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Settlement Time

One of the great truisms is “Time is Money,” and there is no better exposition of the factors that demonstrate the truth of this statement than “The Price of Time: The Real Story of Interest” by the British financial historian Edward Chancellor (2022). In that book, Chancellor addresses both the history of interest (since the Babylonian Empire) and the critical importance of understanding the costs of future repayment. Perhaps nowhere else in the experience of Americans does the price of things to be done in the future have more currency than in the purchase of a dwelling place or some other major asset (automobile, boat, etc.).

Another area of life where time particularly matters is in the purchase or sale of securities. In the days of paper stock certificates and physical (as opposed to electronic) delivery, disturbing things could happen between the purchase or sale and the time of settlement.

The New York Stock Exchange dates back to 1792 and the Buttonwood Tree Agreement, while the “Curb Exchange” (American Stock Exchange) was in organized operation by the 1840s. But everything was done by hand, with pieces of paper and in-person delivery.

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