

**MEMO# 35337**

June 5, 2023

# **MSRB Adopts Amendments to Shorten the Settlement Cycle to T+1 for Municipal Securities Transactions**

[35337]

June 05, 2023

TO: Municipal Securities Advisory Committee  
Operations Committee

Securities Operations Advisory Committee RE: MSRB Adopts Amendments to Shorten the Settlement Cycle to T+1 for Municipal Securities Transactions

On May 25, the Securities and Exchange Commission approved[\[1\]](#) proposed rule changes by the Municipal Securities Rulemaking Board (MSRB)[\[2\]](#) to facilitate shortening the settlement cycle for transactions in municipal securities. The amendments aim to promote regulatory consistency and follow the SEC's adoption 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").[\[3\]](#)

In the Approval Order, the SEC notes that it received three comment letters on the Proposal as well as a response from the MSRB to the comment letters.[\[4\]](#) The SEC states believing that the MSRB addressed commenters' concerns through its response, and that the Proposal is consistent with the Exchange Act.

Following the SEC's approval, the MSRB adopted the proposed amendments to the relevant MSRB Rules to define regular-way settlement for municipal securities transactions as occurring on T+1.[\[5\]](#) The compliance date for the amendments is May 28, 2024, which aligns with the compliance date for the SEC's amendments to Exchange Act Rule 15c6-1.[\[6\]](#)

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**Notes**

[1] Order Granting Approval 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Securities Transactions as Occurring One Business Day after the Trade Date and to Amend Rule G-12 to Update an Outdated Cross Reference, Exchange Act Release No. 34-97585 (May 25, 2023) ("Approval Order"), available at <https://www.sec.gov/rules/sro/msrb/2023/34-97585.pdf>.

[2] See 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Securities Transactions as Occurring One Business Day after the Trade Date and to Amend Rule G-12 to Update an Outdated Cross Reference, Exchange Act Release No. 34-97257 (April 6, 2023), 88 FR 22075 (April 12, 2023) ("Proposal"), available at 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 and of ICI's comment letter, please see ICI Memoranda No. [35245](#) and No. [35275](#).

[3] Shortening the Securities Transaction Settlement Cycle, Release Nos. 34-96930; IA-6239 (Feb. 15, 2023) 88 FR 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"). The SEC also adopted a "same-day affirmation" requirement under new Exchange Act Rule 15c6-2. See SEC T+1 Adopting Release at 13890. For a summary of the SEC T+1 Adopting Release please see ICI Memorandum No. [35173](#).

[4] Notably, one commenter encouraged the MSRB to further consider proposing a rule consistent with Exchange Act Rule 15c6-2, as the Proposal suggested that the MSRB was considering doing so. See Letter from Leslie Norwood, Managing Director and Associate General Counsel, SIFMA, to Vanessa Countryman, Secretary, SEC (May 3, 2023), available at <https://www.sec.gov/comments/sr-msrb-2023-03/srmsrb202303-183739-336923.pdf>. The MSRB responded that it continues to evaluate whether a similar standard may be appropriate for the municipal securities market, and that it expects to engage stakeholders to inform this continued evaluation. See Letter from Saliha Olgun, Interim Chief Regulatory Officer, MSRB, to Vanessa Countryman, SEC (May 11, 2023) at 2, available at <https://www.sec.gov/comments/sr-msrb-2023-03/srmsrb202303-188399-343622.pdf>.

[5] See MSRB Adopts Amendments to Rules G-12 and G-15, Shortening Regular-Way Settlement for Municipal Securities Transactions to T+1, MSRB Notice 2023-06 (May 30, 2023) ("Adopting Notice"), available at <https://www.msrb.org/sites/default/files/2023-05/2023-06.pdf>.

[6] Adopting Notice at 2.