Independent Directors Council

Promoting Excellence in Fund Governance

ICI Welcomes SEC Proposal for T+2 Settlement Implementation

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New Rules Will Help Further Mitigate Risk in Financial Markets

Washington, DC, September 28, 2016—*The US Securities and Exchange Commission (SEC) today issued proposed rules to shorten the standard securities settlement cycle for broker-dealer transactions to two days (settlement on trade date plus two days, or T+2). Marty Burns, chief industry operations officer for the Investment Company Institute (ICI), issued the following statement on today's action by the SEC.*

> "Shortening the settlement period to T+2 will help make our markets more efficient and reduce risk to the benefit of all investors. The SEC's proposal sends a clear, important signal to industry stakeholders that regulators are committed partners in realizing this important change.
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> "Today's action represents a critical milestone that will keep the T+2 project moving along toward implementation next year. Indeed, this proposal begins an important process that enables other regulators to align their rules with those of the SEC to provide a clear framework for the remaining steps to implement T+2."

Background on T+2

On September 5, 2017, equities, municipal and corporate bonds, mutual funds, and unit investment trusts will reduce the amount of time it takes to settle trades from trade date plus three days (T+3) to trade date plus two days (T+2). This is a historic event, as the last time the cycle changed in the United States was 20 years ago, when the settlement cycle decreased from T+5 to T+3.

ICI has been at the forefront of the T+2 effort, cochairing an industry steering committee with the Securities Industry and Financial Markets Association and the Depository Trust & Clearing Corporation to advance this goal.

For more information, please visit ICI's Shortened Settlement Cycle Resource Center.
