

T+1 Settlement

Frequently Asked Questions

About T+1 Settlement

What is T+1?

The U.S. financial services industry, in coordination with applicable regulators, will implement a shortened settlement cycle for most U.S. financial products from the current trade date plus two business days (T+2) to the trade date plus one business day (T+1).

Is this transition industry-wide or specific to Axos Advisor Services?

This is an industry-wide change initiated under the Securities and Exchange Commission (SEC) amended Rule 15c6-1, shortening the settlement cycle for security transactions from two business days to one.

What are the benefits of T+1?

An accelerated settlement cycle was designed to benefit investors. It allows investors quicker access to funds following a closing transaction on a position and helps reduce the credit, market, and liquidity risks for securities transactions.

When will this transition happen?

The T+1 settlement cycle will apply to all applicable securities transactions occurring on or after May 28, 2024.

What is the implementation timeline?

Friday	Saturday	Sunday	Monday	Tuesday	Wednesday
May 24, 2024	May 25, 2024	May 26, 2024	May 27, 2024	May 28, 2024	May 29, 2024
Last T+2 Trade Day	Conversion Weekend	Conversion Weekend	Conversion Weekend	First T+1 Trade Date	Double Settlement Date

*Double Settlement Date. T+2 trades from Friday, May 24 and T+1 trades from May 28.

T+1 Settlement Impact

What impact will this transition have on advisors?

Model processing will recognize the shortened settlement and stage buys/sells accordingly to align the settlement dates, making the rebalancing process simpler for models with mixed security types. Mutual fund buys will no longer be future dated on the blotter to align the settlement on equity/ETF sells. This accelerates the time in which you can use the proceeds from an equity sale to purchase a mutual fund instead of waiting a day to make a purchase.

What impact will this transition have on your clients?

While a T+1 settlement will enable investors to access the proceeds from the sale of securities transactions sooner, it also means that sufficient cash holdings to fund the purchase of securities need to be available one day earlier, as well as securities sold will need to be available one day earlier than currently required under the T+2 environment.

Are there potential tax issues?

Because of T+1, you will have half the time to correct any cost basis decisions you make in a trade. Once a settlement is complete, your cost basis (total initial investment, any commissions or fees paid, and decisions on how you'll collect dividends and distributions) is set for tax purposes. After T+1 goes into effect, any cost basis adjustments will have to be made within one business day of the trade, not two.

How will T+1 settlement actually work?

For example, if you execute a securities trade on Monday, after May 28, 2024, that transaction must be settled on the next business day, which would be Tuesday if the markets are open. If you successfully trade on a Friday, your settlement date would be the following Monday - as long as it isn't a market holiday.

Which security transactions will be affected by T+1?

The T+1 settlement conversion will apply to transactions on the following security types.

- Certificate of Deposit
- Closed End Fund
- Common Stock
- Corporate Bonds
- Exchange Traded Fund
- Municipal Bonds
- Preferred Stock
- Private Placement
- Public REIT
- Warrants
- WHFIT ETF
- WHFIT Stock
- Zero Coupon Bonds

View a [detailed list of affected products](#) on the [Depository Trust and Clearing Corporation \(DTCC\)](#) website. Government bonds are already on a T+1 settlement.

Will there be any exceptions to the new rule?

No. Axos Advisor Services is required to settle all activity within regulatory standards, and the rule change does not indicate any exceptions other than exempted security types.

Help & Support

Who should I contact if I have questions about T+1?

We are here to assist you with any needs that might arise with this conversion. Please contact your Client Services Advocate for assistance.

Additional Resources

[SEC.gov](#)

[DTCC.com](#)

Investment Products: Not FDIC Insured - No Bank Guarantee - May Lose Value.

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