

MEMO# 6773

March 16, 1995

SEC ADOPTS T+3 SETTLEMENT FOR MUNICIPAL SECURITIES

March 16, 1995 TO: OPERATIONS COMMITTEE No. 15-95 SEC RULES COMMITTEE No. 43-95
TRANSFER AGENT ADVISORY COMMITTEE No. 19-95 UNIT INVESTMENT TRUST COMMITTEE
No. 32-95 RE: SEC ADOPTS T+3 SETTLEMENT FOR MUNICIPAL SECURITIES

We are pleased to announce that the Securities and Exchange Commission approved proposed amendments, filed by the MSRB, to Rule G-12 on Uniform Practice and Rule G-15 on Confirmation, Clearance and Settlement of Transactions with Customers to establish three business days ("T+3") as the standard settlement time frame for regular-way transactions in municipal securities. In its comment letter on the MSRB's proposal, the Institute indicated strong support for the proposed amendments because establishing three business days as the standard settlement time frame for regular-way transactions in municipal securities is essential to the successful conversion to a three- day settlement time frame for transactions in securities issued by investment companies. The rule changes become effective on June 7, 1995, simultaneously with Rule 15c6-1 which will establish three business days instead of five business days as the standard time frame for settlement of broker-dealer transactions, including securities issued by investment companies. The SEC order approving the rule changes is attached for your information. Diane M. Butler Director - Operations & Fund Custody Attachment

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