



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

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