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Date:	04/09/2021
To:	ALL Participants
From:	PRODUCT MANAGEMENT, EQUITIES CLEARANCE
Attention:	MANAGING PARTNER/OFFICER; OPERATIONS PARTNER/OFFICER; MANAGER P&S DEPARTMENT; MANAGER DATA PROCESSING; CASHIER
Subject:	ETF PHASE 2 ETF ENHANCEMENTS To SUPPORT CLEARANCE OF FIXED INCOME ETFS AND COLLATERALIZATION OF TRADE-FOR-TRADE COMPONENTS

As previously announced in Important Notice [A8720](#) and subsequent Important Notice [A8813](#), NSCC has enhanced its Portfolio Composition File (PCF) service. The enhancements, to be implemented in phases, were developed at ETF Industry Working Groups, with ETF Agent Banks and Authorized Participants, in response to the then proposed SEC Rule 6c-11 (the “ETF Rule”), which became effective on 09/26/2019. Phase 1 of the enhancements included the introduction of multiple basket types to allow flexibility for Create / Redeem order customization, negotiated baskets and additional data elements to support clearance of Fixed Income ETFs in Phase 2 of the enhancements.

NSCC after meetings with the ETF Industry Working Groups, frequent client distributions and Relationship Management outreach, is now ready for the Phase 2 launch to support clearance of Fixed Income ETFs. As per industry requirements, the Phase 2 enhancements will provide collateralization of non-CNS eligible equity and fixed income components.

Client Specifications, published in June 2020, and Testing Guidelines, published November 2020, have been widely distributed and posted to the [DTCC Learning Center](#).

Scheduled Launch

The Scheduled Launch Date for Phase 2 deployment is **Friday 04/23/2021 for effective date Monday 04/26/2021**.

Friday, April 23, 2021	NSCC will deploy Phase 2 code to production, after the completion of the Create / Redeem Secondary cycle at 11:30 PM. Portfolio Composition Files and Create / Redeem processing on Friday 04/23/2021 will be processed against legacy code.
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Monday April 26, 2021	The Phase 2 code to support clearance of Fixed Income ETFs as well as the generation of collateral Payment Orders will take effect for Create / Redeem orders submitted on Monday 04/26/2021 in the Supplemental and Negotiated Cycles.
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NSCC will publish a detailed launch plan under separate cover, including all client check-in meetings to be scheduled as well as a rollback plan.

For questions, contact your DTCC Relationship Manager or the undersigned at Peterjsmith@dtcc.com.

Pete Smith, Equity Clearing Product Management