

Settlement Simplification Changes / Modernized Applications: Partial Settlement

The Partial Settlement functionality will enhance the existing settlement process to enable DTC to settle as much of a bilateral Deliver Order (DO) as possible given available inventory of the deliverer. This change is designed to reduce the value of outstanding obligations, thereby creating significant capital and operational efficiencies for clients.

What's Changing?

DTC Settlement transaction processing and position controls require sufficient position or inventory of a security be available to support the processing of a bilateral Deliver Order (DO). In the current state, bilateral DO transactions pass position checks at DTC only when the entire quantity is ready for delivery. If the delivering client has some – insufficient – deliverable inventory, the DO transaction pends until the full quantity is available to process the transaction. If shares do not become available by the cutoff, the transaction will fail.

Partial deliveries of bilateral deliver orders (“partials”) occur today, but require clients to identify opportunities, secure contra party agreements to accept the partial delivery, and then manually enter the instructions through a series of coordinated steps that ensure proper inventory management. This manually intensive process – combined with other functional constraints – significantly limits the frequency of partial deliveries, the industry is unable to fully realize the full benefits of partial deliveries.

DTC is building the capability to systemically manage partial settlement of bilateral DO transactions to increase transaction throughput and reduce fails. This will be achieved across three areas of the settlement lifecycle: Partial Authorization by the Deliverer, Partial Approval by the Receiver and Auto Partial Processing during recycling. Certain transactions, such as securities lending transactions and transactions in Money Market Instrument (MMI) securities, will be excluded from partial settlement.

Client Impact

- In the future state, DTCC will have the capability to systemically manage partial settlement of bilateral DO transactions. This will be a mandatory change for all clients.

Benefits

Partial Settlement will eliminate manual processing, streamline communication between multiple parties, and encourage more straight-through processing

- Operational efficiency with increased transaction throughput and reduced fails.
- Risk reduction.
- Cost savings / capital charge reduction on aged fails.
- Reduced borrow needs.

Timeline

- Auto-partial processing and partial delivery authorization will be included in the initial implementation of Partial Settlement. This change is scheduled to be available for client testing in Q3 2026 and in production in Q3 2027. Partial receiver authorization will be implemented at a future date.
- Bilateral Securities Finance transactions that settle through DTC, will be included in Phase 2 with a targeted Q4 2028 deliverable, while the NSCC SFT and OCC Securities Finance transactions will be excluded from the new partials service.

WHERE CAN I GET MORE INFORMATION?

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

