Cboe Equities to Support Testing for Move to T+1 Clearing and Settlement in the US and Canada

Reference ID: C2023120102

OVERVIEW

Applicable Cboe Exchanges: BYX Equities, BZX Equities, EDGA Equities, and EDGX Equities (collectively, the “Cboe US Equities Exchanges”); Neo Exchange Inc. (o/a “Cboe Canada”) and TriAct Canada Marketplace LP (o/a “MATCHNow”) (jointly the “Cboe Canadian Marketplaces”)

Effective May 28, 2024, in the U.S., in accordance with this SEC rule change and as described here, the standard settlement cycle for most broker-dealer transactions in securities will be shortened from two business days after the trade date (T+2) to one (T+1).

Similarly, in Canada, as explained in CSA Staff Notice 24-319, certain amendments to National Instrument 24-101 Institutional Trade Matching and Settlement, first published in December 2022, are expected to be approved and implemented by the relevant Canadian regulators, subject to ministerial approval, on May 27, 2024. The amendments will shorten the standard settlement cycle for equity and long-term debt market trades in Canada from T+2 to T+1, and they are intended to coincide, as much as possible, with parallel changes in the United States.

To support this change, all Cboe U.S. Equities Exchanges will facilitate T+1 testing beginning December 4, 2023, and the two Cboe Canadian Marketplaces will facilitate testing beginning January 8, 2024, as explained further below. (Pending regulatory approval, the Cboe Canadian Marketplaces are expected to amalgamate into a single recognized exchange, which will be known as Cboe Canada Inc., effective January 1, 2024.)

U.S. TECHNICAL DETAILS

Beginning December 4, 2023, the Cboe U.S. Equities Exchanges will report trades in a subset of symbols in the certification environment to the Depository Trust & Clearing Corporation (DTCC) PSE U certification environment to facilitate T+1 testing. The Cboe U.S. Equities Exchanges will have order generators running during market hours, and participant firms wishing to test must send a marketable order in one of the symbols detailed in the DTCC T+1 Testing CUSIPS list.

As a reminder, all Cboe U.S. Equities Exchange Certification environments will support T+1 testing and will be available every business day during the testing period.

CANADA TECHNICAL DETAILS

The T+1 industry testing period is scheduled to commence on Monday, January 8, 2024 and will run until Friday, April 26, 2024. The testing will be organized into four two-week-long cycles over a span of 16 weeks, beginning on the following dates, respectively:
• January 23, 2024, for Cycle 1;
• February 20, 2024, for Cycle 2;
• March 19, 2024, for Cycle 3;
• and April 16, 2024, for Cycle 4.

During each cycle, participants will go through activities such as CDSX Z1 test data setup, testing, and a review of test cycle results.

No exchange trading activity is planned on specified days identified as Canadian funds holidays within the testing cycles.

The coordination and setup of the Z1 test region for participants will be managed by the CDS T+1 technical team, based on the details provided by participants on their submitted CDS T+1 Industry Testing Details forms.

Key activities include the entry of exchange orders, execution of trades by exchanges, transfer of exchange trade files from exchanges to CDS, marking of CNS eligible trades, settlement of TFT trades and outstanding CNS positions, creation of outbound files, execution of trade reconciliation, double settlement day (T+2 and T+1 trades), and managing holiday processing. The testing plan aims to ensure the robustness and effectiveness of the T+1 system across various scenarios and events.

**ADDITIONAL INFORMATION**

Please contact the Cboe Trade Desk or the respective Trade Desk of the Cboe Canadian Marketplaces for support or with any questions.

We appreciate your business. Our trading community inspires and drives our purpose of building trusted markets.

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