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Date:	August 7, 2020
To:	ALL PARTICIPANTS
From:	PRODUCT MANAGEMENT
Attention:	MANAGING PARTNER/OFFICER; RISK MANAGERS; OPERATIONS MANAGER; MANAGER, DATA PROCESSING MANAGER, IT MANAGER
Subject:	SECURITIES FINANCING TRANSACTION (SFT) SERVICE TESTING

National Securities Clearing Corporation (NSCC) is pleased to announce the availability of testing for the Securities Financing Transaction (SFT) Service. This offering, pending regulatory approval, is expected to launch in Q3 2021.

Service Background

Over the past few years, DTCC has been working with industry members to develop a service offering for the central clearing of equity SFTs. The SFT Service will provide central clearing for equity lending and borrowing transactions, leveraging the clearing capabilities, risk management, and efficient infrastructure of the DTCC equities clearing subsidiary, NSCC.

Central clearing of equity SFTs at NSCC leverages DTCC's current processing flow and may offer new capital efficiency opportunities for participating NSCC Members.

SFT Service Documentation

Information about the SFT Service can be found in the [DTCC Learning Center](#). This will be the primary location for documentation regarding the SFT Service. The Learning Center includes a service guide that describes the SFT Service in detail, outlines the processing structure and provides data formats.

Functionality Available for Testing

DTCC has released most SFT Service components to its PSE (test) environment. Components currently available for testing include:

- Processing of SFTs in NSCC's Universal Trade Capture (UTC) System, its Securities Financing Accounting System (SAS) and at The Depository Trust Company (DTC)
- Output from each application
- Updates to SFT statuses
- Corporate action processing

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Non-Confidential

Getting Started

SFT Members

A full service NSCC Member may apply to participate in the SFT Service as a Lender and/or Borrower for its own account. Full service NSCC Members may also apply to become Sponsoring Members and/or Agent Clearing Members to facilitate their clients' SFT activity.

- A new NSCC account will be required to process SFTs. This same new account number, or an existing account number, may be used for settlement.
- Once set up, new or existing accounts will be provisioned for SFT Service testing.
- Some testing functionality is available to parties to the SFT, but an Approved SFT Submitter should be engaged to fully test all components.

Approved SFT Submitters

Eligible entities, including Vendors and full service NSCC Members, may apply to submit SFTs to NSCC for clearing. Upon approval, Approved SFT Submitters may connect to NSCC to initiate preliminary testing.

Contact Information

For questions about this Important Notice or to begin the SFT onboarding process, please contact John Vinci (212-855-5271 or jvinci@dtcc.com) or Tom Price (212-855-5453 or tprice@dtcc.com) in Relationship Management.