

# **Bond Case Briefs**

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## **Wall Street Trade Failure Rate Rise in Third Day of Faster Settlement.**

NEW YORK (Reuters) -The U.S. trade failure rate rose on Thursday, the fourth day of the newly launched faster settlement cycle, according to data released by the Depository Trust and Clearing Corporation on Friday.

The fail settlement rate stood at 2.71% on Thursday versus an average of 1.90% in the previous two days. The average for May before the shorter settlement cycle was 2.01%.

U.S. trading of equities, corporate and municipal bonds and other securities moved on Tuesday to a one-day settlement cycle (T+1) from two days (T+2), to comply with a rule change the SEC adopted in February.

DTCC did not immediately comment on the reasons for the spike in the fail rate.

Despite a higher failure, U.S. Securities and Exchange Commission Chair Gary Gensler said on Friday he considers the overhaul of the settlement cycle for U.S. securities has gone well this week.

"The historic conversion from T+2 to T+1 has gone smoothly thus far," Gensler said in an emailed statement. "We remain in close contact with the clearinghouses and other market participants as we continue to monitor the transition ahead of increases in trading volumes expected this afternoon."

Market participants have said the transition was going smoothly, despite some expected bumps.

Research firm ValueExchange said on average market participants expected the fail rate to increase to 4.1% after T+1 implementation, from 2.9%, according to a survey released prior to the implementation of the faster settlement.

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*(Reporting by Carolina Mandl and Chris Prentice; Editing by Josie Kao)*