

MEMO# 35259

April 24, 2023

ICI Draft Letter on MSRB Proposal to Shorten the Settlement Cycle to T+1 for Municipal Securities Transactions - Your Comments Requested by COB April 28

[35259]

April 21, 2023

TO: Municipal Securities Advisory Committee
Operations Committee

Securities Operations Advisory Committee RE: ICI Draft Letter on MSRB Proposal to Shorten the Settlement Cycle to T+1 for Municipal Securities Transactions - Your Comments Requested by COB April 28

As we previously reported, on April 6, the Municipal Securities Rulemaking Board (MSRB) proposed amendments to shorten the settlement cycle for transactions in municipal securities.^[1] The Proposal aims to promote regulatory consistency and follow the adoption by the Securities and Exchange Commission (SEC) of rule changes to shorten the standard settlement cycle for most broker-dealer transactions in securities from two business days after the trade date ("T+2") to one business day after the trade date ("T+1").^[2]

ICI has prepared the attached draft comment letter, summarized below for your review and feedback. Comments on the Proposal are due on May 3. Accordingly, please provide your written comments to Nico Valderrama (nvalderrama@ici.org) and RJ Rondini (rj.rondini@ici.org) no later than COB Friday, April 28.

ICI's letter strongly supports the Proposal, consistent with our support for the broader move to a T+1 standard settlement cycle. The letter also supports the MSRB's proposed compliance date, which would correspond with the SEC's compliance date for amended Exchange Act Rule 15c6-1.

Lastly, the letter includes two questions for members' consideration regarding: (1) the exceptions from T+1 settlement under MSRB rules, and (2) the MSRB's statement that it's evaluating whether to consider a same-day affirmation requirement under MSRB rules similar to the one adopted by the SEC under new Exchange Act Rule 15c6-2.

Notes

[1] Notice of Filing of a Proposed Rule Change to Amend MSRB Rules G-12 and G-15 to Define Regular-Way Settlement for Municipal Securities Transactions as Occurring One Business Day after the Trade Date and to Amend Rule G-12 to Update an Outdated Cross Reference, Exchange Act Release No. 34-97257 (April 6, 2023), 88 Fed.Reg. 22075 (April 12, 2023) ("Proposal"), available at <https://www.govinfo.gov/content/pkg/FR-2023-04-12/pdf/2023-07612.pdf>. For a summary of the Proposal please see ICI Memo No. 35245, available at <https://www.ici.org/memo35245>.

[2] Shortening the Securities Transaction Settlement Cycle, Release Nos. 34-96930; IA-6239 (Feb. 15, 2023) 88 Fed.Reg. 13872 ("SEC T+1 Adopting Release"), available at <https://www.govinfo.gov/content/pkg/FR-2023-03-06/pdf/2023-03566.pdf>. See Amended Rule 15c6-1(a) under the Securities Exchange Act of 1934 ("Exchange Act"). For a summary of the SEC T+1 Adopting Release please see ICI Memorandum No. 35173, available at <https://www.ici.org/memo35173>.