SEC Adopts T+2 Settlement Cycle

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by Jason Brenkert

On March 22, 2017, the Securities and Exchange Commission adopted an amendment to Rule 15c6-1(a) to shorten by one business day the standard settlement cycle for most broker-dealer securities transactions. Currently, the standard settlement cycle for these transactions is three business days, known as T+3. The amended rule shortens the settlement cycle to two business days, T+2.

The amended rule will take effect on September 5, 2017.

The SEC stated that the amended rule is "designed to enhance efficiency, reduce risk, and ensure a coordinated and expeditious transition by market participants to a shortened standard settlement cycle."

To assist in the preparation for the implementation of the new, shortened settlement cycle, the SEC has established an e-mail address – T2settlement@sec.gov – for the submission of inquiries to SEC staff. Issuers will want to consider and be prepared for the impact of the shortened settlement cycle in relation to closing and settlement of public securities offerings.

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