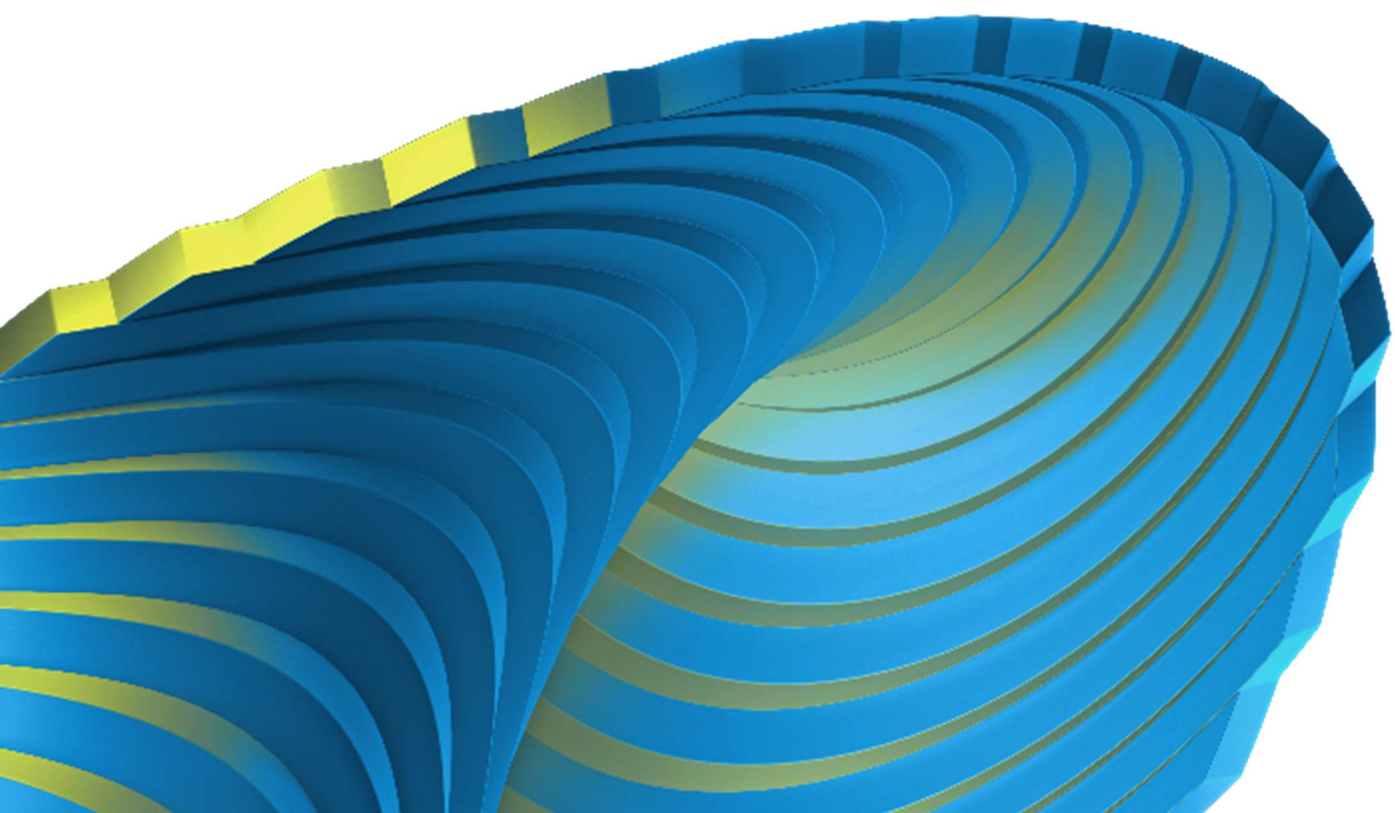
August 2022

T+1 TEST APPROACH



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INTRODUCTION

The financial services industry, in coordination with regulators, is planning to shorten the standard settlement cycle for equities, corporate bonds, municipal bonds, unit investment trusts, and financial instruments comprised of these security types (e.g., ADRs and ETFs), from the current trade date plus two business days (T+2) to trade date plus one business day (T+1) on a date in 2024 yet to be determined.

A shorter settlement cycle will foster a reduction of risk by moving trades more quickly to settlement, thereby reducing credit and counterparty risk and reducing the margin amounts required by the National Securities Clearing Corporation (NSCC). This reduction in NSCC margin requirements leads to more efficient use of capital by NSCC members. A shortened cycle may also reduce the liquidity requirements of NSCC and result in a potential reduction in liquidity costs for members.

Shortening the settlement cycle also provides significant benefits for individual investors. The move to T+1 will not only reduce risk and bring a greater sense of confidence in the safety of the U.S. securities markets, but it may also enable individual investors to have quicker access to capital and securities following a trade execution.

BACKGROUND

In early 2021, the industry set out to understand the requirements and impacts of a move to T+1 settlement. This effort, led by SIFMA, ICI and DTCC, entailed the creation of a T+1 Industry Steering Committee (ISC) and a T+1 Industry Working Group (IWG).

The IWG met throughout the summer of 2021, exploring many industry processes and ultimately produced an extensive Executive Summary Paper and T+1 Implementation Playbook[1] outlining the steps required for the industry to move to a T+1 settlement cycle.

With the Executive Summary Paper complete, Regulators were engaged, and the U.S. Securities and Exchange Commission (SEC) published its proposed T+1 rule changes in February of 2022. While some aspects of the move to T+1 remain unresolved, e.g., the exact implementation date, it is clear the industry is on track to move to T+1 sometime in 2024.[2]

One of the primary steps in the move to T+1 will be industrywide testing. Similar to the structure of the industry testing effort in support of the industry move to T+2 in September 2017, industry testing will be coordinated by DTCC. As part of this effort, DTCC plans to produce two testing-related documents:

- The first, this document, is a high-level description of how the testing will be structured, what will be included in the test and who should participate in the test.

[1] Accelerating the U.S. Securities Settlement Cycle to T+1 (December 2021) and T+1 Implementation Playbook (July 2022).

[2] The SEC's proposed rulemaking to shorten the settlement cycle to T+1 indicated an implementation date of March 31, 2024. Several industry comment letters suggested the implementation date be changed to September 2024. After further consultation by the SEC with the industry and others, the exact implementation date will be established by the final SEC rules relating to T+1.

- The second, will be a detailed description of how testing will be structured and will include specific test scripts and test scenarios.

In order to help develop the detailed test document, DTCC will leverage the IWG and assemble an Industry Testing Sub-Working Group. We expect the sub-working group to be formed shortly after the publication of this paper and to have regular meetings throughout 2022 and beyond.

INDUSTRY DEPENDENCIES

The move to a T+1 settlement cycle will impact organizations across the financial services industry. It will require changes throughout the trade processing lifecycle to shorten the settlement cycle from two business days to one business day.

Impacted market participants include issuers, asset managers (‘40 Act and non-‘40Act funds), broker-dealers (retail and institutional), global custodians, service bureaus, transfer agents, exchanges, clearing firms and market infrastructures.

There are three specific test processes that will be required for firms moving to T+1. The test processes include:

- Internal system testing
- Testing with customers and other stakeholders
- Testing with industry infrastructures and utilities

Each organization’s internal testing, and testing with customers and stakeholders, is viewed as member-specific testing and will likely vary from firm to firm. As such, internal testing, and testing with customers and stakeholders is not addressed in this industry test approach paper. Instead, this paper outlines how testing with industry infrastructures and utilities, primarily DTCC subsidiaries — NSCC, DTC and ITP — will be structured.

As outlined further in this document, this paper should be used by members and clients of these entities to begin aligning their test systems with NSCC, DTC and ITP to prepare for industrywide testing at a date that is still TBD.

DTCC’S SUBSIDIARY BUSINESSES

NSCC, DTC and ITP support much of the post-trade infrastructure for the impacted products in the U.S. As a result of the central roles performed by these DTCC subsidiaries in U.S. post-trade processing, a large part of the industry test will involve testing with NSCC and DTC members and ITP clients. Subsequently, much of this document is devoted to the testing that will be done between DTCC and those members and client firms.

These businesses include:

- **National Securities Clearing Corporation (NSCC)** – NSCC provides clearing, settlement, risk management and central counterparty services for virtually all broker-to-broker trades involving equities, corporate and municipal debt, exchange-traded funds, and unit investment trusts in the U.S.
- **The Depository Trust Company (DTC)** – DTC provides custody of securities certificates and other instruments, and settlement and asset services for types of eligible securities including, among others, equities, warrants, rights, corporate debt and notes, municipal bonds, government securities, asset-backed securities, depositary receipts and money market instruments.

- **Institutional Trade Processing (ITP)** – ITP facilitates the straight-through processing of institutional trades by seamlessly connecting our global client community of 6,500 financial services firms in 52 countries to an open and integrated ecosystem that services the full post-trade lifecycle.

ASSUMPTIONS, SCOPE AND IMPLEMENTATION

This document outlines the high-level NSCC, DTC and ITP test approach and is intended to help members understand how industry testing will be conducted. This document does not outline how organizations should conduct their own internal testing or how firms should test with their own customers or other stakeholders.

The testing assumptions, what is in or out of scope, and other details are provided in this document to help firms develop their own test plans and assess preparedness for a shortened settlement cycle. Current testing assumptions and test approach are based on industry feedback received thus far and work done in support of the industry move toT+1.

Timely escalation of risks, issues, and decisions will be critical in order to meet the milestones necessary to be prepared for a T+1 migration in 2024.

DTCC welcomes client feedback on this Testing Framework. Please contact us with questions and comments at ust1@dtcc.com.

INDUSTRY TESTING ASSUMPTIONS

It is important for clients to note that T+1 testing will not be mandated. However, DTCC strongly recommends that member firms participate in testing to ensure they are prepared for the transition to a T+1 Settlement Cycle.

As previously noted, this document is a high-level test approach, and outlines how the test will be structured and the scope of the test. This document is not a detailed test script, nor is it specific test plans.

A more detailed test plan document will be developed by the industry by the end of Q4 2022 and, like this document, will be shared widely with the industry.

TESTING ENVIRONMENT

DTCC will utilize its existing test environment (PSE U) for T+1 industry testing. This test environment will support all NSCC, DTC and ITP T+1 industry testing requirements.

Given the duration of the T+1 test and the scope of the T+1 changes, DTCC will establish a second T+2 test environment (PSE A), to operate in parallel with the T+1 test environment. To minimize the work required for members to connect to DTCC’s test environments, the existing DTCC environment will be modified to support T+1 testing. Only members looking to test functionality in a T+2 environment during the T+1 testing period will need to connect to the new DTCC T+2 test environment.

Members looking to test only T+1 functionality, will not need to reconnect to DTCC's existing test environment; however, members are encouraged to review their existing test interfaces with NSCC, DTC, and/or ITP (as applicable) to ensure they can adequately support T+1 testing.

Members should engage with DTCC as early as possible if additional interface access is required.

- The current assumption is that one or more trading venues (e.g., exchanges) will participate in T+1 testing and connect to NSCC's test environment. Their participation will be required to allow firms to conduct full end-to-end testing. DTCC is actively working with various trading venues to ensure their participation in the industry T+1 test, and to define the details of how exchange testing will be performed.

TIMEFRAME AND PROCESS

The following assumptions about DTCC's testing process and timeframe should be taken into consideration:

- T+1 industry testing will take place over an approximate nine-month test window. The exact start date and end date of the test window will be based on the T+1 implementation date selected by Regulators and the Industry.
- End-to-end testing capability will be supported, allowing firms to test the full trade lifecycle from their internal pre-execution systems to DTC post-trade settlement. As previously noted, end-to-end testing assumes trading venues are willing and able to participate in the industry T+1 test.
- Testing will occur during regular business days, and during regular business hours (i.e., no weekend testing).
- Test processes will have defined time schedules and cut-offs and will utilize T+1 modified input and output formats should any be developed.
- DTCC will support "Scripted" and "Ad-hoc/free-form" testing. Detailed test plans to be defined by the Industry Working Group and scheduled to be distributed later in 2022.
- DTCC will assign specific securities (CUSIPs) to create various scripted test conditions. This will include:
    - Test CUSIPs across various product types, e.g., equities, corporate bonds, municipal bonds, ETFs, etc.
    - CNS and non-CNS eligible CUSIPs (Multilateral Guaranteed, Bilateral, Trade-for-Trade)
    - CUSIPs undergoing various corporate actions events
    - CUSIPs that will settle in DTC ('Made') and CUSIPs that will fail in DTC due to insufficient positions ('Fail')
- DTCC will work with the industry to plan testing of T+1 implementation/double settlement date scenario.[3]
- DTCC will ensure holiday testing is included.
- DTCC will provide applicable production inputs and outputs in the test environment.

[3] The "double settlement date scenario" is defined as trades submitted on the last trade date of the T+2 settlement cycle and the first trade date of the T+1 settlement cycle, which will settle on the same day.

- DTCC will work closely with members to ensure appropriate test environment input and output configuration.
- Firms will establish connectivity to NSCC, DTC, and/or ITP and other required entities (e.g., exchanges) in advance of industry testing.
- The framework for testing of institutional transactions will be applicable to any trade matching platform that interfaces directly with DTC and NSCC at the time the test is being conducted.

INDUSTRY TESTING CONSIDERATIONS

In scope Industry testing includes trade execution via one or more trading venues (e.g., exchanges), trade capture, trade clearing and trade matching securities at NSCC, institutional trade matching, allocation processing as well as Confirm/Affirm processing in ITP, and trade settlement and corporate action processing in DTC.

INDUSTRY TESTING – OUT-OF-SCOPE CONSIDERATIONS

While much of the functionality will exist in the test environment, the following NSCC/ITP/DTC transaction types, processes, and functions are considered out of scope for testing because there is no T+1 impact.

Some of these transaction types, processes and functions may be available in the test environment for regression testing; however, since they are not expected to be impacted by the move to T+1, they will not be supported and monitored by DTCC.

TRADE EXECUTION, AND TRADE CAPTURE AND CLEARING AT NSCC:

- Automated Customer Account Transfer Service (ACATS)
- Envelope Settlement Service
- Fund/SERV transactions[4]
- Obligation Warehouse
- CNS Priorities
- SMART/Track for CNS Corporate Actions

INSTITUTIONAL TRADE PROCESSING (ITP):

- Confirm Archive
- Confirm Disclosure (inSITE)
- Analytics
- End of day reports

DTC TRANSACTION TYPES:

- Payment Order (Security and Premium)
- Pledge/Pledge Release (Retail, OCC, Federal Reserve)
- Segregation/Segregation Release (includes Seg-100)
- Investment ID/Investment ID Release
- Collateral Movement — Minimum Amount (MA) and Net Addition (NA)

DTC FUNCTIONALITY AND PROCESSES:

- DTC's Fund Settlement (NSCC-DTC cross-endorsement and Fedwire instructions)
- SMART/Track for Buy-ins
- SMART/Track for Corporate Actions Liability Notices

DTC-NSCC RISK CONTROLS AND RELATED OUTPUTS, WHICH INCLUDES:

- NSCC Clearing Fund
- DTC Debit Cap
- DTC Collateral Monitor

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[4] Fund/SERV users have existing capability to test any change to settlement period for Fund/SERV transactions; no new testing functionality is needed for T+1.

NSCC TESTING CONSIDERATIONS

TRADE VENUE PARTICIPATION

As previously noted, the move to T+1 will have a minimal impact on trade execution and trade venue processing. However, the assumption is that one or more trade execution venues will participate in the test and that firms will be able to test transactions end-to-end, including their own trade execution systems and internal trade routing and reconciliation processes.

- Test transactions can be submitted by firms to the trading venues for execution. Transactions executed on the trading venues will be reported back to participating NSCC Members from the trading venues and reported to NSCC's Universal Trade Capture (UTC) application in the test environment. UTC will assign the appropriate settlement date for these transactions. As noted later in this paper, NSCC will report transactions to Members as they are received from the trading venues, allowing Members to reconcile transactions executed with transactions reported by NSCC.
- NSCC Members should not require testing across all trading venues, and firms should be able to satisfy their trade execution testing needs utilizing any of the trading venues that elect to participate in the T+1 industry test.
- NSCC Members that are broker-dealers (BDs) electing to test trade execution will connect to the test environment of at least one of these T+1 designated trading venues.
- CUSIPs eligible on each T+1 designated trading venue are still TBD.
- Participating BDs will submit orders to trading venues' test environments as they would in production.
- Trading venues will match BD execution orders. Matching process will be agreed with each designated trading venue and will likely entail either of the following two scenarios:
    - The use of "dummy" counterparties established by a trading venue and used as the counterparty for each order.
    - The use of actual counterparties trading in the same securities on the same platform. (This approach will require industry coordination to ensure there are sufficient execution orders to allow orders to match for further processing.)
- Designated venues will provide applicable trade output.

NSCC TRADE CAPTURE

NSCC's trade capture processing will be supported in the test environment. NSCC will receive test equity transaction output from the participating trading venues and will report the test transactions to Members for reconciliation.

Members that do not want to test transactions through a designated trading venue can use the NSCC test transaction upload feature to create test transactions that NSCC will introduce into its test system. Once these transactions are processed into the NSCC test system, they will be subject to all applicable downstream processing outlined in this document. In addition to trading venue input and transaction input via the NSCC test transaction upload feature, NSCC's trade capture system also receives transaction input from several other front-end systems. These systems, described in more detail below, will also be part of the T+1 test. NSCC trade capture testing will include:

QUALIFIED SPECIAL REPRESENTATIVE (QSR) AND CORRESPONDENT CLEARING (CORR CLEARING):

- The industry test will support NSCC's Qualified Special Representative (QSR) and Correspondent Clearing (CORR Clearing) to introduce transactions into the NSCC's trade capture system. Members that utilize QSR and CORR Clearing services may submit test transactions to the QSR and CORR Clearing systems in the test environment (Test trades must be between counterparties with an existing 9A/9B relationship status).
- All applicable UTC, QSR and CORR Clearing outputs will be produced from the test environment.

CORPORATE BONDS, MUNICIPAL BONDS, UITS (CMU):

CMU test trades may be submitted bilaterally into the NSCC CMU Real-Time Trade Matching (RTTM) system (or QSR for some UIT trades) in the test environment. Members will be required to identify their own counterparties for testing CMU processing. Test transactions will be subject to the T+1 Trade Match cut-off. Test trades submitted with a T+1 settlement date must be matched in the RTTM by 1:30 PM on T+1; CMU will assign a T+2 settlement date to trades that are matched after that cut-off.

- RTTM will route matched transactions to NSCC's UTC application in the test environment for downstream processing.
- MSRB is expected to participate in the T+1 test, so RTTM will also route Municipal Bond trades to MSRB to test trade reporting.
- All existing CMU output will be produced from the test environment.

ETF CREATES/REDEEMS:

NSCC's ETF system will allow ETF Agents and Authorized Participants to submit ETF create and redeem test transactions for processing in the test environment, and transactions processed via the ETF system will be forwarded to NSCC's trade capture system. Each [ETF?] Agent can use their own NSCC Portfolio ID's.

- ETF Agents and associated Authorized Participants (AP) will pair-up for testing of ETF Create/Redeem Instructions. Similar to production, the ETF Agent will submit test Create/Redeem instructions and related Portfolio Composition File (PCF) to NSCC's ETF application in the test environment.
- ETF Agents will have the option to submit create/redeem instructions versus a test Counterparty Account at NSCC (in lieu of an actual AP account).
- The ETF application will process these transactions as they are processed in production and will submit the ETF CUSIP and its underlying components to UTC in the test environment for downstream processing.
- All existing ETF output will be produced from the test environment.

NSCC TRADE CLEARING

NSCC's trade clearing will basically be unchanged by the move to T+1. However, to allow for full end-to-end testing, NSCC will enable all relevant clearing functionality and processes in the test environment. As in production, NSCC Clearing will route trades in the test environment to DTC for Settlement processing.

Information in the test environment will flow from NSCC Trade Capture as Intra-day UTC and ETF output. The Consolidated Trade Summary (CTS) will be produced in test and denote the CNS and Non-CNS activity.

Non-CNS clearing activity (Multilateral Guaranteed, Bilateral, Trade-for-Trade activity) will be processed depending on the type of trade, when it is received by NSCC and how the security is set-up on the Security Masterfile Database. A new real-time balance order message will be distributed for every Trade-for-Trade balance order that is generated on settlement date.

CNS activity that should be considered for test clearing functionality:

- CNS outputs
    - CNS Projection Report/File
    - Position prior to Night Cycle
    - Position Prior to Day Cycle
    - Preliminary & Final Cash Reconciliation
    - Accounting Summary
    - CNS Balance Order Deliver and Receive
    - Night & Day Miscellaneous Activity
    - Night & Day Settlement Activity Statement
- Dividend Accounting
- CNS Money Settlement

As previously noted, DTCC will establish CUSIPs that are CNS and non-CNS eligible (Multilateral Guaranteed, Bilateral, Trade-for-Trade) for use in the NSCC clearing tests.

ITP TESTING CONSIDERATIONS

INSTITUTIONAL TRADE PROCESSING:

- ITP will perform trade validation upon submission and determine trade eligibility upon affirmation.
- Test transactions will be subject to the 9PM ET on T Trade Affirmation cut-off to benefit from the automated interface to NSCC and DTC.
- ITP will automatically route eligible transactions to NSCC's UTC application (Prime Broker Trades) and to DTC (PDQ and ID Net-eligible transactions) in the test environment for downstream processing.
- The settlement flows available to test will include those with CTM in the process and those without.
- All CTM M2I scenarios will be available for testing.
- All existing ITP output will be produced from the test environment

The following ITP systems will be available in the test environment:

- TradeSuite ID
- ITP Central Trade Manager (CTM/M2i)
- ALERT and AKAS
- SWIFT/TradeHub
- ITP will enable all applicable production outputs in the test environment. This includes:
    - Confirm distributions in real-time and in the format that clients elect in the test environment
    - The Cumulative Eligible Trades Report
- All Interactive Confirm Distribution
    - Enrichment
    - Matching
    - Trade Eligibility Checks

DTC TRADE SETTLEMENT

DTC settlement processing will be included in the test. The DTC test environment will be configured to replicate the existing production environment.

DTC T+1 testing will include:

- DTC Night and Day settlement cycles will be available in the test environment for direct member input and settlement processing.
- Production time-schedules and cut-offs[5] will be replicated in the test environment.
- Members can submit Night and Day Deliver Order (DO) instructions in the test environment utilizing existing input formats.
- NSCC and ITP test transactions will be received by DTC and processed in the test environment as well as Member submitted Night and Day DO input.
- ID Net processing will be supported in the test environment.
- DTC will establish certain CUSIPs with security positions and certain securities without securities position to allow transactions to settle ("made") and fail at DTC.
- The test system will be configured so that transactions do not pend for DTC's risk management controls.
- Existing DTC inventory management tools, e.g., Receiver Authorized Delivery (RAD) and Inventory Management System (IMS), will be supported in the test environment.
- DTC will copy member's RAD and Deliver Authorization profiles from the production to the test environment; Members will have the option to re-configure their profiles in the test environment as needed.

SETTLEMENT OUTPUT

All settlement output will be available in the test environment, and firms will have the ability to subscribe to the output. It will include:

- Settlement Transaction Messages including Night and Day DO outputs (Proprietary and ISO)
- RAD Messages (Proprietary and ISO)
- DTF Part
- DROP Messages (Proprietary and ISO)

ASSET SERVICING – EX-DATE CALCULATION

The move to T+1 will change the process for calculating Ex-Dates related to certain Distribution Corporate Action events such as Cash Dividends and Stock Splits. These date calculations will be supported in the test and will include testing of "Regular-Way" and "Irregular-Way" Ex-Date calculations and processing.

[5] Some processes and outputs in the test environment may run on a modified production time schedule to facilitate participant testing during regular working hours. Time schedules for testing will be defined in the industry test document, which will be distributed at a later date.

EX-DATE TESTING WILL INCLUDE:

Organizations that drive the creation of Ex-Date (organized securities exchanges, and agencies such as FINRA) will:

- Test required changes to their internal systems responsible for calculating/assigning “Regular-Way” Ex-Date (Ex-Date equals Record Date) and “Irregular-Way” Ex-Date (date other than Ex-Date equaling Record Date)
- DTC will work with organizations that drive the creation of Ex-Date to provide test output to all relevant entities (DTC, Service Providers, Participants) that consume the Ex-Date in order to facilitate downstream/end-to-end-testing of Corporate Action processing for Ex-Date changes

DTC and NSCC will test required changes to its internal systems with regards to both “Regular-Way” and “Irregular-Way” and Ex-Dates. In addition, DTC and NSCC will support full lifecycle regression testing of Corporate Action processing, which will include testing:

- Ex-Date feeds from exchanges/outside source to ensure announcement capture processes are recognizing the updated date.
- Position capture processes to ensure proper functioning of internal systems.
- Interim accounting processes to verify proper functioning of interest/principal entitlements and all income tracking processes.
- All existing Corporate Action-related ISO 20022 output and input.

ASSET SERVICING – COVER/PROTECT CHANGES

The move to T+1 will change the process for calculating cover/protect periods related to certain voluntary Corporate Action events such as Tender and Exchange Offers and Rights Subscriptions – from the current two business days cover/protect period to a one business day cover/protect period after the offer expiration date.

Cover/ Protect periods are generally established by the issuer related to a Corporate Action event Guarantee of Delivery, which allows an investor to participate in the offer on the offer’s expiration date and generally follow the standard settlement cycle. DTC receives cover/protect information from the offering document through the issuer’s agent.

THE COVER/PROTECT TEST WILL INCLUDE:

- Agents that generally support cover/protect dates (if any) will test their internal systems for the updated cover/ protect period.
- DTC’s internal systems logic will not be impacted by change to the Cover/Protect period, however, DTC will regression test the full life cycle of Corporate Action processing including testing of:
    - Reorganization announcement platform

    - Platforms supporting both the Participant Tender Offer Program (PTOP) and Participant Subscription Offer Program (PSOP)
    - Agent-facing Automated Tender Offer Program (ATOP) and Automated Subscription Offer Program (ASOP)
- All existing corporate action-related ISO 20022 output and input

ASSET SERVICING – TEST LIFECYCLE

In order to properly test both ex-date and cover/protect changes related to T+1, DTC will process the full lifecycle related to the test corporate action events. This includes announcements of the corporate action events, position capture, allocation, and all relative reporting.

The DTC asset servicing lifecycle test will include scripts that will support end-to-end processing, i.e., corporate actions announcement through to Payment Date/allocations.

CORPORATE ACTION TESTING WILL INCLUDE:

- Designated securities will be established to undergo periodic corporate action events.
- DTC will generate corporate action announcements and communicate the announcements using existing output.
- Industry participants will be encouraged to consume DTC's corporate action output and to process transactions on and around the Ex-date/Record date.
- DTC will generate payment/allocation output and communicate such output using existing output processes.
- Industry participants should reconcile DTC's payment/allocation output to expected test results.
- CA Web will be available for full lifecycle of Distribution event processing (entitlements, instructions, allocations and adjustments).
- Participant Terminal Systems (PTS) / Participant Browser Systems (PBS) with Voluntary Reorganizations functionality will be available.

IMPLEMENTATION PLAN: ATTESTATION OF READINESS AND IMPLEMENTATION DATE RECOMMENDATION

The T+1 implementation date is still pending the final SEC T+1 Rule change. However, the industry expects implementation to occur sometime in 2024.

The ISC will assess T+1 preparations and inform the industry on whether or not T+1 can be implemented as scheduled prior to the implementation date.

T+1 READINESS:

As previously noted, testing will not be mandated, but is highly recommended

- DTCC will continue to work with the industry to provide opportunities for the industry to test a double settlement scenario, where trades executed on the last trade day under T+2 and trades executed on the first trade day of T+1 will both settle on the same day.
- DTCC's existing T+2 test environment will be converted to T+1, providing an opportunity for firms to test double settlement functionality.
- A subset of prior day's T+2 settling production transactions could be introduced into the T+1 test system. Test trades that will be processed as T+1, and prior day's production trades under the T+2 settlement cycle, will settle on the same day. This exercise would require coordination between DTCC and individual firms

IMPLEMENTATION DATE RECOMMENDATIONS

The T+1 implementation date is still TBD, but the expectation is that it will take place in 2024 and likely on a holiday weekend. The holiday weekend plan was intentionally selected to give firms and extra day to migrate and test code changes.

- Regardless of when implementation occurs, T+1 will require a double settlement date. Assuming implementation occurs on a long weekend, trades from Friday, and Tuesday, will both be settling on Wednesday. Double settlement/T+1 implementation will be tested as part of the industry T+1 test.
- In selecting an implementation date, consideration was given to avoiding quarter ends, month ends, days with high corporate action and transactional volumes, such as option expiration day.

MONITORING T+1 IMPLEMENTATION

- Periodic industry calls before, during and immediately following the T+1 implementation will be established to monitor and resolve any issues.

- The ISC will work with the industry to try to minimize the number of corporate events over the T+1 implementation date. However, any corporate actions in-flight over the implementation period will be closely monitored.

CONTINGENCY PLAN

The consensus of the industry is that a back-out of T+1 functionality, once implemented, is not feasible and that any problems will need to be corrected by the applicable firm(s), with the industry moving forward with T+1 settlement. Further continency discussions will take place in the industry testing working groups.

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