

# Settlement Simplification Changes / Modernized Applications: Deliver Authorization & RAD Approval

To create a more streamlined system, DTC will eliminate certain delivery authorization and receiver approval capabilities in its Inventory Management System (IMS) and combine NSCC exemption processing into DTC's IMS.

## What's Changing?

DTC will simplify delivery authorization profiles by allowing members to establish "active" and "passive" profiles for a limited number of transaction types. DTC will also consolidate NSCC's exemption capabilities within DTC's Inventory Management System (IMS). All exemptions, including CNS® exemptions done through NSCC, will be managed within IMS. NSCC exemptions will no longer be supported. DTC profile simplification will be effective September 2027. However, the consolidation of NSCC exemption capabilities will not be included in the initial Q3 2027 implementation. Members can continue to exempt CNS activity through NSCC until the service is decommissioned.

DTC will also streamline the receiver approval process by permitting clients to actively/passively approve all Deliver Order (DO), Payment Order (PO), and valued Pledge/Return transactions. In an active Receiver Authorized Delivery (RAD) profile, every transaction will require clients to explicitly instruct DTC that the transaction is ready for settlement processing. In a passive approval profile, every transaction will be considered approved unless the client explicitly instructs DTC that the transaction should not be processed. Clients using a passive approval profile will have a window of time to exempt transactions before they are automatically submitted for settlement processing. DTC will also be expanding RAD processing to include free deliver orders.

## Client Impact

In addition to the changes outlined above, DTC will expand its delivery authorization capabilities to allow clients to partially authorize transactions awaiting authorization. All exemptions, including CNS exemptions routed through NSCC, will be managed through DTC's IMS. NSCC exemptions will no longer be supported. These changes will be mandatory but will only impact clients that utilize the decommissioned functionality. Client should prepare for free DO processing through RAD.

## Benefits

- Simplifies authorization workflows by consolidating delivery authorization and NSCC exemption processing into IMS
- Reduces operational complexity through streamlined and standardized authorization profiles
- Improves settlement efficiency by ensuring approval before entering settlement processing
- Expands automation and control by extending RAD requirements to additional transaction types
- Enhances risk management with more consistent controls
- Supports future settlement enhancements

## Timeline

All updates, except for the migration of Level 1 exemption processing, must be completed by Q3 2027. Although CNS exemption processing is currently available in DTC, NSCC Level 1 CNS exemption processing will not be decommissioned until a future date, yet to be announced.

## WHERE CAN I GET MORE INFORMATION?

Read our [Functional Change Document](#), visit [DTCCTransformation.com](https://www.dtcc.com) or [Contact Us](#).

