



Important Notice

The Depository Trust & Clearing Corporation

Z #:	z0136
Date:	January 20, 2017
To:	All Participants
From:	DTC, NSCC and Omgeo Product Management Teams
Attention:	DTC, NSCC and Omgeo Members
Subject:	Advisory to all DTCC Clients regarding modifications to DTCC's PSE U Test Environment

The Depository Trust and Clearing Corporation (DTCC) will begin T+2 industry testing on February 13, 2017, in preparation for the T+2 settlement cycle implementation on September 5, 2017.

As previously documented, DTCC will utilize its existing "PSE U" test environment for T+2 industry testing. DTCC's newly developed "PSE A" test environment, which was activated on December 16, 2016, will continue to support T+3 testing in applications affected by the T+2 changes during the T+2 testing period.

The current scope of functionality available in the PSE U environment will not be impacted by T+2 industry testing; applications unaffected by the T+2 changes will continue to operate in the current PSE U environment. However, the test plan established to support T+2 industry testing will require some modifications to the PSE U environment which may impact Members conducting non-T+2 testing in the PSE environment. These changes were listed in detail in the [T+2 Detailed Testing Framework document](#), published by DTCC to the UST2.com website on August 1, 2016.

This Notice is to advise Members that the following changes will be made to the PSE U environment from January 16, 2017 through the implementation of T+2 settlement cycle on September 5, 2017:

- A. The PSE U environment was converted to T+2 on January 16 and DTCC will be performing User Acceptance Testing (UAT) until February 13, 2017. During this time, Members may test in the PSE U environment; however, since DTCC will be conducting internal UAT testing, Members may experience unexpected testing results in applications affected by the T+2 changes.

Additionally, during this window, DTCC will be focusing its resources on internal PSE U testing and will have limited resources available to assist Members with testing discrepancies involving these applications.

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- B. DTCC has identified CUSIPs (“T+2 test CUSIPs”) that Members can use to test the various suggested T+2 test scenarios. The T+2 test CUSIPs have been selected from existing DTCC-eligible production CUSIPs.

Please refer to the [Test CUSIPs for T+2 Industry Testing document](#) for the list of T+2 test CUSIPs.

- C. T+2 industry testing will be conducted utilizing bi-weekly testing cycles. Test cycles will begin on a Monday or first business day of the week, beginning February 13, 2017.

DTCC will implement the following modifications to the PSE U environment from **February 13, 2017 to September 5, 2017**, to support the T+2 testing cycles:

- ❖ DTCC will reset the PSE U environment at the end of each T+2 industry test cycle (end of day Friday or last business day of the two week cycle), which will entail the following:
 - DTCC will purge all incomplete/unsettled test transactions for the following products in the PSE U environment during the test environment reset. This will include test transactions in both the T+2 test CUSIPs and the CUSIPs that are not specifically identified as T+2 testing CUSIPs:
 - All incomplete/unsettled NSCC’s Equity Clearing test transactions, including:
 - Trades received in NSCC’s Universal Trade Capture application (UTC) that are being stored as When-Issued (WI) or Sellers’ Option (SO) for a future Settlement Date
 - Continuous Net Settlement (CNS) failing positions and future settling positions inclusive of CNS positions for Exchange Traded Funds (ETF), Automated Customer Accounts Transfer Service (ACATS) and ID Net test transactions
 - All incomplete/unsettled NSCC’s Corporate, Municipal and UITs (CMU) test transactions
 - All incomplete/unsettled ACATS test transactions
 - All incomplete/unsettled Omgeo TradeSuite test transactions
 - Additionally, DTCC will modify the Obligation Warehouse (OW) refresh schedule in the PSE U to synchronize it with the test environment reset. Currently, OW data in the PSE U is refreshed with end of day Friday’s production data each week. DTCC will change the frequency of this refresh from once every week to once every two weeks to coincide with the end of the T+2 test cycle / PSE U environment refresh.
 - At the beginning of each test cycle, DTC will automatically establish or delete security positions in defined T+2 test CUSIPs for all DTC Members. This will allow test transactions in certain CUSIPs to settle in DTC (“settled” scenario) while ensuring test transactions in other CUSIPs do not settle in DTC (“fail” scenario).

DTC will refresh security positions in the defined T+2 test CUSIPs at the beginning of each two week PSE U reset.

At the beginning of each test cycle, DTC will automatically give each Member a position of 500,000,000 in the T+2 test CUSIPs designated as “having” position and will automatically delete any position in the T+2 test CUSIPs designated as “having no position”.

This process will only apply to the defined T+2 test CUSIPs, and will not impact Member positions in other CUSIPs which will not be controlled by DTC for T+2 testing purposes.

Please refer to page 7 of the [T+2 Detailed Testing Framework document](#) for T+2 test calendar, and the [Test CUSIPs for T+2 Industry Testing document](#) for a list of the CUSIPs identified as having position or having no position in DTC.

- DTCC will initiate the test environment reset prior to the first T+2 test cycle beginning on Monday, February 13, 2017.

- ❖ On **May 1, 2017**, DTCC will simulate a Bank Holiday in the PSE U environment to enable Members to test Bank Holiday processing (as an example Columbus Day and Veterans Day), where settlement services are not available as, US banks are closed, exchanges are open and DTCC is available for limited services.

May 1, 2017, **will not** be a valid settlement day in the PSE U environment. Instead, May 1 will be set-up as a bank holiday in the PSE U environment and DTCC’s existing bank holiday processing rules will take effect in the PSE U.

This will include the following:

- Test transactions submitted to NSCC’s CMU Real-Time Trade Matching application (RTTM) in the PSE U environment having a settlement date of May 1, 2017, will be rejected.
- Test transactions submitted to the Omgeo’s TradeSuite application in the PSE U environment having a settlement date of May 1, 2017 will be rejected.
- Test transactions submitted to NSCC’s Fund/SERV application in the PSE U environment (mutual fund orders) having a settlement date of May 1, 2017 will be rejected.
- Test transactions submitted to NSCC’s AIP (Alternative Investment Products) application in the PSE U environment having a settlement date of May 1, 2017 will be rejected.
- Test transactions for Insurance & Retirement Services (I&RS) settlement products (Initial Application (APP), Subsequent Premiums (SUB), Commission (COM), and Settlement Processing for Insurance (STL)) will not be processed in the PSE U

environment on May 1, 2017. Instead they will be carried over and processed on the following business day (May 2, 2017). All remaining I&RS non-settlement products will be processed and reported as expected on May 1, 2017.

- NSCC's Universal Trade Capture system (UTC) in the PSE U environment will deem May 1, 2017 a non-settlement date and will assign settlement dates to Equity Clearing test transactions accordingly.
- Valued DTC Deliver Order (DO) instructions will not be processed in the PSE U environment on May 1, 2017. Instead they will be carried over and processed on the following business day (May 2, 2017).
- Free (not for value) DTC DO instructions will be processed in the PSE U on May 1, 2017.
- Fixed Income Clearing Corporation (Government Securities Division (GSD) and Mortgage-Backed Securities Division (MBSD) will be closed in the PSE U environment on May 1, 2017. No trade input will be accepted in the PSE U environment on May 1, 2017.

For additional information on NSCC, DTC and FICC Bank Holiday processing, please refer to [NSCC Important Notice # A8262, DTC Important Notices #4362-16 and #4264-16, and FICC Important Notices # GOV177-16 or MBS260-16.](#)

- ❖ Based on Member feedback, DTCC is changing its earlier published plan to update the DTCC Security Master File (SMF) refresh schedule in the PSE U environment. Currently, DTCC copies over SMF updates from production to PSE daily. To minimize the impact of production SMF changes on members T+2 test plans, DTCC had proposed modifying the SMF update schedule to coincide with the beginning of each test cycle.

Based on Member feedback regarding the potential impact of SMF updates on other parallel testing in the PSE U environment, DTCC will maintain its existing daily SMF refresh schedule in the PSE U environment during the T+2 industry testing period.

In the event the SMF refresh in the PSE U environment changes the parameters of any T+2 test CUSIP over the course of a test cycle, DTCC will inform Members of the change and its resulting impact on the T+2 test scenario(s) via UST2.com and the T+2 page on the DTCC Learning Center website.

Questions regarding this Notice should be directed to T2testing@dtcc.com.