improved safety and efficiency for investors and market participants. The shorter settlement timeframe also aligns the U.S. with other major markets globally that use T+2 settlement, providing an increased level of global settlement harmonization across jurisdictions and regions.

The transition is the culmination of a multi-year broad-based industry effort. In 2014, an industry consensus formed around the benefits of T+2. DTCC organized the T+2 ISC, co-chaired by ICI and SIFMA, to oversee and advance the initiative. The T+2 ISC's working group and sub-groups ultimately involved approximately 600 professionals from all impacted segments of the industry, establishing an industry-wide implementation plan that defined the operational framework and developed guides for market participants.

Regulatory action has been integral to the industry's T+2 initiative. The SEC finalized rule changes to facilitate the shorter settlement cycle on March 22, 2017, and nine other regulators and self-regulatory organizations (SROs) have also taken action. In total, nearly 50 rules were addressed to help make T+2 a reality.

DTCC estimates the lower levels of risk associated with a shorter settlement cycle will reduce the average daily capital requirements for clearing trades through DTCC's National Securities Clearing Corporation (NSCC) by approximately 25 percent, or \$1.36 billion.

Murray Pozmanter, Head of Clearing Agency Services and Global Operations and Client Services at DTCC said, "The U.S. move to a T+2 settlement cycle marks the most significant change to the market's settlement cycle in over 20 years. A collaborative industry-driven effort with strong support from regulators, the T+2 initiative has achieved its common goal, which will ultimately further reduce risks and costs for the benefit of the investors and market participants."

"Foresight, leadership, and collaboration in the financial industry have resulted in the transformational move to T+2," said Marty Burns, Chief Industry Operations Officer at ICI, and Co-Chair of the T+2 ISC. "Market participants are pleased with the strong support of regulators in achieving this goal, but it is worth noting that the industry initiative toward a shorter settlement cycle took root and progressed without regulatory mandates. Without question, the most significant value of T+2 is its effect of reducing settlement risks and enhancing market resiliency for stakeholders and, most importantly, investors."

"It's a major achievement to transition to a two-day trade settlement in the U.S. capital markets, where over \$300 billion of in-scope securities on average was traded every day in 2016," said Tom Price, SIFMA Managing Director and Head of Technology, Operations and BCP, and Co-Chair of the T+2 ISC. "Since risk is a function of the time between trade date and settlement date, shortening the settlement cycle reduces risk for all investors and market participants. We appreciate the coordination and partnership the many industry leaders, market participants and regulators exhibited to help make this transition a reality."

The T+2 ISC members will host a command center from September 1st to September 8th to oversee the transition. A fact sheet on the T+2 effort is available [here](#). The settlement cycle was last changed in 1995 from T+5 to T+3.

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Notes to Editors

For additional information and updates on the T+2 migration, visit <http://www.ust2.com/>

About DTCC

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