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Comment Deadline Set for MSRB Proposal to Align Muni Trade Settlement with SEC Rules.

Comments on the MSRB proposal to amend MSRB Rule G-12 (“Uniform Practice”) and MSRB Rule G-15 (“Confirmation, Clearance, Settlement and Other Uniform Practice Requirements with Respect to Transactions with Customers”) must be submitted by May 3, 2023. The proposal was published in the Federal Register.

As previously covered, the proposed amendments would “define regular-way settlement for municipal securities transactions as occurring one business day after the trade date” and (ii) align with recent SEC rule amendments to shorten the settlement cycle.

Under amended SEA Rule 15c6-1 (“Settlement Cycle”) the regular settlement cycle for most broker-dealer transactions was shortened from two business days after the trade date (“T+2”) to one business day after the trade date (“T+1”). The MSRB stated that the regular-way settlement cycles for municipal securities should be consistent with those for equity and corporate bond transactions, and said that shortening this period is consistent with its strategic goal of modernizing the MSRB rulebook.

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