

T+1 (New Trade Settlement Date) FAQs
May 27, 2024, Canadian Securities
May 28, 2024, US Securities

1. What is changing?

All Canadian and U.S. securities that previously had a two-business day (T+2) settlement cycle will now have a one business day (T+1) settlement cycle (with the exception of some mutual funds. See question 7 for additional information).

2. When does it come into effect?

Canadian Securities: May 27, 2024, for Canadian securities

US Securities: May 28, 2024, for US securities

3. What is T+1?

T+1 refers to a settlement cycle of one business day following the trade date or “T”.

4. What is a settlement cycle?

When a stock is traded on an exchange, the buyer and seller have agreed to do the exchange at a set price. This is called the “execution.” The buyer then transfers the agreed amount of money to the seller, and the seller transfers the security to the buyer through various intermediaries.

This process is called the “settlement cycle,” and involves careful coordination among numerous intermediaries as well as significant market infrastructure, all of which work together to ensure that payments are made, and securities are safely transferred to the rightful owners. Starting May 27, 2024, for Canadian securities and May 28, 2024, for US securities, the settlement period will change to one business day.

5. Which Canadian and U.S. securities will switch to T+1?

- Stocks/equities
- Corporate bonds
- Federal, provincial, and municipal government bonds with remaining term-to-maturity of 3+ years
- Mutual funds (with some exceptions - see additional information in Question #7)
- Exchange Traded Funds (ETFs)
- Hedge funds

6. What about those securities that do not currently have T+2 settlements?

There will be no change for those securities. For example, options trades will continue to have one business day settlement (T+1). However, now option exercises and option assignments for stocks will also move to one business settlement.

7. Will all Mutual Funds have T+1 settlements?

The transition to T+1 settlement on May 27 varies among mutual funds. Not all funds will make the shift simultaneously. Investors are advised to do their research before they buy or sell mutual funds. To verify if a mutual fund settles T+1 or T+2, one can use Fundserv to validate by going to: [Fundserv - Fund Profiles](#)

1. Populate the Code field
2. Populate the Fund ID field
3. Click on any other field. This will populate the fund profile
4. Use the scroll feature at the bottom of the fund profile and scroll towards the right
5. Stop when you see the settlement column.

The screenshot shows the Fundserv Fund Profile search interface. The form contains the following fields:

- Code: BMO (circled 1)
- Exact match:
- Company: (empty)
- Fund ID: 70274 (circled 2)
- Exact match:
- Fund Name: (empty)
- Currency: (empty)
- Load: (empty)
- Product Type: Mutual fund (circled 3)
- OEO Eligible: (empty)
- CDIC Flag: (empty)
- Member Institution: (empty)
- Settlement: (empty)
- Cut Off Time: (empty)
- Classification: (empty)
- Money Market Flag: (empty)
- Commission: (empty)
- PAC/SWP: (empty)
- Distribution: (empty)
- OEO Equivalent Fund ID: (empty)
- Exact match:

Below the form, the search results are displayed:

Showing 1 to 1 of 1 results (circled 5) Results per page: 10 25 50 100

Agency	Load	Product Type	OEO Eligible	CDIC Flag	Member Institution	Settlement	Cut Off Time	Classification	Money Market
	NL	Mutual fund	N/A	N/A	N/A	T+2	16:00:00	Global Equity Balanced	N

A scroll bar at the bottom of the table is circled in blue (circled 4).

8. When will my trades reflect in my cash balance?

Mutual funds settlement will change from trade date plus two days (T+2) to trade date plus one day (T+1). However, it is important to note that the transaction details and the cash proceeds of the trade will not reflect in the account's buying power until two business days following the trade date (T+2).

For example, if you sold a mutual fund on Monday, it will settle on Tuesday and you will see the proceeds of the sale in your buying power and the transaction reflected in your transaction history on Wednesday morning.

9. Why is the settlement period being shortened to one business day?

Canada and the U.S. are joining other global markets in a shorter trade cycle to support a more efficient marketplace with reduced operational risk. As investors' horizons and investment activity become increasingly global, opportunities to simplify and unify cross-border trading help to support efficient markets.

10. Is the settlement period based on the date the trade is entered or the date the trade is filled?

Settlement is based on fill date (the date the order was executed) not on the date the order was entered. Regardless of when you placed the trade, any order filled on May 27th for Canadian securities and May 28th for US securities onward will have a one business day settlement.

11. What is the impact to cash, registered and margin accounts?

For cash accounts, clients will be required to have funds in their account to cover a buy one day earlier and will receive funds from a sale one day earlier. For registered accounts, clients will still be required to have funds in their account on the day the trade is entered. For margin accounts, interest charges will start to accrue as of the T+1 settlement date.

12. "I normally settle my purchase orders by redeeming funds from my High Interest Savings Account (HISA) to cover the cost. Will I need to do the redemption earlier?"

Yes. As the buy order settles one business earlier, clients will also need to sell funds from the High Interest Savings Account one business day earlier.

13. How long has T+2 been in effect for?

Canada's current T+2 cycle has been in place since September 5, 2017, when it was shortened from T+3.

14. Is there any impact to dividend record and payable dates?

There is no impact to dividend record and payable dates. The only change will be Ex Date will be equal to Record date with T+1

15. “I have heard of a double settlement date. What is this?”

For Canadian Securities:

For orders filled on May 24, 2024, the settlement date will be May 28, 2024, (T+2). Orders filled on May 27, 2024, will also settle on May 28, 2024 (T+1). May 28th is a double settlement date because the trades filled on May 24, 2024, and May 27, 2024, will both settle on this day.

For US Securities:

For orders filled on May 24, 2024, the settlement date will be May 29, 2024, (T+2). Orders filled on May 28, 2024, will also settle on May 29, 2024 (T+1). May 29th is a double settlement date because the trades filled on May 24, 2024, and May 28, 2024, will both settle on this day.

Note: May 27, 2024, is a trading holiday in the U.S (not in Canada) and therefore does not count as a settlement date

Following is a timeline of this asymmetric processing schedule. Please note:

- The last date on which securities will be traded on the current two day (T+2) in Canada and the U.S. will be Friday May 24th, 2024
- BMO, along with other capital market participants, will be adjusting systems to support a shortened standard securities cycle on the weekend of May 25th and 26th 2024
- The first day of T+1 trading will be the next business day in both countries: Monday May 27th, 2024, in Canada, and Tuesday May 28th, 2024, in the U.S.

T+1 Settlement Cycle Transition Timeline							
	Friday May 24, 2024	Saturday May 25, 2024	Sunday May 26, 2024	Monday May 27, 2024	Tuesday May 28, 2024	Wednesday May 29, 2024	Thursday May 30 & on
Canada	Last T+2 Trade Date	Conversion Weekend	Conversion Weekend	First T+1 Trade Date	Double Settlement Date	Trade and Settle T+1	Trade and Settle T+1
US	Last T+2 Trade Date	Conversion Weekend	Conversion Weekend	Conversion Weekend (Markets Closed)	First T+1 Trade Date	Double Settlement Date	Trade and Settle T+1