

T+2 Shortened Settlement Cycle Migration:

Background

The financial services industry, in coordination with its regulators, is planning to shorten the settlement cycle for “in-scope” products (as defined below) in the U.S., Canada, Mexico and Peru, from the current cycle of trade date plus three business days (T+3) to trade date plus two business days (T+2).

Key Date

The changes are effective beginning on trade date Tuesday, September 5, 2017.

Purpose

A shorter settlement cycle will foster a reduction of risk by moving trades more quickly to settlement, and will align the U.S. market with other markets globally that have already completed a move to T+2 (European Union, Hong Kong and South Korea).

Impact

The move to a T+2 settlement cycle will impact organizations across the financial services industry, and will require changes throughout the trade processing lifecycle. Importantly, it means that customers will have one less day to pay for in-scope products.

In-Scope Products

The products subject to the shortened settlement cycle include all equities, corporate and municipal bonds, unit investment trusts, collateralized loan obligations (“CLOs”), collateralized mortgage obligations (“CMOs”), money market instruments (“MMIs”) and financial instruments comprised of these security types. For a list of in-scope products as of DTCC’s latest publication, visit: <http://www.ust2.com/pdfs/t2-cash-products-in-scope.pdf>.

Jefferies’ Readiness

Jefferies began preparation to migrate to a T+2 settlement in September 2016. During this time, the firm has identified all points of operational / technological impact and has continued testing to ensure all required changes are functioning as expected in the new T+2 environment.

Further Information:

Further information regarding this industry-wide effort to migrate to a T+2 settlement cycle can be found at www.ust2.com. Alternatively, if you have questions, please contact your Jefferies representative.

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