



**Important Notice**  
National Securities Clearing Corporation

<b>A #:</b>	9463
<b>P&amp;S:</b>	9036
<b>Date:</b>	JULY 31, 2024
<b>To:</b>	ALL ACATS USERS
<b>Category:</b>	CLEARING SERVICES - EQUITIES
<b>From:</b>	DTCC PRODUCT MANAGEMENT
<b>Attention:</b>	DIRECTOR OF OPERATIONS, ACCOUNT TRANSFERS DEPARTMENT, SETTLEMENT DEPARTMENT, MUTUAL FUND OPERATIONS
<b>Subject:</b>	ACATS SETTLE PREP REMOVAL / MUTUAL FUND DAY 2 CONFIRM REMOVAL

This is the first notice announcing new enhancements to the Automated Customer Account Transfer Service (ACATS) that will provide more efficiency to the account transfer process. Enhancements will include: 1) the removal of Settle Prep, and 2) the removal of the ACATS Fund/SERV Day 2 confirmation. Enhancements to remove both Settle Prep (status 300) and the Mutual Fund Pend Day 2 are changes that will further shorten the ACATS cycle.

### 1. Settle Prep (Status 300) Removal

Subject to regulatory approval, ACATS will remove the current Settle Prep Day (status 300) from all full transfers and non-standard transfers that currently contain mutual fund and/or option assets. Currently, it takes up to five business days for a standard (Full) ACATS transfer to settle. During this 5-day period, an investor's assets will remain invested in the market, however trading may be restricted. The inability to trade may expose the investor to additional market risks. With the recent move to T+1 in May 2024, there is now an opportunity to remove both the Settle Prep Day and Mutual Fund Pend Day 2 confirm from the ACATS transfer cycle further shortening the time it takes to complete an account transfer.

With the implementation of T+1, concerns regarding sufficient timing to process CNS exemptions for the night cycle have been addressed. Certain activities previously done during Settle Prep can now be done the day before settlement within the final review day.

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## CNS Exemption/Night Cycle Process Changes

For T+1, firms will now have until 10:45 PM ET (changed from 6:00 PM ET) to submit exemption and priority instructions to CNS. Absent submission of an override instruction, the firms regular standing instruction will now be applied to both two-day and one-day settling ACATS that create a short position. These are positions that settle in the night cycle and are reported on the CNS Midday Projection File issued at 5:00PM ET or the CNS Position Prior to the Night Cycle File/Report distributed at 9:45 PM ET. The CNS Projection File can no longer be used for this process because it will be distributed at 2:00 AM ET on settlement date, after the night cycle completes.

Note: DTC's Night cycle start time has changed from 8:15 PM ET on T+1 to 11:30 PM ET on T. 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 a CNS exemption override instruction processed against that position for settlement in the night cycle. Firms should review their exemption process of CNS ACATS. Settling positions for both two-day settling ACATS and one-day settling ACATS with same settlement date are now eligible for exemption override instructions now that they are included in the midday and position prior to the night cycle report.

See <https://www.dtcc.com/ust1> for information on T+1 changes.

### T+2 Scenario with Settle Prep

	Monday	Tuesday	Wednesday	Thursday	Friday
ACATS Intra-Day Status	Request Day 1	Request Day 2 to Review Day 1	Review Day 2	Settle Prep	Settle Close
4:00 PM ET – EOD Status	Request Status-100	Review Status -200	Sett Prep-300	Sett Close-310	Settlement
6:00 PM ET				CNS Exemption Cutoff (For Friday Settlement)	
8:15 PM ET				Night Cycle Begins for Friday Settlement	

T+1 Scenario – without Settle Prep (no acceleration)

	Monday	Tuesday	Wednesday	Thursday	Friday
ACATS Intra-Day Status	Request Day 1	Request Day 2 to Review Day 1	Review Day 2	Sett-Close	
4:00 PM ET – EOD Status	Request Status-100	Review Status -200	Sett Close-310	Settlement	
5:00 PM ET			CNS Mid-Day Projection (for Thursday Settlement)		
9:00 PM ET			Cutoff time for T+1 trades received for Thursday Settlement in Night Cycle		
9:45 PM ET			Final CNS Positions Calculated for Thursday Settlement in Night Cycle		
10:45 PM ET			CNS Exemption Input Cutoff (For Thursday Settlement)		
11:30 PM ET			Night Cycle Begins for Friday Settlement		

## **2. ACATS Fund/SERV Day 2 Confirm Removal**

To enable mutual funds to be included in the new shortened ACATS cycle (Settle Prep removal), the ACATS Fund/SERV pending confirmation process (Day 2) will no longer be available. All mutual fund confirmations (Fund/SERV Transfer confirmation 019 record) sent by fund companies/transfers agents will be required to occur on Day 1 or next business after receipt of the fund registration. Keeping a Day 2 confirm with the removal of Settle Prep would create a settlement misalignment. A day two confirm without Settle Prep would be sent the day after settlement is complete which would be too late to apply the incentive charge credit that offsets the original incentive charge when a Fund/SERV acknowledgement occurs.

### **Targeted Release Dates:**

- PSE/Test – July 25, 2025
- Production – August 29, 2025

If you have any questions regarding this notice, please reach out to NSCC Support at [nscsupport@dtcc.com](mailto:nscsupport@dtcc.com).

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