

GMS Flash Alert

Global Compensation Edition

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United States - Moving to Trade Date + 2 Days: Is Your Company Ready?

In the United States, trade date plus three business days (T+3) will be changing to trade date plus two business days (T+2) later this year. A Proposed Rule¹ issued by the U.S. Securities and Exchange Commission that would change the settlement period for broker-dealer trades from three days from the trading date (T+3) to two days from the trading date (T+2) has a proposed effective date of September 5, 2017². This date is subject to regulatory support and completion of industry-wide testing in the second and third quarters of 2017.

For more details, see "[T+2 and You: Considerations for the Equity Administrator](#)," a newsletter published by the KPMG International member firm in the United States.

WHY THIS MATTERS

As a result of this rule change, corporate issuers and equity managers will be faced with one day less to settle equity awards. And they have less than six months to prepare; therefore, they should be assessing the scope, requirements, and changes needed to facilitate the implementation of T+2.

Background

Currently, settlement (i.e., when securities are available to the employee plan participant) for certain securities and asset classes is trade date plus three business days, often referred to as T+3. The SEC issued a Proposed Rule to change the settlement period for broker-dealer trades to two days from the trading date – that is, T+2 – which was published in the Federal Register on October 5, 2016.³

KPMG NOTE

A concerted effort between government and industry is underway to prepare for T+2 settlement.

Equity administrators should examine their programs and prepare for this upcoming change – looking at process, documentation, and systems, while continuing to monitor the final effective date of the T+2 change.

FOOTNOTES:

1 81 FR 69240.

2 See www.UST2.com, Frequently Asked Questions, *What is T+2?*

3 81 FR 69240.

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in the United States:



Mike Bussa
Tel. +1 212-954-1811
mbussa@kpmg.com



Leann Balbona
Tel. +1 212-872-3671
lbalbona@kpmg.com



Andrew Gewirtz
Tel. +1 973-912-6426
agewirtz@kpmg.com

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