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Date:	July 12, 2023
To:	ALL MEMBERS AND LIMITED MEMBERS
From:	WEALTH MANAGEMENT SERVICES – MUTUAL FUNDS
Attention:	MANAGER MUTUAL FUNDS OPERATIONS, MANAGER DATA PROCESSING, MANAGER CASHIERS, MANAGER P&S DEPARTMENT
Subject:	Settlement Cycle Modifications to Facilitate Industry Move to T+1

The Securities and Exchange Commission (SEC) adopted a rule amendment to shorten the settlement cycle to T+1, effective May 28, 2024. To facilitate the move to T+1 and avoid significant client impact, National Securities Clearing Corporation (NSCC) will systematically update the Mutual Funds Fund/SERV system for specific securities with a settlement cycle of T+2 to T+1, **effective May 28, 2024**. T+1 securities with a USN Currency Code will also be updated to a USD Currency Code.

The systematic update from a T+2 to a T+1 settlement cycle will only **pertain to the following Fund/SERV domestic security types:**

- 15 - UIT (Unit Investment Trust)
- 24 - Money Market Fund
- 25 - Load Mutual Fund
- 26 - No – Load Mutual Fund
- 27 - Closed End Fund
- 48 - Interval Fund
- 55 - GIC (Guaranteed Investment Contract)
- 56 - Stable Value Fund
- 57 - Separate Account
- 58 - Bank Collective Investment Trust
- 60 - BIC (Bank Investment Contract)
- 61 - Section 529 Account- Qualified Tuition Program

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For the aforementioned Security Types, the following settlement cycles will be updated to T+1 in instances where the settlement cycle is T+2:

- Order
- As of Order
- Cash Adjustment
- Exchange
- Alternate Order

The following non-U.S. Fund/SERV Security Types will be **excluded** from the systematic update to T+1:

- 59 - Offshore U.S. dollar (NRA)
- 62 - Offshore U.S. dollar
- 63 - Offshore Non-U.S. dollar

Updates may be requested for these security types through the existing process of submitting a Fund/SERV Security Issue ID Modify Form at <https://portal.dtcc.com/cre3/MFS/mainmenu>.

USN vs USD Currency Code Updates

Presently, a Currency Code of USD or USN must be assigned when a security is established on Fund/SERV; the move to T+1 does not change this process. The Currency Code determines the timing of when a confirmed transaction is staged for settlement in addition to when corrections, firm exits and reconfirmations can be made as follows:

- T+1 Securities with a USN Currency Code must be confirmed by 8:00pm ET on the day the trade is submitted in order to settle the next business day (T+1). 8:00pm ET is also the cutoff time for when corrections, firm exits, and reconfirmations can be made.
- T+1 Securities with USD Currency Code must be confirmed by 11:00am ET the next business day (T+1) after the order is submitted in order to settle T+1. 11:00am ET on T+1 is also the cutoff time for when corrections, firm exits, and reconfirmations can be made.

To maximize the window for trade confirmations and correction processing in a T+1 environment, NSCC will systematically update **ALL** T+1 securities (including offshore Security Types 59, 62, and 63) with a USN Currency Code to a USD Currency Code.

Additionally, the Fund/SERV Security Issue ID Add and Security Issue Modify forms on the MyDTCC web portal will be updated to require a USD Currency Code (USN will not be allowed for securities with a T+1 settlement) when the 'Order' or 'Alternate Order' settlement cycle is T+1. The Member Profile Modify form will also be updated to require a USD Currency Code when the 'Order' or 'Alternate Order' settlement cycle is T+1.

Important Notes:

- Firms will continue to have the ability to override the settlement date on individual Fund/SERV orders by populating the ‘Anticipated Settlement Date’ field.
- Only domestic securities with a T+2 settlement cycle will be modified to a T+1 settlement cycle.
- Domestic securities with a settlement cycle greater than T+2 will not be modified.
- After NSCC performs the systematic updates to T+1, Funds will continue to have the ability to change a security’s settlement cycle through the existing process of submitting a Fund/SERV Security Issue ID Modify Form.
- For additional information on the industry move to T+1, please visit <https://www.dtcc.com/ust1>.

Security Exclusions

A qualifying Fund or a specific security can be excluded from the systematic update to T+1. To accomplish this, the Fund will be required to list each Security Issue ID to be excluded on the *T1 Mutual Fund Security Exclusion Form* and email the completed form to the NSCC [WMS T1](#) mailbox. All exclusions must be submitted to NSCC by **May 10, 2024**.

This form is available on the DTCC.com website under the ‘Resources’ section at:

<https://www.dtcc.com/wealth-management-services/mutual-fund-services/mutual-funds-client-public-documentation>

Testing

Clients have the ability to test a variety of settlement cycles, including T+1 today in the Participant Services Environment (PSE) region. Securities with T+2 settlement cycles will **NOT** be systematically modified to T+1 in PSE. Fund clients may request a security’s settlement cycle be modified to T+1 by submitting a Fund/SERV Security Issue ID Modification form and include a note in the Special Instructions field stating the change is applicable to PSE only.

This Important Notice serves as the initial announcement of the aforementioned changes to Fund/SERV securities and processes therein. Additional notifications will be sent as a reminder.

Questions and comments regarding this Important Notice may be directed to your DTCC Relationship Manager, or Wealth Management Services at **212-855-8877** or WMSconnect@dtcc.com.

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