

MEMO# 30650

March 23, 2017

The SEC Approves Rule Amendment to Shorten the Securities Transaction Settlement Cycle

[30650]

March 23, 2017 TO: ICI Members

ICI Global Members

Accounting/Treasurers Committee

Derivatives Markets Advisory Committee

Equity Markets Advisory Committee

ETF (Exchange-Traded Funds) Committee

ETF Advisory Committee

International Operations Advisory Committee

Operations Committee

SEC Rules Committee

Securities Operations Advisory Committee

Small Funds Committee

Transfer Agent Advisory Committee SUBJECTS: International/Global

Operations

Settlement

Trading and Markets RE: The SEC Approves Rule Amendment to Shorten the Securities Transaction Settlement Cycle

The Securities and Exchange Commission ("SEC") has adopted amendment to Rule 15c6-1(a) to shorten the securities transaction settlement cycle by one business day. The new rule will shorten the standard settlement cycle for most broker-dealer securities transactions from three business days ("T+3") to two business days ("T+2") after the trade date. In the final rule the Commission adopted a compliance date of September, 5th, 2017, to implement the shorter settlement cycle, which is in line with the target implementation date selected by the Industry Steering Committee ("ISC").[\[1\]](#)

In December, 2016, ICI filed a comment letter in support of the SEC's proposed rule to amend the securities settlement cycle by shortening the standard settlement cycle for most broker-dealer transactions from T+3 to T+2.[\[2\]](#) The SEC rule adoption is key to achieve regulatory certainty that many industry participants were seeking to coordinate the efforts required for testing and implementation, as specified in the industry playbook.[\[3\]](#) While self-regulatory organizations (SROs) and DTCC have published their required rule changes

to adopt a T+2 settlement cycle, the Federal Deposit Insurance Corporations and Office of the Comptroller of the Currency refrained changing the reference to the settlement cycle in their rules until the SEC approves the amendment of Rule 15 C6-1(a).^[4]

As co-chair of the ISC, ICI will continue to work with the various industry groups and regulators and will provide regular updates on the implementation of a shortened settlement cycle.

If you have any questions please contact Ahmed El Ghazaly at ahmed@ici.org

Martin A. Burns
Chief Industry Operations Officer

Ahmed Elghazaly
Director, Securities Operations

endnotes

[1] See final rule release <https://www.sec.gov/rules/final/2017/34-80295.pdf>

[2] See ICI comment letter https://www.ici.org/my_ici/memorandum/memo30454

[3] To access the industry playbook www.ust2.com/pdfs/T2-Playbook-12-21-15.pdf

[4] For a full list of rules impacted by T+2 visit www.ust2.com/pdfs/SIFMA-WFG-Shortened-Settlement-Cycle-Rule-Changes-8Mar2017.pdf