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Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090
United States
www.sec.gov

22 February 2022

- 17 CFR Parts 232, 240, and 275
- Release Nos. 34-94196, IA-5957; File No. S7-05-22
- Shortening the Securities Transaction Settlement Cycle

Dear Sir.

Thank you for giving us the opportunity to comment on your proposed rule on Shortening the Securities Transaction Settlement Cycle.

You are proposing rules to shorten the standard settlement cycle for most broker-dealer transactions from two business days after the trade date (T+2) to one business day after the trade date (T+1). To facilitate a T+1 standard settlement cycle, you also propose new requirements for the processing of institutional trades by broker-dealers, investment advisers, and certain clearing agencies. These requirements are designed to protect investors, reduce risk, and increase operational efficiency. You propose to require compliance with a T+1 standard settlement cycle, if adopted, by March 31, 2024. You are also soliciting comment on how best to further advance beyond T+1.

I support the intent of these proposals, which are designed to protect investors, significantly reduce the credit, market, and liquidity risks between a transaction and its completion, reduce the volatility of securities markets, promote greater efficiency in the financial system, and ultimately reduce the potential for systemic risk. The proposals can be implemented with limited cost and provide significant economic benefits with little loss of amenity.

The proposals are a good start, but more can and should be done. I would strongly recommend that the Securities and Exchange Commission should propose even stronger rules along the following lines:

1) Accelerate the required compliance with a T+1 standard settlement cycle from March 31, 2024 to September 30, 2023;
2) Require compliance with a T+0 standard settlement cycle by September 30, 2024.

My proposals above should not require significant additional cost, and would be readily achievable within the given timelines.[1]

Yours faithfully

C.R.B.

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[1] The comment from Chair Gary Gensler is pertinent here: "Interestingly, if one goes back to the 1920s (prior to the establishment of the SEC), our capital markets had a one-day settlement cycle. It was first extended because messengers were getting too tired to make all their runs on Wall Street in the given time!" See Statement on Rules Regarding Clearing and Settling, February 9, 2022 available at: SEC.gov | Statement on Rules Regarding Clearing and Settling