

August 2017

Subject: T+2 Shortened Settlement Cycle FAQ's

What is T+2 Shortened Settlement Cycle?

On September 5, 2017, the settlement cycle for U.S. equities, exchange traded funds and certain mutual funds (as well as corporate and municipal bonds) that currently settle on a three business day cycle (T+3) will be shortened to two business days (T+2). This change is intended to reduce counterparty risk, systematic risk and improve capital efficiencies in the US marketplace.

What is Folio's position on this rule change?

Folio Investments fully supports the transition to a shortened settlement cycle and is fully prepared to implement the change on September 5. Given the overall benefits to the marketplace, we actually argued that the settlement cycle be shortened to 1 business day.

What does this change mean for our clients?

Honestly, not much. Effective September 5, the Projected Cash Balance shown in an account will reflect the T+2 settlement cycle, instead of a T+3 settlement cycle, and cash will be available on the second business day after sale instead of the third. No substantive change will occur otherwise: good, cleared funds are still required in an account prior to making purchases; and, proceeds from sales of T+2 securities will be available to purchase other T+2 securities on the same day as the sale -- just as sales proceeds from selling T+3 securities are currently available to purchase other T+3 securities on the same day as those sales.

Is any client action required?

No action will be required on your part. However, if you have any questions or concerns related to the upcoming shortened settlement cycle we encourage you to contact Folio Customer Service who will be happy to assist you.

How is Folio preparing for the rule change?

We are currently working to implement the infrastructure changes necessary to comply with the new rule following the regulatory T+2 migration roadmap. We have established a comprehensive internal testing framework to ensure the settlement cycle transition is seamless to our clients.

What support will Folio provide over the T+2 conversion weekend?

To address any questions or concerns you may have over the conversion weekend Folio's Client Service Team will maintain support hours.

Will the Folio system be available to me during the conversion weekend?

To meet the industry required transition there are certain system maintenance updates that must be implemented into our production environment. As a result, we anticipate our website will be unavailable to clients on Saturday, September 2nd, between the hours of 3:00pm – 7:00pm EDT.

Where can I learn more about T+2? See links from the DTCC below.

[Shortening the Settlement Cycle: The Move to T+2](#)

[Explaining T+2 to Clients and End Users](#)