Clearing & Settlement Transformation | Roadmap

DATE: 3/31/2025

Extended Roadmap Key

Documentation

●	**Message Spec**	Details of the requirements, formats and validation rules for ingestion validation
●	**MRO / Data Output**	Details of formats for Machine Readable Output and reports
▲	**Client Adoption / Test Plan**	Plan for testing and timeframe in which clients will adopt and integrate the changed software
🗎	**Functional Change Document**	Document containing a detailed description on the modernization of clearing and settlement and its underlying applications

Milestones

★	**Enhancement Go Live**	Simplification/Enhancement of application will go live for client use
★	**Modernized Application Go Live**	Full modernized application will go live for client use
◇	**Optional Simplification Change**	Functional change implementation optional for clients
◆	**Required Simplification Change**	Functional change implementation required for clients

Testing

UAT / Functional Testing	User Acceptance Testing to ensure software is tested to verify that its new functionality meets needs and specified requirements
Connectivity Testing	Testing to verify if network traffic can successfully travel between two network endpoints
Production (PROD) Environment	"Live" application environment that is deployed and accessed by users
PSE Environment	Testing environment that facilitates User Acceptance Testing without any impact on "Live" activity
Simulator	Tool that enables the verification of trade submissions to pass validation. It does not check against other data sources and does not simulate expected settlement results.

DTCC

High-Level Change Summary – Clearing

> The **Modernized Continuous Net Settlement System (CNS)** will deliver a more advanced, resilient platform for clearing. It will include key simplifications and enhancements *(see list to right)* as well as modernized client interfaces. Additional Clearing enhancements will be delivered in parallel.

⭐ Modernized Continuous Net Settlement (CNS)
Go-live in Q4 2026

Key Client Testing & Activities leading up to Go-live:

Client Profile Migrations

- Clients can begin to migrate NSCC Exemptions Level 1 to Inventory Management Delivery Authorization beginning in **Q3 2025**. **This migration does not need to be completed by Q4 2026** – *a later date will be determined and communicated.*

- NSCC Level 2 Exemptions are scheduled to be decommissioned in Q3 2025.

- Fully-Paid-For Account is scheduled to be decommissioned in Q3 2025.

Client Interfaces & Testing

Clients will have several options to test new connectivity, client interfaces and functionality leading up to Q4 2026. DTCC will develop and share industry test plans in Q3 2025.

> **Current connectivity will be decommissioned in Q4 2026** (more information will be provided in Q2 to support this). However, **current transactional input / output formats will NOT be decommissioned in Q4 2026** – a later date will be determined and communicated.

➢ **Connectivity Testing (PSE)** – Starting Q4 2025

➢ **Connectivity Testing (PROD)** – Starting Q1 2026

➢ **UAT / Functional (PSE)** – Starting Q1 2026

Clearing Simplification Changes / Modernized Applications

Fully-Paid-For Account	Decommission of CNS fully-paid-for account
CNS Exemptions	Phased decommission of CNS Exemption processing

Additional information for UTC & ETF modernized applications to be made available at a future date

Clearing Enhancements

Extended Trading Hours (ETH)	Extended trade submission windows (24x5) (New field to be added on UTC real-time output message)
Mark-to-market Optimization	Introduction of an intraday pass-through of the clearing fund Mark-to-Market component.
ETF Options Clearing (with OCC)	Centralized clearing of ETF Option components in partnership with the OCC
ACATS Settlement Prep Removal	Shortened ACATS Settlement cycle to 3-4 Business Days
ACATS Legacy CI Decommission	ACATS legacy file transmissions (inbound and outbound) will be decommissioned

Please refer to full roadmap for details on Clearing enhancement testing windows and related milestones

CNS

UTC, CNS, ETF, & ACATS

Note:
- *The changes outlined in this Roadmap may be subject to Regulatory review and approval, which could impact both the enhancement design and implementation timelines.*
- *Please refer to Clearing and Settlement Transformation Functional Change Document for additional detail on upcoming changes*

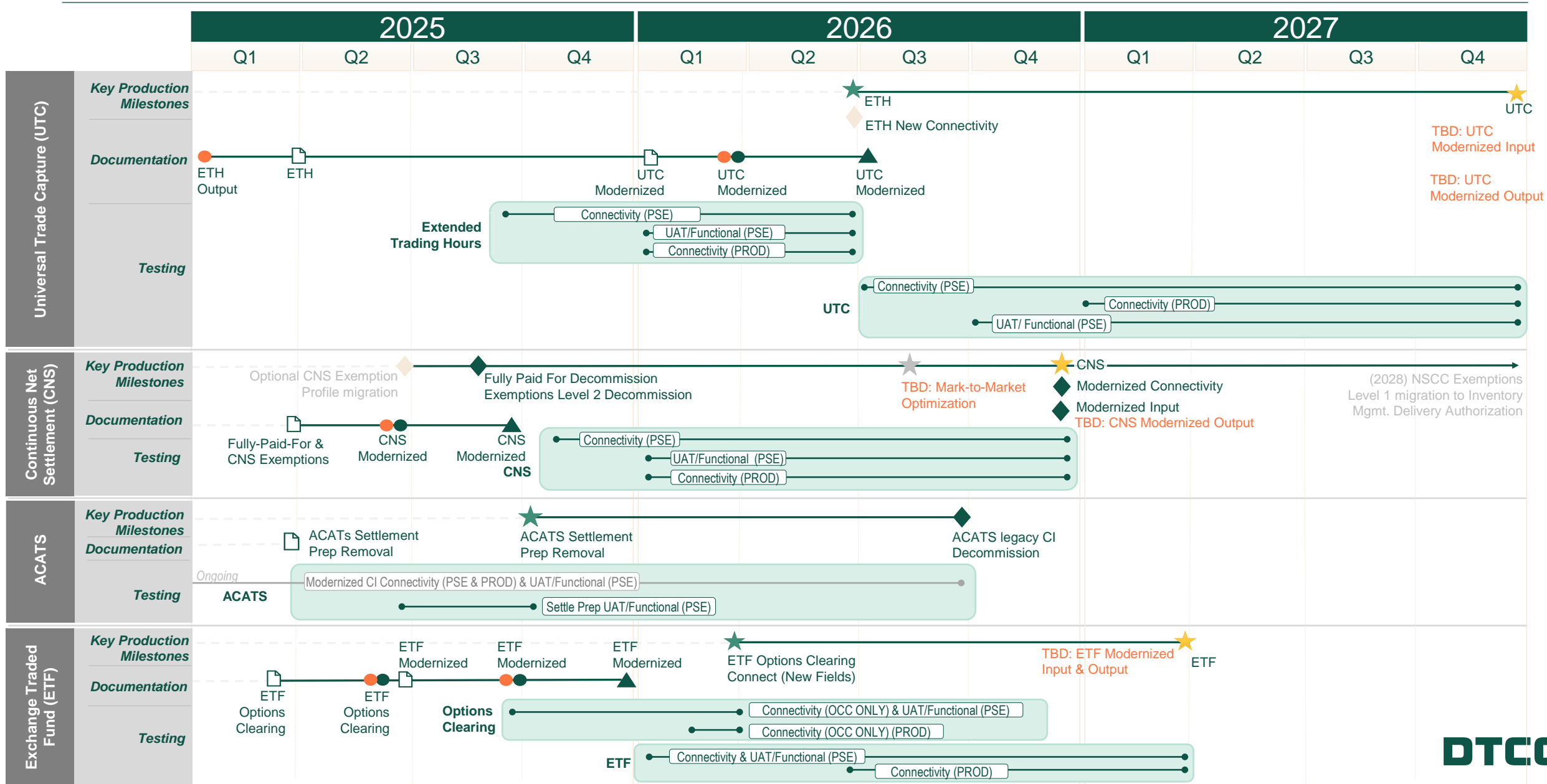**DTCC**

Clearing Client Roadmap

Note: The changes outlined in this Roadmap may be subject to Regulatory review and approval, which could impact both the enhancement design and implementation timelines.

KEY

- ★ Enhancement Go Live
- ★ Modernized Application Go Live
- ◆ Optional Simplification Change
- ◆ Required Simplification Change
- ● Message Spec
- ● MRO / Data Output
- ▲ Client Adoption / Test Plan
- 📄 Functional Change Document

Timeline: 2025 (Q1–Q4), 2026 (Q1–Q4), 2027 (Q1–Q4)

Universal Trade Capture (UTC)

Key Production Milestones
- ★ ETH (2026 Q3)
- ◆ ETH New Connectivity
- ★ UTC (2027 Q4)

Documentation
- ● ETH Output (2025 Q1)
- 📄 ETH (2025 Q2)
- 📄 UTC Modernized (2026 Q1)
- ● UTC Modernized (2026 Q2)
- ▲ UTC Modernized (2026 Q3)
- TBD: UTC Modernized Input
- TBD: UTC Modernized Output

Testing

Extended Trading Hours
- Connectivity (PSE)
- UAT/Functional (PSE)
- Connectivity (PROD)

UTC
- Connectivity (PSE)
- Connectivity (PROD)
- UAT/ Functional (PSE)

Continuous Net Settlement (CNS)

Key Production Milestones
- ◆ Optional CNS Exemption Profile migration
- ◆ Fully Paid For Decommission Exemptions Level 2 Decommission
- ★ TBD: Mark-to-Market Optimization
- ★ CNS
- ◆ Modernized Connectivity
- ◆ Modernized Input
- TBD: CNS Modernized Output
- (2028) NSCC Exemptions Level 1 migration to Inventory Mgmt. Delivery Authorization

Documentation
- 📄 Fully-Paid-For & CNS Exemptions
- ● CNS Modernized
- ▲ CNS Modernized

Testing

CNS
- Connectivity (PSE)
- UAT/Functional (PSE)
- Connectivity (PROD)

ACATS

Key Production Milestones / Documentation
- 📄 ACATs Settlement Prep Removal
- ★ ACATS Settlement Prep Removal
- ◆ ACATS legacy CI Decommission

Testing

Ongoing

ACATS
- Modernized CI Connectivity (PSE & PROD) & UAT/Functional (PSE)
- Settle Prep UAT/Functional (PSE)

Exchange Traded Fund (ETF)

Key Production Milestones / Documentation
- 📄 ETF Options Clearing
- ● ETF Options Clearing
- 📄 ETF Modernized
- ● ETF Modernized
- ▲ ETF Modernized
- ★ ETF Options Clearing Connect (New Fields)
- TBD: ETF Modernized Input & Output
- ★ ETF

Testing

Options Clearing
- Connectivity (OCC ONLY) & UAT/Functional (PSE)
- Connectivity (OCC ONLY) (PROD)

ETF
- Connectivity & UAT/Functional (PSE)
- Connectivity (PROD)

DTCC

High-Level Change Summary – Settlement

The **Modernized Inventory Management System** will deliver a more advanced, resilient platform for settlement processing. It will include key simplifications and enhancements *(see list to right)* as well as modernized client interfaces.

⭐ Modernized Inventory Management
Go-live in Q3 2027

Key Client Testing & Activities leading up to Go-live:

Client Profile Migrations
(Clients can be provided with their profile configurations and instructions to assist in the migration)

Beginning in **Q3 2025**

- Clients have the option to update their profiles for *Deliverer Authorization & RAD Approval* in the existing system to realize modernized system target state behavior. **Profiles must be updated prior to Q3 2027 go live.**

- Clients can begin to migrate NSCC Exemptions Level 1 to Inventory Management Delivery Authorization. **This migration does not need to be completed by Q3 2027** – a later date will be determined and communicated.

- Clients can also migrate from color profiles to existing default and FIFO option to realize modernized system target state behavior for *Pend Processing & Recycling.* **Profiles must be updated prior to Q3 2027 go live.**

Client Interfaces & Testing

Clients will have several options to test new connectivity, client interfaces and functionality for the Modernized Inventory Management leading up to Q3 2027. DTCC will develop and share industry test plans in Q3 2025.

Current connectivity and transactional input / output formats will be decommissioned in Q3 2027 (more information will be provided in the form of message specifications through Q2 2025):

- ➤ **ISO20022 Simulator** (this allows you to submit an ISO20022 message to check format, schema issues prior to UAT being available) **–** available Q1 2026

- ➤ **Connectivity Testing (PSE)** – Starting Q2 2026

- ➤ **Connectivity Testing (PROD)** – Starting Q3 2026

- ➤ **UAT / Functional (PSE)** – Starting Q3 2026

Inventory Management

Settlement Simplification Changes / Modernized Applications

Expanded Member Messaging	Expanded fields available in transaction messages
Deliver Authorization & Receiver Approval (RAD)	Simplification of Deliver Authorization & RAD workflows
Consolidation of NSCC & DTC exemption processing	Phased decommission of NSCC Exemption processing
Pend Processing & Recycling	Simplified profile management of recycling transactions
Reclaims	Decommission of reclaims functionality within DTCC

Settlement Enhancements

Partial Settlement	Capability to partially settle bi-lateral obligations
Reintroduction of Drops	Automatic reintroduction of all eligible failed transactions

Note:
- *The changes outlined in this Roadmap may be subject to Regulatory review and approval, which could impact both the enhancement design and implementation timelines.*
- *Please refer to Clearing and Settlement Transformation Functional Change Document for additional detail on upcoming changes*

DTCC

Settlement Client Roadmap

Note: *The changes outlined in this Roadmap may be subject to Regulatory review and approval, which could impact both the enhancement design and implementation timelines.*

KEY

- ★ Enhancement Go Live
- ★ Modernized Application Go Live
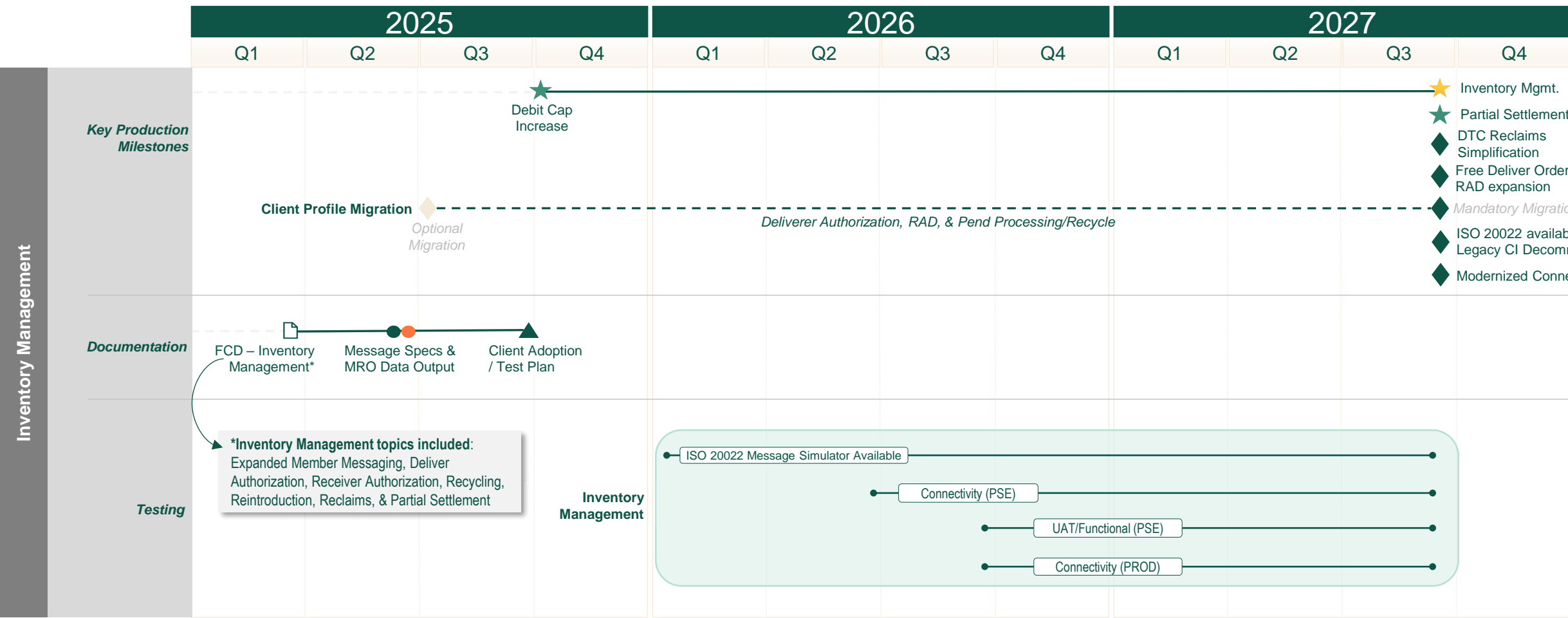- ◇ Optional Simplification Change
- ◆ Required Simplification Change
- ● Message Spec
- ● MRO / Data Output
- ▲ Client Adoption / Test Plan
- 🗋 Functional Change Document

Inventory Management

	2025				2026				2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Key Production Milestones

- ★ Debit Cap Increase (2025 Q3)
- ★ Inventory Mgmt. (2027 Q3)
- ★ Partial Settlement (2027 Q3)
- ◆ DTC Reclaims Simplification
- ◆ Free Deliver Order RAD expansion
- ◇ *Client Profile Migration* — *Optional Migration* (2025 Q2) → *Mandatory Migration* (2027 Q4)
- *Deliverer Authorization, RAD, & Pend Processing/Recycle*
- ◆ ISO 20022 available + Legacy CI Decommission
- ◆ Modernized Connectivity

Documentation

- 🗋 FCD – Inventory Management*
- ● ● Message Specs & MRO Data Output
- ▲ Client Adoption / Test Plan

> *Inventory Management topics included:
> Expanded Member Messaging, Deliver Authorization, Receiver Authorization, Recycling, Reintroduction, Reclaims, & Partial Settlement

Testing

Inventory Management

- ISO 20022 Message Simulator Available
- Connectivity (PSE)
- UAT/Functional (PSE)
- Connectivity (PROD)

DTCC