

Updated: April 2024

Accelerated Settlement (T+1)

DTC, NSCC AND ITP FUNCTIONAL CHANGES

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Introduction

The financial services industry, in coordination with its regulators, is planning to shorten the settlement cycle for equities, corporate bonds, municipal bonds, unit investment trusts, and financial instruments comprised of these security types (e.g., ADRs, ETFs), from the current cycle of trade date plus two business days (T+2) to trade date plus one business day (T+1).

The SEC has approved May 28, 2024, as the transition date for the move to a T+1 Settlement Cycle.

This document outlines the systems and processing changes required to move to a one-day settlement cycle for DTCC subsidiaries — Institutional Trade Processing (ITP), National Securities Clearing Corporation (NSCC) and The Depository Trust Company (DTC). Clients, participants, and vendors of these entities are requested to review this document to determine the impact of these changes on their respective systems and operational processes.

A copy of this document can be obtained from the DTCC website at <http://www.dtcc.com> as well as on the industry's T +1 website, <http://www.UST1.org>.

1. Trade Affirmation and Id Exemptions – ITP

The cutoff time for having affirmed institutional trades automatically introduced into NSCC and DTC for processing will be changed.

The cutoff time for having affirmed institutional transactions automatically introduced into NSCC and DTC is based on the settlement date (SD) of the transaction.

The cutoff time for having affirmed institutional transactions automatically introduced into NSCC and DTC in a T+2 environment is currently 11:30AM ET on SD-1. In a T+1 settlement cycle, the affirmation cutoff time will change to 9:00PM ET on trade date (or SD-1). This will ensure all prime broker trades affirmed prior to the cut-off on trade date at 9:00PM ET are reported on the CTS Cycle 1 which will now be distributed at approximately 10:00PM ET each processing day and that all non-prime broker affirmed trades are received by DTC in time for night cycle processing.

The trade affirmation cut-off for ID Net-eligible transactions will change from the current 11:30AM ET on SD-1 in a T+2 settlement cycle to 9:00PM ET on trade date (or SD-1) in a T+1 settlement cycle and will be aligned with the affirmation cut-off for other institutional transactions automatically introduced to DTC and NSCC for settlement. This will not impact ITP's and DTC's systems, nor transaction processing. However, it will require NSCC to update the cut-off time in the Continuous Net Settlement (CNS) system with respect to these transactions, which is outlined later in this document in **Section 3 – Clearing Services – NSCC**.

The cutoff time for the Authorizations and Exemptions of affirmed ID Transactions will change from the current 6:30 p.m. ET on SD-1 in a T+2 settlement cycle to 10:45PM ET on trade date in a T+1 settlement cycle (see section 6).

2. Trade Capture – NSCC

NSCC will implement changes to its Universal Trade Capture (UTC) system and to its Exchange Traded Funds (ETF) creation and redemption system to update the rules these systems use to assign the settlement date to transactions.

Changes will be made in both applications to assign a settlement date on regular way transactions and ETF creation and redemption instructions to be one business day after trade date. Today, regular way settlement is defined as T+2. These changes will not impact the processes and formats Members currently utilize to submit transactions to NSCC.

UNIVERSAL TRADE CAPTURE (UTC) INPUT PROCESSING

The following changes will apply to all marketplaces and Members that submit transactions through NSCC's UTC interface. These changes will also be reflected in the UTC output distributed to Members.

- A value of **0 = Regular** in the **Settlement Type field (Tag No. 63)** will result in the assignment of a settlement date one business day after the trade date.
- Transactions with a value of **6 = Seller's Option** in the **Settlement Type field (Tag No. 63)** will continue to require the number of business days until settlement between 002 and 180 in the **Settlement Days field (Tag No. 829)**. The Settlement Days field provides UTC with information to calculate the settlement date based on the trade date and the number of days assigned in this field. UTC will accept a value of 002 (which is currently rejected by UTC).

- **Values of 1 = Cash and 7 = When Issued** will remain unchanged in the Settlement Type field (Tag No. 63) and will be accepted by UTC accordingly.
- **A value of 2 = next day in the Settlement Type field (Tag No. 63) will be discontinued and rejected by UTC because a value of 2 = next day will now become a regular way settling trade upon T+1 implementation.**
- In the initial period following T+1 implementation, NSCC will apply a conversion processing code to support “as of” transactions received during the conversion process. NSCC will update the UTC processing rules based on the submitted trade date, which are as follows:
 - “As of” regular way transactions received on **Tuesday, May 28, 2024 or after** with a **Trade Date (T) = Friday, May 25, 2024 or earlier**, will be assigned settlement date with the pre-conversion rules where settlement date will be two business days after the submitted trade date. UTC will only apply post conversion date settlement assignment rules (specified above) for trades with a **T = May 28, 2024 and later**. The chart below further summarizes these changes:

| DATE UTC RECEIVES TRADE | T INPUT | PRE/POST CONVERSION RULES | SETTLEMENT TYPE INPUT | SETTLEMENT DAYS INPUT | UTC ASSIGNED SETTLEMENT DATE |
|-------------------------|------------|---------------------------|-----------------------|-----------------------|------------------------------|
| 05/24/2024 | 05/24/2024 | Pre | 0=Regular | N/A | 05/29/2024 |
| 05/24/2024 | 05/24/2024 | Pre | 2 = Next Day | N/A | 05/28/2024 |
| 05/28/2024 | 05/24/2024 | Pre | 2 = Next Day | N/A | 05/28/2024 |
| 05/24/2024 | 05/24/2024 | Pre | 6=Seller's Opt | 3 | 05/30/2024 |
| 05/28/2024 | 05/28/2024 | Post | 2 = Discontinued | N/A | UTC Rejected |
| 05/28/2024 | 05/28/2024 | Pre | 0=Regular | N/A | 05/29/2024 |
| 05/28/2024 | 05/24/2024 | Pre | 6=Seller's Opt | 3 | 05/30/2024 |
| 05/28/2024 | 05/28/2024 | Post | 0=Regular | N/A | 05/29/2024 |
| 05/28/2024 | 05/28/2024 | Post | 6=Seller's Opt | 3 | 05/31/2024 |
| 05/28/2024 | 05/28/2024 | Post | 6=Seller's Opt | 2 | 05/30/2024 |
| 05/29/2024 | 05/29/2024 | Post | 0=Regular | N/A | 05/30/2024 |
| 05/29/2024 | 05/28/2024 | Post | 0=Regular | N/A | 05/29/2024 |

- Also, during the conversion period, which will begin on Tuesday, May 28, 2024, the industry is advised that Wednesday, May 29, 2024, will be a **double settlement day**. Settlement on this day will include pre-conversion regular way transactions with a trade date of Friday, May 24, 2024 (settling T+2) and post conversion regular way transactions with a trade date of Tuesday, May 28, 2024 (settling T+1).

UNIVERSAL TRADE CAPTURE (UTC) ADDITIONAL PROCESSING

- On Tuesday May 28, 2024, UTC will open at 12:30 AM EST. Members who subscribe to UTC FIX or MQ real-time messages and connect to the FIX engine earlier may receive trade output messages earlier that day on Tuesday May 28, 2024. Then from that point on after T1 implementation, UTC will be opening at 12:30 AM EST on the first business day of the week only (which should always be Monday; unless Monday is a holiday, then it would be Tuesday). For the rest of the business weekday processing, UTC will open at its current scheduled time of approximately 3:50 AM EST.
- Effective Tuesday May 28, 2024, to align with the new T1 settlement date, When Issued (WI) / When Distributed Processing will change from the current peel process of two days before settlement to one day before settlement.

ETF CREATION & REDEMPTION PROCESSING

The following changes will apply to all trades submitted for the ETF Creation & Redemption process using the **Enhanced ETF Create and Redeem Instruction Data Input File - Datatrak input 11300**. Members are reminded that these changes will also be reflected in any ETF output that is distributed to them.

- Transactions submitted with a value = spaces (Regular Way) or a value = 1 (Next Day) in the **Settlement Code field (Position 58) of the Datatrak 11300** layout will be updated to be assigned a regular way settlement date of one business day after trade date.
- Transactions submitted with a value = 2, 3, 4 or 5 in the Settlement Code Field (Position 58) will still be valid for extended settlement. The actual value submitted in that field will equal the numbers of days in the extended settlement. **Extended settlement was introduced to be used in conjunction with Rebalanced baskets as the Industry Standard, yet NSCC will accept these values for any Create// Redeem eligible basket.**
- Similar to UTC processing of “as of” regular way transactions as described above; ETF Creation & Redemption process will have rules to support the conversion process based on the submitted trade date. For “as of” transactions received on **May 28, 2024, or later with a T = May 24, 2024, or earlier**, NSCC internal code will assign regular way settlement with the pre-conversion rules where settlement date will be two business days after the submitted trade date. The internal code will only apply post conversion date settlement assignment rules (specified above) for trades with a **T = May 28, 2024, and later**.

| DATE ETF RECEIVES C/R | TRADE DATE INPUT | PRE/POST CONVERSION RULES | SHORTENED SETTLEMENT CODE | ETF ASSIGNED SETTLEMENT DATE |
|-----------------------|------------------|---------------------------|---------------------------|------------------------------|
| 05/24/2024 | 05/24/2024 | Pre | Space=Regular | 05/29/2024 |
| 05/24/2024 | 05/24/2024 | Pre | 2=2-Day Settlement | 05/29/2024 |
| 05/24/2024 | 05/24/2024 | Pre | 1=Next Day Settlement | 05/28/2024 |
| 05/24/2024 | 05/24/2024 | Pre | 3,4,5 Extended Settlement | 05/30 – 06/03/2024 |
| 05/28/2024 | 05/24/2024 | Pre | Space=Regular | 05/29/2024 |
| 05/28/2024 | 05/24/2024 | Pre | 2=2-Day Settlement | 05/29/2024 |
| 05/28/2024 | 05/24/2024 | Pre | 1=1-Day Settlement | 05/28/2024 |
| | | Post | Space=Regular | |

| | | | | |
|------------|------------|------|-------------------------------|------------------|
| 05/28/2024 | 05/28/2024 | | | 05/29/2024 |
| 05/28/2024 | 05/28/2024 | Post | 1 = Next Day | 05/29/2024 |
| 05/28/2024 | 05/28/2024 | Post | 2 = 2 Day Extended Settlement | 05/30/2024 |
| 05/28/2024 | 05/28/2024 | Post | 3,4,5 Extended Settlement | 05/31-06/04/2024 |

ETF PRIMARY CYCLE SUBMISSION CUTOFF

- The current cutoff time for the primary cycle of ETF Create / Redeem submission is 8:00PM ET, which generates the distribution of the Instruction Detail Blotter (Autoroute 02261254) shortly after 9:00PM ET.
 - For T+1 Settlement, NSCC plans to accelerate end of day pricing to approximately 6:30PM ET and allow for near real time submission of ETF Create and Redeem orders via Datatrak File Input 11300. Orders submitted prior to 9:00PM ET (8:59:59PM ET) will be “burst” to UTC in near real time with UTC near real time output available. APs currently consuming near real time UTC output can easily add ETF trades (Market 920) by contacting NSCCIntegration@dtcc.com and adding subscription ETFUTCO to their UTC output. AP’s and ETF Agent Banks that choose to add UTC near real time output can also contact NSCCIntegration@dtcc.com to begin the onboarding process for UTC via FIX messaging over MQ channel or FIX Engine. Full details of onboarding will be distributed under separate cover.
 - NSCC will continue its distribution of the ETF Create/Redeem Instruction Detail Blotter (Autoroute File 02261254) and is considering an earlier distribution time than the current time of 9:00PM ET. NSCC is considering adding an additional cycle at 8:00PM ET and will inform participants of this decision at a later date.
 - Both the near real time UTC output via FIX messaging and new earlier distribution of the Instruction Detail Blotter are geared towards allowing firms additional time to submit CNS exemptions. In T+1, as detailed in the CNS section of this document, CNS exemption input cutoff will be moved to 10:45PM ET. Additionally bursting ETF Create and Redeem orders in near real time to UTC will allow all orders received by 8:59:59PM ET to make the CNS night cycle and be reported on CTS Cycle 1.
- Firms who rely on this output for the CNS exemption process should note that the CNS exemption input cutoff time will now be 10:45PM ET (see CNS exemption processing below) for the settlement night cycle that will now begin 11:30PM ET (see night cycle settlement processing below).

ETF SECONDARY CYCLE SUBMISSION CUTOFF

- ETF create/redeem submissions received after 9:00PM ET, will be processed in the secondary Create Redeem Cycle via submission of Create/Redeem Order (Datatrak File 11300) with an 11:00PM ET cutoff. These transactions will be reported on CTS Cycle 2 and not included in the CNS night cycle. They will be included in the CNS net fail position after the night cycle completes.

CMU – REAL TIME TRADE MATCHING (RTTM)

In the current T+2 settlement cycle, Members must match their Corporate Bonds, Municipal Bonds and Unit Investment Trust (CMU) transactions on T+2 by 11:30AM ET to be assigned a settlement date of T+2. For T+1, this time will be updated so that Members must match their Corporate Bonds, Municipal Bonds and Unit Investment Trust (CMU) transactions on T+1 by 1:30PM ET to be assigned a settlement date of T+1.

Additionally, CMU will continue to allow Regular Way municipal bond transaction submissions before Issuance Date (ID). In T+1, the earliest RW trades can settle, if submitted before ID, would be ID+1. As such, on ID-1, CMU will accept either regular way trades or When Issued (WI) trades with Extended Settlement Date =1 for settlement date of ID+1.

WI trades must continue to be matched by ID-1 to be eligible for settlement otherwise they will be purged. Matched WI transactions will continue to be “peeled” on the night of ID-2.

WI trades matched on ID-1 will be peeled for settlement during the night of ID-1 and attempted for settlement during the DTC night cycle.

3. Clearing Services – NSCC

ID NET

T+1 settlement cycle will not require any change to NSCC’s CNS core processing (i.e., netting, allotting and settlement). However, NSCC will update the cut-off times within the CNS system as follows:

- ID Net transactions affirmed by 9:00PM ET on trade date will be sent to CNS for processing.
 - These transactions will be included in the miscellaneous column of the CNS Position Prior to Night Cycle file issued at 9:45PM which is before start of night cycle. Members have until 9:15 p.m. ET on trade date to exempt or authorize any changes in IMS to impact the change of a CNS net position settling in the night cycle.
 - The types of securities eligible for the ID Net process will not change. Additionally, all existing processing rules will remain unchanged. For example, the current rule that securities undergoing a corporate action or having an outstanding buy-in in CNS are not eligible for ID Net processing will continue to apply.

The change in the ID Net cut-off will not impact DTC’s systems and trade processing.

CONSOLIDATED TRADE SUMMARY (CTS)

CONSOLIDATED TRADE SUMMARY (CTS) - AUTOROUTE# 02043339 (MRO) AND # 02042340 (.CSV)

- For T+1, there will continue to be 3 CTS cycles distributed. Details of the CTS cycle distribution cycles is as follows:

| CTS Cycle | Approximate Distribution | Reports Trades Received for Settlement in: | Type of trades: | Settlement Path |
|-----------|---|--|---|---|
| 1 | 10:00PM ET (On any business day this file can be distributed earlier or later than the future state target time). | One business day only Note: RW and Settler’s Option Foreign transactions received by NSCC will be continue to bilaterally netted and reported on the CTS the day they are received by NSCC (regardless of settlement date). | RW settling transaction received on trade date (T) before 9:00PM ET (CTS Cycle 1 cutoff). When Issued (WI) or Seller’s Option’s transactions that settles in one business day Any “As of” transaction received after CTS Cycle 3 cutoff that results in UTC assigning the next business day as the settlement date to the transaction | CNS CNS transactions received on trade date will be included in the net position <u>for the night cycle on settlement date.</u> NON-CNS Non-CNS transactions will be reported as either 1) guaranteed balance orders 2) bilaterally netted balance orders or 3) trade-for trade balance orders. Note: For T1, NSCC will now bilaterally net foreign transactions that are one day settling and reported on CTS Cycle 1. |

| | | | | |
|---|---|---|--|---|
| 2 | 01:30AM ET (On any business day this file can be distributed earlier or later than the future state target time). | <p>One business day only</p> <p>Note: RW and Settler's Option Foreign transactions received by NSCC will be continue to bilaterally netted and reported on the CTS the day they are received by NSCC (regardless of settlement date).</p> | <p>A RW settling trade received on trade date (T) between 9PM ET and CTS Cycle 2 cutoff 1:30AM ET</p> <p>OCC regular way stock option and future trades (including those submitted on option expiration weekend) if received by NSCC before 12:45AM ET</p> | <p>CNS CNS transactions received will be included in the net position for <u>the start of the day cycle (after night cycle completion) on settlement date. They will be included in the CNS Net Position Prior to the Day Cycle File/Report.</u></p> <p>NON-CNS Non-CNS transactions will be reported as either 1) guaranteed balance orders 2) bilaterally netted balance orders or 3) trade-for trade balance orders. Note: For T1, NSCC will now bilaterally net foreign transactions that are one day settling and reported on CTS Cycle 2.</p> |
| 3 | 1:45PM ET(On any business day this file can be distributed later than the future state target time). | Same business day | <p>Cash trade</p> <p>Any "as of" transaction where the settlement date is the current business date.</p> | <p>CNS CNS transactions received will be included in the current net settling position <u>in periodic intervals throughout the day cycle on settlement date</u> between approximately 4:30AM ET to 1:30PM ET. CNS will continue to distribute the CNS Intra-Day Position Change ISO 15022 message to the Member(s) to inform them of their daytime settlement position change(s).</p> <p>Non-CNS Non-CNS transactions will be reported <u>as trade-for trade balance orders only</u> as there will be no balance order netting on settlement date.</p> |

NET REASON CODES

The changes to the Net Reason Codes for T1 settlement have been updated in the T1 Net Reason Codes document which can be found at UST1.ORG.

UTC REAL-TIME BALANCE ORDER MESSAGE

There will be no balance order netting for Non-CNS transactions received by UTC on settlement date. UTC will only generate trade-for trade balance orders. To inform firms of their TFT balance orders earlier on settlement date, NSCC will be creating a new Balance Order Message that will be distributed between approximately 4:00AM. ET and 1:30PM. ET (CTS Cycle 3 cutoff). This message will enable firms to settle those balance orders earlier at DTC as opposed to waiting for CTS Cycle 3 to be distributed. The message will include the balance order control number reported on CTS Cycle 3. In addition to generating a new Real-time Balance Order Message on settlement date for non-CNS trade-for-trade balance order transactions, UTC will also send those balance orders to the Obligation Warehouse (OBW) in near real time. OBW, upon receipt, will then distribute advisory messages of the newly created obligations for same day settling balance orders in near real time to Members between from 4:00 AM ET and 1:30 PM ET. Additionally, if the deliverer is set-up for the Auto DO process on the NSCC Masterfile, OW will forward those deliveries over to DTC settlement on their behalf at 8:00 AM ET, 11:00 AM ET and 1:40 PM ET.

CNS EXEMPTION & PRIORITY INPUT

For T+1, a member will have until 10:45PM ET to submit exemption & priority override instructions to CNS. Absent submission of an override instruction, the Member's regular standing exemption & priority instruction on the NSCC Masterfile will be used. Specifically for exemptions, the override instruction just applies to CNS short positions settling in the night cycle that are reported on the CNS Position Prior to Night Cycle File/Report distributed at 9:45PM ET. The CNS Projection File can no longer be used for this process because it will be distributed at 2:00AM ET on settlement date, after the night cycle completes.

These exemption levels can be either a:

- Level 0 or 3 = No Exemption
- Level 1= Full Lockup
- Level 2 = Full Lockup, lifted for qualified activity such as a bank receipt, pledge release or coded deposit

For new or increased short positions created in the day cycle resulting from late "as of" RW trades that missed the night cycle or cash trades received on settlement date, a Member's One Day Settling exemption instruction **(which will now be renamed to Same Day Settling exemption instruction)** on the NSCC Masterfile will always be used. This exemption instruction cannot be overridden and is either a Level 0 or a Level 1.

Note: As a result of the changes to the exemption process, one-day settling CNS ACATS positions from a transfer that has aged to "Settle-Close" can now have an CNS exemption override instruction processed against that position for settlement in the night cycle. Members should review their exemption process of CNS ACATS settling positions as both two-day settling ACATS and one day settling ACATS with the same settlement date are eligible for exemption override instructions. For CNS ACATS exemption process, it is suggested that Members use the CNS Midday Projection File issued at 5:00PM ET or the CNS Position Prior to Night Cycle File issued at 9:45PM ET.

CNS Output Distribution Times

Members are advised of the new CNS output distribution times.

| | Autoroute | New Distribution Time | Comment |
|---------------------------------|---|-----------------------|--|
| Midday Projection File | MRO # 02042358 Print Image (CSV) # 02042366 | 5:00PM ET | Will include: Final CNS fails from the current business day CNS eligible RW T+1 trades received by NSCC until 4:30PM ET on TD (UTC Cycle 9) |
| Position Prior to Night Cycle | MRO# 02040951 Print Report# 02040950 | 9:45PM ET | Displays final CNS positions settling in the night cycle. Will include: All CNS trades reported on CTS Cycle 1 CNS fails from the prior business day Any other miscellaneous activity that created positions in CNS such as ID Net trades or OW flips on securities that have become CNS eligible |
| Balance Order Tickets | MRO # 02040996 Print Report # 02040002 | 10:30PM ET | These are CNS exits that appear as Code 02 on the Night Miscellaneous Activity |
| Night Settlement Activity | MRO# 02042023 Print Image # 02040005 | 2:00AM ET | Distributed after night cycle concludes which is approximately 1:30 AM ET. |
| Night Miscellaneous Activity | MRO# 02042008 Extended MRO# 02040343 | 2:00AM ET | Distributed after night cycle concludes which is approximately 1:30AM ET. |
| Preliminary Cash Reconciliation | Print Report# 02040006 | 2:00AM ET | Distributed after night cycle concludes which is approximately 1:30AMET. |
| Position Prior to Day Cycle | MRO# 02040949 Print Report# 02040950 | 2:00AM ET | Will include: Failing positions after night cycle netted with late CNS trades received on CTS Cycle 2. |
| Projection File | MRO# 02042022 Print Image# 02040009 | 2:00AM ET | Only relevant field would be the "Today's Open Position" which represents failing positions after night cycle netted with late CNS trades received on CTS Cycle 2. |
| Buy-in Activity File | MRO# 02040890 Print Image# 02040891 | 2:00AM ET | Other than the timing of this file, there will be no changes to the CNS buy-in process. |

4. Asset Servicing - NSCC's Continuous Net Settlement (CNS) and DTC

EX-DATE CALCULATION FOR REGULAR WAY DIVIDEND PROCESSING

Ex-Date Calculation for regular way dividend processing will shift from one day prior to the record date in a T+2 settlement cycle to the same day as record date in a T+1 settlement cycle.

- **DTC Distribution Processing** - DTC will not require any systematic updates to accommodate the shift in ex-date in a T+1 settlement cycle since ex-date is provided to DTC by the organized securities exchanges and FINRA/OTC. With T+1 settlement, ex-date will be the same as record date. DTC is working with the organized securities exchanges and FINRA to determine when the ex-date shift will occur. This change should have no impact on DTC Corporate Action output such as CA Web or ISO 20022 to clients.
- **CNS Dividend Processing** - CNS calculates the ex-date based upon the record date supplied from DTC. The number of days between ex-date and record date for CNS dividends will decrease. CNS will change its calculation of ex-date on a declared dividend to the same business day as record date. This change will align with the industry's new calculation of ex-date. This change should have no impact on reporting to Members as NSCC does not populate ex-date on any of its dividend output file or report distributions.

EX-DATE CALCULATION FOR IRREGULAR WAY DIVIDEND PROCESSING

- **DTC Distribution Processing** - DTC will change its systematic calculation of Due Bill Redemption Date (i.e., last day of interim accounting) for "irregular way" dividend or "late" calculations. The settlement date, which DTC uses to determine Participant entitlements, (also known as the last date to track due bills) will be changed to equal the ex-date on distribution events such as a Stock Split or Spin Off, which is currently ex-date plus one business day in a T+1 settlement cycle. This date change should have no impact on DTC corporate action output such as CA Web or ISO 20022 to clients.
- **CNS Dividend Processing** - CNS will update the ex-date calculation on dividends that carries a due bill to the same business day as "due bill redemption date". As noted above, this change should have no impact on Members as NSCC does not populate ex-date on any of its dividend output file or report distributions.

DTC INVESTOR VOLUNTARY REDEMPTIONS SYSTEM (IVORS) SETTLEMENT DATE CHANGES

The IVORS service provides DTC Participants with the ability to redeem or rollover their UITs to the UIT Sponsor or Trustee. DTC Participants wishing to redeem their UITs to the Sponsor or Trustee use the IVOR function via the Participant Terminal System (PTS) or the IVORS Instruction Submissions function via the Participant Browser System (PBS).

DTC will update the IVOR function to systematically set the Settlement Date of a UIT redemption to Transaction Date plus one business day to account for the T+1 settlement cycle.

VOLUNTARY CORPORATE ACTION PROCESSING

The Guarantee of Delivery, or Cover/Protect period, on Voluntary Corporate Actions, such as Tender Offers, Exchange Offers and Rights Subscription that allow investors to participate in an offer by purchasing securities on the offer's expiration date is established by the issuer, or its agent, and is passed to DTC for processing. It is

anticipated that the Guarantee of Delivery or Cover/Protect period will be calculated as expiration date plus one day in a T+1 settlement cycle, versus expiration plus two days in the current T+2 environment.

- **DTC Voluntary Corporate Action Processing** - DTC will not have any coding changes with regards to the shortened protect period where a Guarantee of Delivery feature is provided on certain Voluntary Corporate Action events. DTC will continue to use the dates provided in the events' offering materials. There will be no changes to the formats of the reorganization announcement outputs on CA Web or ISO 20022.
- **CNS Voluntary Corporate Action Processing** - CNS receives voluntary corporate action information from DTC.

The timing of a voluntary offer with a protect period of one business day is illustrated further in the table below.

Members are advised that there will be no coding changes required as voluntary corporate action processing is done via SMART/Track for Corporate Actions. However, please note the following timing changes with regards to SMART/Track for CNS Corporate Actions:

- Potential liability will be published at approximately 9:45 PM ET (after the CNS Position Prior to the Night Cycle File/Report is distributed) on the business day prior to cover protect date (or CNS End Date)
- Long Members can submit protect instructions before the night cycle from 9:45 PM ET to 10:45 PM ET on the business day prior to cover protect date (or CNS End Date)
- Preliminary protection will be displayed after the night cycle completes on cover protect date (or CNS End Date)

Additionally, the time of when long Members can submit protect instructions on cover protect date (from 7:00 AM ET to 2:30 PM ET) and when final liability will be issued on cover protect date (after DTC Drops at approximately 3:10 PM EST) will remain unchanged.

| | Date short Member notified of Potential Liability | Date long position member must instruct NSCC to move position to Reorg. Sub-Acct. (Standard Date) | Date long Member notified of Potential Protection | Last date long Member may submit Delete instructions | Last date long Member may submit Add or Adjust Instructions (same Day Add or Adjustment) | Date long position moved to Reorg. Sub-Account | Date long Member notified of Final Protection and short Member notified of Final Liability | Short position marked to tender offer price |
|---------------------|---|---|---|--|--|--|--|---|
| 1Day Protect | E | E | E+1 | E+1 | E+1 | E+1 | E+1 | E+2 or thereafter |

DTC UNDERWRITING SERVICES

DTC will not require any Underwriting related systematic changes to accommodate the shift to T+1. However, participants should note that DTC requires certain Underwriting information (e.g., new issue eligibility documentation, NIIDs data, IPO tracking) to be provided in a timely manner and should plan accordingly to ensure all information continues to be supplied to DTCC within the prescribed time frames.

5. Wealth Management Mutual Fund Services – NSCC

Effective May 28, 2024, NSCC Wealth Management Services plans to update all domestic Security Issue IDs on the Fund/SERV platform with T+2 settlement date to T+1. NSCC is taking this systemic approach to avoid significant client impact.

Fund clients that do not want NSCC to modify their Security Issue ID settlement dates from T+2 to T+1 will have the opportunity to contact NSCC Mutual Fund Services prior to the effective date of the change. Contact information and further details will be provided in a future NSCC Important Notice.

The update to T+1 will also include any Security Issue IDs with a T+2 alternate settlement cycle that Fund clients may have established with a specific firm. After a Security Issue ID's settlement has been changed from T+2 to T+1, Fund clients will have the option to change the date back to T+2 through the Fund/SERV Security Issue ID Form.

The Fund/SERV Underwriting/Tender Offer logic currently does not allow settlement to occur earlier than two business days after the date NSCC receives notice of the settlement date. The Fund/SERV Underwriting /Tender Offer logic will be modified to a T+1 settlement date.

Wealth Management Services will issue an Important Notice prior to the industry target date of May 28, 2024, providing more details on the systemic updates to Security Issue IDs from a T+2 to T+1 settlement date.

6. Processing Schedule Changes

T+1 TRADE PROCESSING COMPARISON CHART¹

The following chart lists the critical trade processing and settlement activities and deadlines identified by the IWG that will be impacted by T+1, either directly or indirectly, and involve one or more market participants. Rows highlighted in blue indicate a proposed change from the current-state (T+2) and are the proposed IWG recommendations for the future-state (T+1) processing timelines and deadlines.

| Activity # | Activity Name | Current State Time | Future State Target ² Time | ITP, DTC and NSCC Technical Names & Job Numbers | Dependencies |
|------------|----------------------------|--------------------|---------------------------------------|---|--|
| 1 | NAV Calculation Processing | 6:00PM on T | 6:00PM on T | N/A | |
| 2 | CTS 1 Report | 9:00PM on T | 10:00PM on T | CTS MACHINE READABLE OUTPUT MRO Autoroute#-02042339- MRO CTS COMMA SEPARATED VALUES CSV Autoroute#-02042340- CSV | <ul style="list-style-type: none"> Firm trade submissions in NSCC |

¹ The activities highlighted in blue indicate a change between current state and future state target time.

² These are the expected Future State Targets times and not the DTC and NSCC SLA proposed times. On any business day these files can be distributed earlier or later than the future state target time.

| Activity # | Activity Name | Current State Time | Future State Target ² Time | ITP, DTC and NSCC Technical Names & Job Numbers | Dependencies |
|------------|-----------------------------|----------------------------|--|--|--|
| 3 | CTS 2 Report | 11:59PM on T | 1:30AM on T+1 | CTS MACHINE READABLE OUTPUT MRO Autoroute#-02042339- MRO CTS COMMA SEPARATED VALUES CSV Autoroute#-02042340- CSV | <ul style="list-style-type: none"> Firm trade submissions in NSCC |
| 4 | CNS Projection Report | 12:30AM on T+1 | 2:00AM on T+1 | MRO AutoRoute# 02042022 Print Image Autoroute# 02040009 | |
| 5 | Fedwire Funds Opens | 9:00PM on T | 9:00PM on T | N/A | |
| 6 | Fedwire Funds Closing Time | 7:00PM on T+1 ³ | 7:00PM on T+1 | N/A | |
| 7 | 1st ACH Deadline (1 PM S) | 10:30AM on T+1 | 10:30AM on T+1 | N/A | |
| 8 | ITP Affirmation Cutoff | 11:30AM on T+1 | 9:00PM on T | N/A | <ul style="list-style-type: none"> Form 1 Schedule A |
| 9 | CTS 3 Report | 11:45AM on T+1 | 1:45PM on T+1 | CTS MACHINE READABLE OUTPUT MRO Autoroute#-02042339- MRO CTS COMMA SEPARATED VALUES CSV Autoroute#-02042340- CSV | <ul style="list-style-type: none"> Firm trade submissions in NSCC |
| 10 | ITP Cumulative Report | 12:00PM on T+1 | 9:30PM on T | Technical file name=Cumeter | |
| 11 | CNS Midday Projection File | 12:00PM on T+1 | 5:00PM on T | CNS Midday Projection File (MRO Autoroute# 02042358) (Print Image Autoroute# 02042366) | |
| 12 | 2nd ACH Deadline (5 PM S) | 2:45 PM on T+1 | 2:45PM on T+1 | N/A | |
| 13 | Prime Broker Disaffirmation | 5:00PM on T+1 | 5:00PM on T+1 Disaffirmations between 9:00PM on T to 1:30PM on T+1 would result in reversal transactions being generated for same day settlement. If the original PB transaction is unsettled, the disaffirmation will net against the original transaction. If the original PB transaction is settled, the | Input- TRADESUITE ID™ ADVICE OF CANCELLATION OR CORRECTION MESSAGE SPECIFICATION - AOT1 (MQ) or AOT5 (FTP and NDM) and the output messages are placed in a CDSC mailbox. Message Type on the message header is AOCCNF. | |

³ <https://www.newyorkfed.org/aboutthefed/fedpoint/fed43.html>

| Activity # | Activity Name | Current State Time | Future State Target ² Time | ITP, DTC and NSCC Technical Names & Job Numbers | Dependencies |
|------------|--|---|--|--|--|
| | | | <p>disaffirmation will result in new NSCC positions to be settled. Both scenarios could impact both the PB and EB NSCC intraday margin requirements and could result in intraday margin calls.</p> <p>Disaffirmations between 1:31PM on T+1 to 5:00 p.m. on T+ 1 would result in reversal transactions being generated for the next day settlement day (S+1). Similar to above, if the original PB transaction is unsettled, the disaffirmation will net against the original transaction. If the original PB transaction is settled, the disaffirmation will result in new NSCC positions to be settled. Both scenarios will impact both the PB and EB settlement day +1 NSCC margin requirement.</p> | <p>Output - TRADESUITE ID Confirm Trade Output Message Specification- Input for Trade Confirmations is TRAM (MQ) or TRAC (FTP and NDM) and the output messages are placed in a CDSC mailbox. Message Type on the message header is CONFRM. Trade Cancellations and Attempt to Cancel records are confirms with updated status codes and would also be Message Type CONFRM.</p> | |
| 14 | Authorizations and Exemptions for ID, and CNS transactions | 6:30PM on T+1 | 10:45PM on T | ID ANE | |
| 15 | Exemptions for ID Net transactions | <p>11:30AM on T+1 to be eligible for DTCs Night Cycle process</p> <p>11:30AM on SD for DTCs Day Cycle process</p> | <p>9:15PM on T to be eligible for DTCs Night Cycle Process</p> <p>11:30AM on SD for DTCs Day Cycle process</p> | ID Net | |
| 16 | CNS Position Prior to Night Cycle | 7:30PM on T+1 | 9:45PM on T | <p>MRO AutoRoute# 02040951</p> <p>Print Image Autoroute# 02040950</p> | |
| 17 | CNS Position Prior to the Day Cycle | 12:30AM on T+1 | 2:00AM on T+1 | <p>MRO 02040949</p> <p>Report 02040950</p> | |
| 18 | DTC Night Cycle Batch Process Begins | 8:30PM on T+1 | 11:30PM on T | N/A | <ul style="list-style-type: none"> Deliver Orders |
| 19 | DTC Night Cycle Batch Process Completed | 10:30PM on T+1 | 1:30AM on T+1 | N/A | |
| 20 | DTC Night Cycle Output | 10:30PM on T+1 | 1:30AM on T+1 | <p>Technical file name=DTCPDQ</p> <p>Output = DTFPDQ</p> | |

| Activity # | Activity Name | Current State Time | Future State Target ² Time | ITP, DTC and NSCC Technical Names & Job Numbers | Dependencies |
|------------|---|---|---|--|--|
| 21 | Start of Day Required Fund Deposit | 12:00 AM | 2:00AM | N/A | <ul style="list-style-type: none"> NSCC Margin Calculations |
| 22 | Fedwire Securities movement opens | 8:30AM on T+2 | 8:30AM on T+1 | N/A | <ul style="list-style-type: none"> N/A |
| 23 | NSCC Funding Due | 10:00AM on T+1 | 10:00AM on T+1 | N/A | |
| 24 | DTC Delivery Cutoff for Valued Transactions | 3:00PM on T+2 3:10PM on T+2 (recycle cutoff) | 3:00PM on T+1 3:10PM on T+1 (recycle cutoff) | N/A | |
| 25 | DTC Delivery Cutoff for Free Deliveries | 6:15PM on T+2 | 6:15PM on T+1 | N/A | |
| 26 | Close of Business Settlement | 3:45PM on T+2 | 3:45PM on T+1 | N/A | |
| 27 | Memo Seg | 24x5 (Typically, 3AM-8AM) | 24x5 Best Practice: 9PM -11PM | <p>Output File <u>MEMOSG (4.06): Memo Segregation Activity</u></p> <p><u>DTFMEM (4.05): Memo Segregation Balances</u></p> <p><u>MQ_SEG (20.06): SEG and MEMOSEG (Output) Input File</u></p> <p><u>SEG1/5 (4.08): Segregation/Memo Segregation/Investment ID Input File ISO Input</u></p> <p><u>ISO 15022 Message Layouts - Segregation/Seg Release/Memo Segregation/Investment ID/Investment ID Release Input</u></p> <p>ISO Output- ISO MSEG output is the standard long form MT548</p> <p>Best practice for Memo Seg between 9pm and 11pm should be used to make adjustments to existing MS positions or add new ones.</p> | |
| 28 | CNS Night Miscellaneous File | 12:30AM on T+2 | 2:00AM on T+1 | MRO Autoroute#02042008 MRO Extended Record ID Net Autoroute#02040343 | |

| Activity # | Activity Name | Current State Time | Future State Target ² Time | ITP, DTC and NSCC Technical Names & Job Numbers | Dependencies |
|------------|---|--------------------|--|---|---|
| | | | | Print Image Report Autoroute#02040001 | |
| 29 | CNS Day Miscellaneous File | 3:30PM on T+2 | 3:30PM on T+1 | MRO Autoroute#02040331 Print Image Report#02041235 MRO Extended Record ID Net Autoroute#02040331 | |
| 30 | CNS Accounting Summary | 3:30PM on T+2 | 3:30PM on T+1 | MRO Autoroute #02042024 Print Image Autoroute 02040012 | |
| 31 | CNS Night Settlement Activity | 10:30 PM on T+2 | 2:00 AM on T+1 | MRO AR# 02042023 Print Image AR# 02040005 | Displays the receives from CNS and the delivers to CNS that occurred during the night cycle |
| 32 | CNS Day Settlement Activity | 3:30 PM on T+2 | 3:30 PM on T+1 | MRO AR# 02041234 Print Image AR# 02040010 | Displays the receives from CNS and delivers to CNS that occurred during the day cycle |
| 33 | CNS Preliminary Cash Reconciliation | 12:30 AM on T+2 | 2:00 AM on T+1 | Print Image AR# 02040006 | Displays the summary of all CNS money activity that occurred during the night cycle |
| 34 | CNS Final Cash Reconciliation | 3:30 PM on T+2 | 3:30 PM on T+1 | Print Image AR# 02040011 | Displays the end-of-day summary of all CNS money activity |
| 35 | CNS Balance Order MRO | 8:15PM on T+1 | 10:30PM on T | MRO Autoroute# 02040996(Print Image Autoroute# 02040002) | |
| 36 | CNS Buy -In Activity | 12:30AM on T+2 | 2AM on T+1 | Autoroute# 02040890 (Print Image Autoroute# 02040891) | |
| 37 | New Real-time Balance Order Message | N/A | Real Time starting at 4:00AM ET on T+1 until 1:30PM ET on T+1 | MQ Message | |

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