

Bold, underlined text indicates proposed added language.

~~Bold, strikethrough text~~ indicates proposed deleted language.

[Changes to this DTC Corporate Actions Distributions Service Guide, as amended by File No. SR-DTC-2023-002, are available at dtcc.com/legal/sec-rule-filings. These changes became effective upon filing with the SEC but have not yet been implemented. On May 28, 2024, these changes will be implemented, and this legend will automatically be removed from this DTC Corporate Actions Distributions Service Guide.]

DTC CORPORATE ACTIONS

DISTRIBUTIONS SERVICE GUIDE

JULY 12, 2023 [DATE] 2024

Interim Accounting

Overview

Interim accounting is an important part of the entitlements and allocations process for distributions. The interim period (also referred to as the due bill period) is the period during which a settling trade has due bills attached to it. A due bill is an indication of a seller's obligation to deliver a pending distribution (such as a cash dividend, stock dividend, interest payment, etc.) to the buyer in a securities transaction. For distributions that are the subject of a due bill, the interim period, ~~which~~ extends from the Interim Accounting Start Date (record date +1) up to the Due Bill Redemption Date (typically ex-date +1 for equities and payable date -1 for debt).

Reasons for Interim Accounting

Normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. There are times, however, when that is not the case. There are two common reasons why this occurs:

1. Listed Exchange Declares a Late/Irregular Ex-Date: There are times for equity issues when the listed exchange will declare an ex-date that is not **equal to one business day prior to** the record date (for example, an ex-date that equals payable date +1). At such times, a buyer is entitled to the distribution when the registered holder of an equity issue sells the security prior to the ex-date.
2. For most bonds, the buyer of the security is entitled to the interest payment (the distribution) on trades that settle up to, including the day before, the payable date, even though the buyer is not the record date holder.

Without DTC's Interim Accounting

Trades that settle after the record date "with distribution," (thus entitling the buyer to the distribution) will have a due bill attached to them (meaning, the seller owes the buyer the distribution). Without DTC's interim accounting process, the distribution will need to be handled between the seller and the buyer outside of DTC's distribution processing service, potentially in the form of a payment order, wire or postdated check equal to the amount of the distribution.

With DTC's Interim Accounting

With DTC's interim accounting process, during the due-bill period, DTC:

tracks all settled activity, where the receiver (typically a buyer) is entitled to a distribution; and

adjusts Participants' record date positions, crediting the receiver (typically a buyer) and debiting the deliverer (typically a seller) the distribution amount.

This process helps ensure accurate payment on the payable date and eliminates time-consuming, costly paper processing.

Important Note: The physical movement of securities (such as, deposits, withdrawals-by-transfer (WTs) and certificates-on-demand (CODs)) are not transactions that are included in the interim accounting process; thus, they do not result in adjustments between Participants.

Interim Accounting Usage

Activation of DTC's interim accounting process depends on the type of distribution. The following table describes the conditions under which interim accounting occurs:

For	Interim accounting is used
Cash dividends	<p>When the ex-date is not equal to record date -1 business days, and DTC is aware of the ex-date prior to the payable date.</p> <p>In this case, the interim period runs from record date +1 through close of business on ex-date+1.</p>
Stock distributions	<p>A stock distribution with an ex-date that is not equal to record date=1.</p> <p>In this case, the interim period runs from record date +1 through close of business on ex-date +1.</p> <p>Note: Stock splits are allocated to your general free and pledged accounts on the business day following the close of the due bill period. Shares allocated to the pledged account automatically become additional collateral for the loan.</p>
Rights	<p>When the ex-date is not equal to record date=1, and there is adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date.</p> <p>In this case, the interim period runs from record date +1 through close of business on ex-date +1.</p> <p>Note: If there is not adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date, DTC will credit your account based on your record date position. You must settle due bills outside DTC's Distribution event processing service.</p>
Corporate bonds, CDs, and government bond interest	<p>Because the majority of these settle with interest up to the business day before the payable date.</p> <p>In this case, the interim period runs from record date +1 through payable date -1.</p>

For	Interim accounting is used
Asset-backed securities (ABS)	<p>As dictated by the issuer's accrual period. For example, if the accrual period ends after the record date and before the payable date, the interim period runs from record date +1 through the end of the accrual period.</p> <p>Note: If the accrual period ends prior to the record date, DTC will not run interim or run "reverse" interim (reverse due bill).</p>
Supplemental due bills	<p>For special large cash dividends, when the ex-date is the day after the announced payable date. In this case:</p> <p>The interim period runs from record date +1 through payable date -1</p> <p>Allocation is made on payable date, and</p> <p>Interim accounting starts again on the payable date and continues on a daily basis through ex-date +1. Allocation is made on the business day following the day of delivery by crediting the money settlement account of the receiver and debiting the money settlement account of the deliverer.</p>

Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange

Occasionally, there is an unscheduled closing of one or more stock exchanges (for example, a national day of mourning, an event causing significant market disruption or regional impact, etc.). During an unscheduled closing, a listed exchange will typically move ex-dates that were scheduled for that date to the next business day that the exchange is open, which is usually the record date. Such a move is necessary because, according to exchange rules, ex-dates must occur on a business day that the listed exchange is open.

Because no trading is expected in the impacted securities on the date the listed exchange is closed, there should not be any due bill activity that needs to be tracked. Thus, DTC will not capture interim activity for the related period. For example, if a cash dividend had an ex-date of June ~~23~~ and record date of June 3, the standard practice is for DTC to not capture any interim activity, as the ex-date is equal to record date -1. However, if the listed exchange changes the ex-date to June ~~34~~, due to an unscheduled closure on June ~~23~~, resulting in ~~the an~~ ex-date ~~and of~~ record date +1 ~~being the same day~~, DTC still would not apply interim accounting because there should not have been any trades on June ~~23~~ that resulted in due bill activity.

Allocations

Stock Distributions

Stock Distribution events such as stock dividends, splits, and spinoffs are allocated on the ex-date +2 or the payable date, whichever comes later once DTC receives the securities. Your DTC position is increased in the security for which the distribution was declared, or in securities of another issue resulting from a spinoff or rights distribution event. Typically, cash is paid in lieu of fractional shares.

The allocation of stock distributions depends on the type of distribution being allocated. The following table describes stock distributions:

For this type of distribution	Allocation normally occurs
Stock dividends, regular trading	On the morning of the payable date.
Stock dividends with a late ex-date	On the payable date or ex-date + <u>2</u> <u>1</u> , whichever comes later.
Stock splits, with ex-distribution beginning on the business day following the payable date	For the split shares on ex-date + <u>2</u> <u>1</u> .
Stock spinoffs to a DTC-eligible security	On the payable date, or ex-date + <u>2</u> <u>1</u> , whichever comes later.
Stock spinoffs to an ineligible security*	When the security becomes DTC-eligible, or else exited upon receipt.
Rights	As soon as possible after the record date to allow for adequate execution time frames.
Dividend reinvestment securities	On the first business day after the price is received from the agent.

[Changes to this Settlement Service Guide, as amended by File No. SR-DTC-2023-002, are available at dtcc.com/legal/sec-rule-filings. These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. On May 28, 2024, these changes will be implemented, and this legend will automatically be removed from this Settlement Service Guide.]

SETTLEMENT

SERVICE GUIDE

FEBRUARY 1, 2024 [DATE, 2024]

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Settlement Processing Schedule¹

The following table describes the DTC Settlement processing schedule. All times are eastern time.

Cutoff Time ET	This Occurs
1:15 p.m.	DTC's cutoff for syndicate closings.
1:30 p.m.	DTC releases all pending delivery account (PDA) positions and reverts to default recycle processing.
2:00 p.m.	Cutoff for: <ul style="list-style-type: none"> Valued MMI issuances
2:30 p.m.	Cutoff for: <ul style="list-style-type: none"> An Issuing and Paying Agent (IPA) to replace the Unknown Rate with a final rate for distribution - the IPA must successfully transmit the final rate to DTC before 2:30 PM ET.
2:45 p.m.	Cutoff for: <ul style="list-style-type: none"> RAD approval of MMI valued issuance deliver order transactions.
2:55 p.m.	Cutoff for: <ul style="list-style-type: none"> Entering release requests designating position as eligible for CNS. Processing Valued MMI transactions for issuances, MMI DOs and maturity presentments in the MMI Optimization process.
3:00 p.m.	Cutoff for: <ul style="list-style-type: none"> DTC's receipt of an IPA's MMI Funding Acknowledgement or refusal to pay notification. An IPA to notify DTC of a Temporary Acronym Payment Failure (as defined below). SFT transactions cannot be entered into after 3:00pm. Forced Receiver Authorized Delivery (RAD) period begins. <p><i>Note</i> – A Participant can continue to enter valued and free transactions. However, all valued transactions are forced into RAD and require the receiving Participant's approval.</p>

¹ To be read in conjunction with the Settling Bank Processing Schedule above.

Cutoff Time ET	This Occurs
3:10 p.m.	<p>Cutoff for:</p> <ul style="list-style-type: none"> • Pledges to approve pledge release requests designating position as CNS-eligible. • Valued recycle cutoff. All non-MMI valued, CNS / SFT transactions and fully paid for and secondary MMI deliveries or maturity presentments that cannot be completed because of insufficient position, collateral, or net debit cap are dropped from the system. <p><i>Note</i>–All valued transactions input or approved by Participants after this time will not recycle; they will either complete or drop.</p>
3:15 p.m.	<p>Optional “Push” profile that allows Participants to establish a standing withdrawal request for SPP returns and P&I withdrawals.</p> <p>Cutoff for government deposits and withdrawals.</p>
3:20 p.m.	<p>Cutoff for Settlement payment withdrawals and principal and income withdrawals.</p> <p><i>Note</i>–These are manual withdrawals as opposed to the “Push” profile described above.</p>
3:20 p.m.	<p>Forced RAD Delivery Period ends. Cutoff for entering:</p> <ul style="list-style-type: none"> • Valued original DOs including unmatched reclaims • Original POs • Valued pledges • Valued pledge release requests. <p><i>Note</i>–If a Participant has made prior arrangements with DTC and its Settling Bank, the Participant can continue to submit valued transactions to its Settling Bank.</p>
3:30 p.m.	<p>Cutoff for:</p> <ul style="list-style-type: none"> • Pledges to approve valued pledge release requests and enter valued release returns • RAD approval or cancellation for valued transactions (except MMI valued issuance DOs).
3:45 p.m.	DTC calculates DTC and NSCC cross-endorsement balances.
3:45 p.m.	DTC finalizes settlement balances for Participants and Settling Banks.

Cutoff Time ET	This Occurs
5:00 p.m.	Cutoff for: <ul style="list-style-type: none"> • Entering free Fed pledges to the Fed with extensions upon request to the Fed. • Pledgors' requests for release of positions pledged to the Fed. • Fed to input pledge release returns. • Entering valued DOs and pledges to a Settling Bank. • Settling Banks to authorize valued DO and pledge transactions. • MMI issuing agents to enter free original issuances (new CUSIP). • DTC to lift Risk Management Controls. • Free non-MMI DOs input after 5:00 p.m. to RAD if that option is activated by the receiving Participant.
6:15 p.m.	Cutoff for: <ul style="list-style-type: none"> • Entering free additional MMI issuances (existing CUSIP) and free deliveries • Pledgors to enter free pledges and free release requests • MMI issuing and paying agents to withdraw MMI securities. • IPA deadline to set the MMI MP Pend or Issuer Priority Control (IPC) profile that will be effective for next processing day. • OCC member's release of deposit request and authorization to release positions pledged to the OCC.
6:30 p.m.	Cutoff for: <ul style="list-style-type: none"> • Approving or cancelling free MMI issuances through RAD. • Inputting day and night position transfer instructions (MA-to-NA transfers). • Pledgees to enter free pledge release returns. • Pledgees to approve free pledge release requests.
6:30 p.m.	Cutoff for the Authorization and Exemption function.
6:35 p.m.	<ul style="list-style-type: none"> • Recycle cutoff for all free transactions.
6:45 p.m.	Cutoff for inputting segregation instructions.
7:30 p.m.	Cutoff for ANE.
<u>10:45 p.m.</u>	<u>Cutoff for the Authorization and Exemption function.</u>
<u>811</u> :00 p.m.	NDO cutoff.

ID Net Service

ID Net Processing Eligibility

In addition to Participant and security eligibility requirements, for a transaction to be eligible for ID Net:

- The trade must be affirmed/matched by a Matching Utility.
- DTC should receive the Affirmed Transaction from the Matching Utility no later than ~~11:30 a.m.~~ **9:00 p.m.** eastern time on the business day immediately preceding settlement date ("SD-1") to be considered for ID Net eligibility.
- The transaction must be between an ID Net Firm and an ID Net Bank, on behalf of an institutional customer.
- ID Net Firms can cancel or exclude their future ID Net transactions where they are the receiving party.
- An ID Net Firm's or ID Net Bank's ID Net receives can also be exited by the Settlement department at DTC by notifying the Settlement Operations department. This request will be processed on a best efforts basis.

Batch Processing

During the Night Batch Process, DTC evaluates each Participant's available positions, transaction priority and risk management controls, and identifies the transaction processing order that optimizes the number of transactions processed for settlement. The Night Batch Process allows DTC to run multiple processing scenarios until it identifies an optimal processing scenario.

At approximately ~~8~~**11**:30 p.m. on S-1, DTC will subject all transactions eligible for processing to the Night Batch Process. The Night Batch Process will be run in an "off-line" batch that will not be visible to Participants, allowing DTC to run multiple processing scenarios until the optimal processing scenario is identified. Once the optimal scenario is identified, the results of the Night Batch Process will be incorporated back into DTC's core processing environment on a transaction-by-transaction basis, and Participant output will be produced using existing DTC output facilities.
