

MEMO# 35275

May 3, 2023

ICI Submits Letter on MSRB Proposal to Shorten the Settlement Cycle to T+1 for Municipal Securities Transactions

[35275]

May 03, 2023

TO: Municipal Securities Advisory Committee
Operations Committee

Securities Operations Advisory Committee RE: ICI Submits Letter on MSRB Proposal to Shorten the Settlement Cycle to T+1 for Municipal Securities Transactions

ICI has filed the attached comment letter on the Municipal Securities Rulemaking Board's (MSRB) proposed amendments to facilitate shortening the settlement cycle for transactions in municipal securities.[\[1\]](#) The Proposal aims to promote regulatory consistency and follows the adoption by the Securities and Exchange Commission (SEC) of rule changes to shorten the 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's letter notes that, to achieve a shortened settlement cycle, it is critical for self-regulatory organizations (SROs) to implement conforming changes to SRO rules that currently define regular-way settlement as occurring on T+2. Accordingly, the letter strongly supports the Proposal, consistent with our support for the broader move to a T+1 standard settlement cycle. The letter likewise supports the MSRB's proposed compliance date, which would correspond with the SEC's compliance date for amended Exchange Act Rule 15c6-1.

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Director, Securities Operations

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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Securities Transactions as Occurring One Business Day after the Trade Date and to Amend Rule G-12 to Update an Outdated Cross Reference, Exchange Act Release No. 34-97257 (April 6, 2023), 88 Fed.Reg. 22075 (April 12, 2023) ("Proposal"), available at 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 Memorandum 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 (Mar. 6, 2023) ("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. For a summary of the SEC T+1 Adopting Release please see ICI Memorandum No. 35173, available at <https://www.ici.org/memo35173>.

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