



## Nasdaq makes preparations to shorten settlement cycle from T+3 to T+2

In connection with the industry-led initiative to shorten the settlement cycle for transactions in U.S. equities, corporate and municipal bonds, unit investment trusts and related financial instruments from trade date plus three business days (T+3) to trade date plus two business days (T+2), Nasdaq has preliminarily identified certain rules that establish or reference a T+3 settlement cycle and would need to be amended, including rules that establish the ex-dividend date for distributions by Nasdaq-listed companies.

In that regard, to implement a T+2 settlement cycle, Nasdaq would modify Rule 11140(b)(1) to provide that the "ex-dividend date," which is the date on which a security is traded without the right to receive a dividend or distribution that has been declared by the company, generally will be the first business day before the record date.

In addition, the following other Nasdaq rules would be impacted by this upcoming change:

- Rule 2830 (Investment Company Securities, incorporated by reference from NASD Rule 2830)
- Rule 11150(a) (Transactions "ex-Interest" in bonds which are dealt in "flat")
- Rules 11210(c) and (d) (Confirmations)
- Rule 11320(b) and 11320(c) (Dates of delivery)
- Rule 11620 (Computation of interest)

Text of the proposed changes to these rules is available [here](#).

Nasdaq anticipates filing rule amendments to accommodate the new T+2 settlement cycle later in 2016 and anticipates implementing T+2 settlement in conjunction with the industry in the third quarter of 2017. Nasdaq-listed companies are encouraged to consider these changes and are invited to comment on any potential impact arising from these rule changes or the transition to T+2 settlement. Interested parties can submit comments prior to September 30, 2016 to [Nasdaq MarketWatch](#).

Questions regarding this notice should be directed to Nasdaq MarketWatch at 1-800-537-3929.