

NASDAQ Announces Ex-Dividend Date Changes For T+2 Settlement

June 22, 2017

For most securities transactions, on September 5, 2017 the settlement cycle will shorten from three business days to two business days after the trade date, or T+2, as we discussed in a prior [client memo](#). With the upcoming move to a T+2 settlement cycle, NASDAQ companies paying dividends in September or later should pay close attention to changes to the ex-dividend date when selecting record dates and preparing related announcements.

An ex-dividend date, or “ex-date,” is the date prior to which an investor must purchase a security to be entitled to receive a previously declared dividend. NASDAQ recently announced that, in order to avoid investor confusion about proper settlement, ***no NASDAQ-listed securities will have an ex-date of September 5, 2017.***¹

Regular Distributions

As part of industry-wide rule changes to accommodate T+2 settlement, NASDAQ shortened the ex-date in Rule 11140(b)(1) for dividends and distributions from the date that is two business days preceding the record date to the business day prior to the record date.

So that no ex-date falls on September 5, 2017, NASDAQ has set September 7, 2017 (ex-date September 6, 2017) as the first record date to which the new ex-date changes will apply.

Accordingly, NASDAQ’s ex-dates during the conversion period to T+2 are as follows:

- Record Date 9/5/2017 Ex-date 8/31/2017
- Record Date 9/6/2017 Ex-date 9/1/2017
- Record Date 9/7/2017 Ex-date 9/6/2017

The dates reflect that September 4, 2017, Labor Day, is not a business day.

Large Distributions

NASDAQ’s rules designate the ex-date for cash dividends or distributions, stock dividends or splits and warrants that are 25% or more of the value of the subject security to occur one business day after the payment date. This rule was not amended as part of the transition to T+2 settlement, but to avoid having an ex-date fall on September 5, 2017, NASDAQ advises issuers that no payment date for any dividend or distribution that may exceed 25% of the value of the subject security should be set for September 1, 2017.

¹NASDAQ Issuer Alert 2017-001 (June 19, 2017)

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