



## SEC adopts proposal to move securities settlement to T+1

On February 9, 2022, the Securities and Exchange Commission (SEC) approved a proposal to shorten the securities settlement cycle from T+2 to T+1.<sup>i</sup> The vote was a rare unanimous decision that reflects broad support at the SEC for reducing the settlement cycle. Here are Deloitte's five takeaways from the 247-page proposal:

- **If adopted, the proposal would cut the securities settlement cycle in half, industry-wide, effective March 31, 2024.** This reflects the most ambitious compliance timeline put forth by Securities Industry and Financial Markets Association (SIFMA) and Depository Trust & Clearing Corporation (DTCC).<sup>ii</sup>
- **The proposal eliminates the exception of T+4 settlement for firm commitment offerings priced after 4:30pm ET.** The SEC believes that this is supported by the expanded "access equals delivery standard." Further, the proposal notes that 15c6-1(d) would continue to offer parties to a transaction flexibility to agree to non-standard settlement in advance of a transaction when necessary.<sup>iii</sup>
- **The SEC estimates that the proposal will cost the industry \$3.5-4.95 billion to implement.** It further estimates compliance costs of \$5.5 million per institutional broker-dealer.<sup>iv</sup> However, the SEC asserts that the benefits, namely reduced counterparty risk, will outweigh these implementation costs.
- **The proposal adds several other new requirements, including:** (1) same-day affirmation (2) a new record-keeping requirement for RIAs of timestamped receipts of confirmation by the broker (3) mandates that clearing agencies adopt policies and procedures to transition clearing and settlement functions to straight-through processing.<sup>v</sup>
- **The SEC will continue to explore when and how to move the industry to T+0 settlement.** The proposal explicitly recommends that plans to implement T+1 settlement include "consideration of paths to achieving T+0", which it defines as same-day netted settlement.<sup>vi</sup>

Comments on the proposal will be due to the Commission 60 days following publication of the proposal in the Federal Register.

## Contacts

### Robert Walley

Principal  
Deloitte & Touche LLP  
[rwalley@deloitte.com](mailto:rwalley@deloitte.com)  
+1 917 952 5173

### Mara Gauger

Manager  
Deloitte & Touche LLP  
[mgauger@deloitte.com](mailto:mgauger@deloitte.com)  
+1 212 313 1531

### Cody Devine

Senior Consultant  
Deloitte & Touche LLP  
[codevine@deloitte.com](mailto:codevine@deloitte.com)  
+1 312 486 1102

---

i. <https://www.sec.gov/rules/proposed/2022/34-94196.pdf>

ii. <https://www.sifma.org/wp-content/uploads/2021/12/Accelerating-the-U.S.-Securities-Settlement-Cycle-to-T1-December-1-2021.pdf>

iii. Ibid.

iv. Ibid.

v. Ibid.

vi. Ibid.



This article contains general information only and Deloitte is not, by means of this article, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This article is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this article.

As used in this document, "Deloitte" means Deloitte & Touche LLP, a subsidiary of Deloitte LLP. Please see [www.deloitte.com/us/about](http://www.deloitte.com/us/about) for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.