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Progress on T+2 Settlement.

The U.S. securities industry is applauding progress by regulators in support of the move to shortening settlement cycles over the next couple of years.

The U.S. Municipal Securities Rulemaking Board (MSRB) on Wednesday issued a proposal for certain rule changes designed to facilitate the move to a T+2 (trade date plus two days) settlement cycle from T+3.

“The MSRB is supportive of transitioning to a shorter settlement cycle as a means of both reducing risk and saving costs,” said MSRB executive director, Lynnette Kelly, in a statement. “To ensure we can address any areas in MSRB rules that would present challenges to a shortened settlement cycle, we encourage municipal market participants to provide input on this potential change.”

The Securities Industry and Financial Markets Association (SIFMA) issued a statement endorsing the initiative. “Regulatory action is critical for the industry to achieve its goal of a two-day settlement cycle by third quarter 2017. We fully support recent actions by regulators to identify rule changes needed to facilitate the move to T2 and are committed to working with them to move this process forward,” said Tom Price, managing director, technology, operations and BCP at SIFMA, and co-head of the T2 Industry Steering Committee.

Earlier this year, the Canadian Capital Markets Association (CCMA) also struck its own steering committee to help guide the Canadian industry’s move to T+2 on the same timetable as the U.S.

Investment Executive

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