



# SIFMA, ICI and DTCC Lay Out Path to Shorten U.S. Securities Settlement Cycle to T+1 by First Half of 2024

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**Washington, DC/New York/London/Hong Kong/Singapore/Sydney, December 1, 2021** — The Securities Industry and Financial Markets Association (SIFMA), the Investment Company Institute (ICI), and The Depository Trust & Clearing Corporation (DTCC) today published a report targeting the first half of 2024 to shorten the U.S. securities settlement cycle from trade date plus 2 days (T+2) to trade date plus one day (T+1).

The report, *Accelerating the U.S. Securities Settlement Cycle to T+1*, provides firms with a roadmap for shortening the settlement cycle, including considerations, recommendations, and next steps for moving to T+1. Shortening the settlement cycle will reduce risks and costs for the industry while building upon the benefits achieved in the successful move to T+2 in 2017.

“Shifting to T+1 will strengthen the financial system and offers tangible benefits to investors by reducing their risk exposure and enabling them to more quickly leverage investment opportunities,” said ICI President and CEO Eric J. Pan. “Regulated funds are a primary source for daily trading transactions, occupying a prominent place at the intersection of trading and settlement. This report provides a

roadmap to help funds and their investors realize the benefits of moving to T+1, and we look forward to working with our members and the SEC on implementing the recommendations.”

According to the report, implementing T+1 in the first half of 2024 will allow enough time for firms to assess the changes they need to undertake, for the industry to conduct comprehensive testing, and for regulators to make the necessary regulatory changes.

“As we saw during the industry move from T+3 to T+2, shortening the settlement cycle requires a collaborative effort from market participants across the industry, and the development of this report is a key step in making the vision of accelerated settlement a reality,” said SIFMA President and CEO Kenneth E. Bentsen, Jr. “We thank the industry representatives who participated in hundreds of hours of daily, remote working sessions to help us evaluate potential risks, understand the impacts, and develop a sound approach for implementation.”

As part of ongoing efforts to decrease risk in the system, SIFMA, ICI and DTCC started discussions around accelerating the settlement cycle in 2020. SIFMA, ICI and DTCC formally initiated the effort to accelerate the settlement cycle to T+1 following a February 2021 DTCC whitepaper outlining the benefits that such a move would bring to the industry and investors. In April 2021, the industry engaged Deloitte & Touche LLP to lead working group sessions with more than 800 participants from 160 organizations, including buy-side and sell-side firms, custodians, vendors and clearinghouses. An Industry Steering Committee oversaw the process and report.

“From our on-going conversations with market participants and stakeholders, we’re in broad agreement on shortening the settlement cycle to T+1 to deliver significant capital efficiencies and risk mitigation benefits to the entire industry,” said DTCC President and CEO Michael Bodson. “We look forward to continuing to work closely with the industry on this important initiative to modernize market structure, as we did during the move from T+3 to T+2 in 2017, to increase the overall efficiency of the securities markets and remove costs and risks.”

As next steps, the Industry Steering Committee recommends that firms begin to work with their counterparties, custodians, vendors, regulators, and clients to better understand internal impacts related to timing requirements and deadlines, system requirements and improvements, and process changes. Firms are also encouraged to continue to engage with the Industry Steering Committee as the initiative progresses.

While the paper confirms that the industry achieved consensus around T+1, it also indicated that further shortening the settlement cycle is not feasible in the short term. The report explains that moving beyond T+1 would require an extensive overhaul of current-day clearance and settlement infrastructure,

changes to business models, revisions to regulatory frameworks, and potentially the implementation of real-time currency movements.

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### **About SIFMA**

SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>. Contact: Katrina Cavalli, SIFMA, +1 212 313 1181, [kcavalli@sifma.org](mailto:kcavalli@sifma.org)

### **About ICI**

The Investment Company Institute (ICI) is the leading association representing regulated funds globally, including mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and similar funds offered to investors in jurisdictions worldwide. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. ICI's members manage total assets of US\$31.5 trillion in the United States, serving more than 100 million US shareholders, and US\$10.0 trillion in assets in other jurisdictions. ICI carries out its international work through ICI Global, with offices in Washington, DC, London, Brussels, and Hong Kong. Contact: Matthew Beck, ICI, +1 202 326 5891, [Matthew.Beck@ici.org](mailto:Matthew.Beck@ici.org)

### **About DTCC**

With over 45 years of experience, DTCC is the premier post-trade market infrastructure for the global financial services industry. From 21 locations around the world, DTCC, through its subsidiaries, automates, centralizes and standardizes the processing of financial transactions, mitigating risk, increasing transparency and driving efficiency for thousands of broker/dealers, custodian banks and asset managers. Industry owned and governed, the firm simplifies the complexities of clearing, settlement, asset servicing, data management, data reporting and information services across asset classes, bringing increased security and soundness to financial markets. In 2020, DTCC's subsidiaries processed securities transactions valued at more than U.S. \$2.3 quadrillion. Its depository provides custody and asset servicing for securities issues from 170 countries and territories valued at U.S. \$73.5 trillion. DTCC's Global Trade Repository service, through locally registered, licensed, or approved trade repositories, processes 15 billion messages annually. To learn more, please visit us at [www.dtcc.com](http://www.dtcc.com) or

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