

T+2 SETTLEMENT: ARE YOU READY?

CERTAINTY

INGENUITY

ADVANTAGE

Computershare

Introductions

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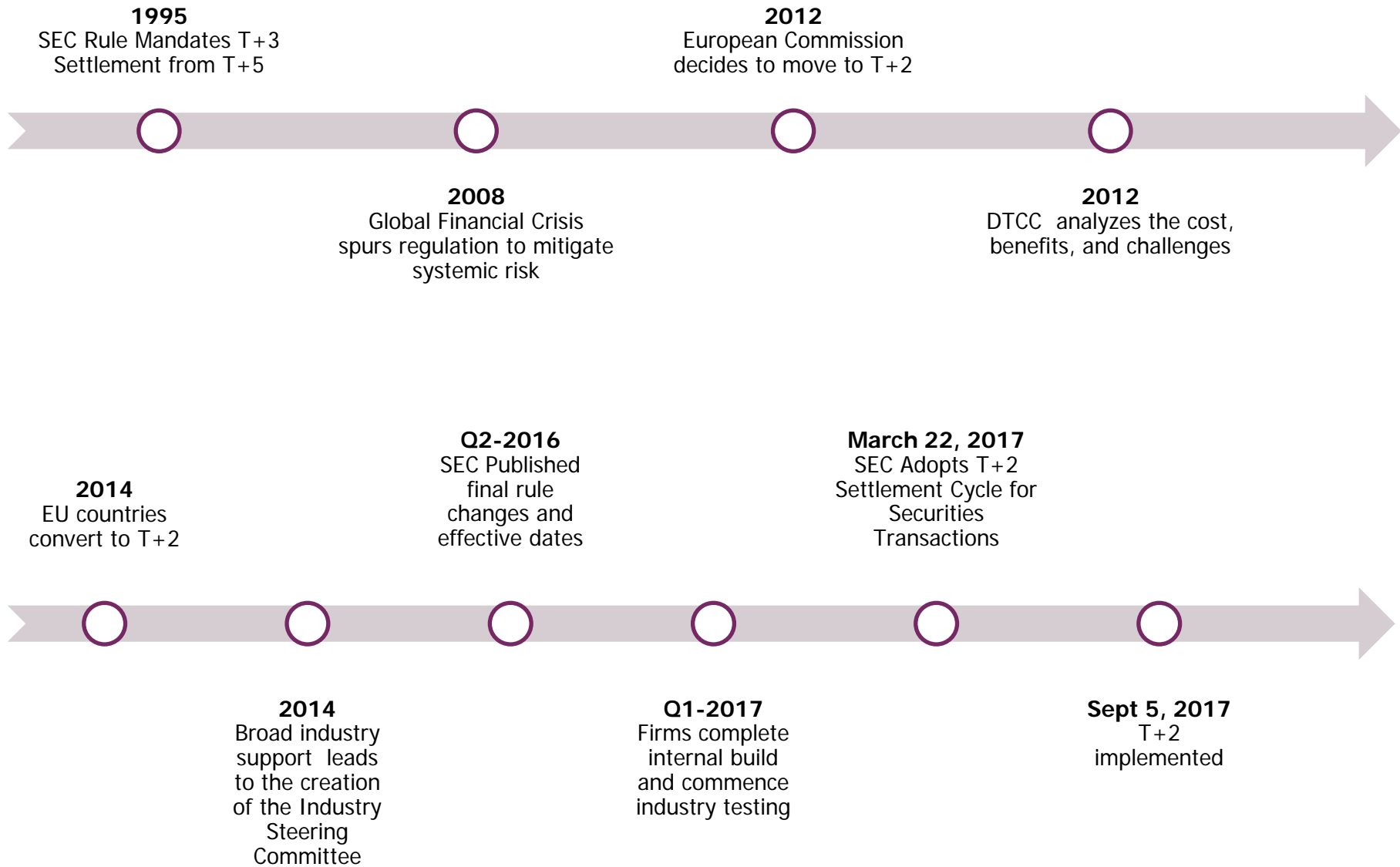
Agenda

- › T+2 Change Explained
- › Timeline
- › Why T+2?
- › Industry Preparation and Impacts
- › Computershare Equity Plan Changes
- › Computershare Employee Stock Purchase Plan Changes
- › Issuer Considerations

T+2 Change Explained

- › The SEC has adopted an amendment to shorten the settlement cycle in the United States for most security transactions from 3 business days to 2 business days
- › Implementation date= September 5, 2017

Timeline



Why T+2?

- › Reduce Risk
- › Reduce Liquidity Demands
- › Global Settlement Harmonization
- › Alignment with EU
- › Process improvements

Industry Preparation

1. Legal and Regulatory

- Industry Steering Committee established that meets regularly with regulators and providers to update the industry and progress
 - › Computershare has been an active member of this committee

2. Development and Internal Testing

- T+2 Industry Deloitte Playbook
 - › Identifying impacts and updating timing handoffs
- Computershare's plans operations and systems are on schedule to be fully prepared for the shift to T+2.

3. Industry Wide Testing

- Testing is critical to successful implementation of T+2
- Brokers testing with DTCC during industry wide testing

4. Implementation

- September 5, 2017

Industry Impact

- › Primary impact is on the Brokerage Community
- › Reviewed processes that could be impacted
 - Purchases
 - Sales
 - Dividends, Ex-Dividend Date
 - Corporate Actions
- › Resources
 - Utilize the industry documents: white paper, T+2 Playbook, industry test plans to assist firms' preparation
 - › WWW.STAI.ORG
 - › WWW.UST2.COM

Industry Changes Identified

- › Potential System Changes
 - Settlement Tables
 - Funds Disbursement Files
 - DTCC
 - 3rd party Vendor Interfaces

- › Documentation
 - Issuer Plan Document
 - Internal Procedures and Call Scripts
 - External Output

- › Behavior Changes
 - Issuer and Brokers – DWAC
 - Timing of funding

Computershare Equity Plan

> Participant :

- Participant proceeds from option exercises or RSU Sell All Transaction will be released one day earlier
 - > US Dollars: T+2 instead of T+3
 - > Proceeds issued via foreign currency will be issued to participants T+4 instead of T+5
 - > Although not under regulation, RSU lapse processes/Share Withholding currently fall in line with T+2 timing
- Internal call center scripts and plan communications will be updated to reflect earlier settlement
- No change to timing of Transaction advices as they are triggered upon finalization of transaction

> Administration:

- Option cost and tax wires will be sent one day earlier to your payroll on T+2. These wires will be received later in the day than currently
- Any adjustments to transactions must be received from clients no later than T+1 by 10AM ET
- CPU will provide DWAC request to Transfer Agent (if CPU is not the TA) one day earlier
- No change to timing of Transaction Export information which is currently sent nightly on trade date for clients who receive this daily

Computershare Employee Stock Purchase Plan

> Participant :

- Open Market Share purchases will be settled 1 day earlier therefore shares will be available sooner
- Original Issuance Plans will continue to settle upon receipt of shares
- Participant proceeds for sales will be released one day earlier
 - > US Dollars: T+2 instead of T+3
 - > Proceeds issued via foreign currency will be issued to participants T+4 instead of T+5
- Dividend Reinvestments on ESPP shares will be settled one day earlier
- Internal call center scripts and plan communications will be updated to reflect earlier settlement
- No change to timing of Transaction advices as they are triggered upon finalization of purchase or sale, not settlement

> Administration :

- CPU will provide DWAC request to Transfer Agent (if CPU is not the TA) one day earlier
- No change to process/timing of approval for Original Issuance Plans

Issuer Considerations

- › Begin internal and external discussions
 - What players and topics need to be included in conversations
 - › Payroll concerns (i.e. IRS deposit deadline)
 - › Treasury concerns (i.e. Dividend Ex-Dates)
- › Employee communications
 - Is this a good time for an educational push
 - Definitely a good time to review print or electronic educational materials that make mention of the settlement period
- › Automation and process improvements
 - “Wiggle Room” is going away!
 - Timely updates from business partners for HRIS and Payroll systems
 - Schedule reports to run automatically
 - Review of FMV rule

Questions



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