



February 8, 2023

Honorable Caroline Crenshaw
Commissioner
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549

Re: T+1 Transition Date

Dear Commissioner Crenshaw,

SIFMA, along with our partners the Investment Company Institute and DTCC, is leading the industry effort to transition the U.S. securities settlement cycle to T+1. We began working on this project in late 2020. Based on our more than two years' work on this project and prior experience leading the transition from T+3 to T+2 in 2017, we strongly believe a transition date of Tuesday, September 3, 2024 following the Labor Day weekend is the optimal date ensuring sufficient planning and testing and mitigating risk associated with an unstable transition.

We appreciate the Commission's work to promulgate a rule to facilitate this transition and we are eager for the rule to be finalized as it is critical to provide regulatory certainty. However, our members are very concerned that the Commission appears determined to pursue its proposed March 31, 2024, transition date.

Member company personnel engaged with the transition to T+1 believe the earlier date will pose substantial and unnecessary risk to the marketplace and potentially create an immense amount of fails in the system. Without proper testing, socialization, and notification, U.S. and international markets would be negatively impacted.

Many members have expressed concern that international buy-side firms, vendors, and other service providers may be challenged in meeting a shortened transition period. The industry has direct dependencies on third party providers who provide capabilities from a technological and operational perspective to support the trade lifecycle. The shortened time would constrain third party providers, smaller firms, and their users, who will need to understand changes to implement across their organizations. If all market participants are not able to meet the transition timeline, as proposed by the Commission, this would have significant implications for the U.S. capital markets.

Additionally, cross-border collaboration is key to a successful T+1 transition. Canada is moving forward with its transition to T+1 in September 2024, preferably in coordination with the

U.S. As we did in 2017, a coordinated cross-border transition is optimal. Different transition dates between the U.S. and Canada would require duplicative testing and processes across the industry. U.S and Canadian markets are significantly interconnected, and decoupling trade settlement activities would introduce another layer of complexity for settlement fails.

Further, an unstable transition to T+1 in the United States could cause other markets to pause following the United States to T+1.

Our concern is not about the policy, but rather process of implementation. The underlying goal of transitioning from T+2 to T+1 is to reduce risk in the securities settlement process with long term benefits, and it is a goal shared by both the industry and the Commission. The industry has been working on this project since the fourth quarter of 2020, and we lean on our experience in transitioning from T+3 to T+2 following Labor Day weekend in September 2017, a multi-year process in coordination with our Canadian partners that was smoothly executed after significant planning and testing. Importantly, for the past nine months the industry work has shifted from investigation to preparation to move to T+1 and it's clear that we have more than twelve months of work ahead of us. We simply do not understand the Commission's rationale for pursuing a transition timeline that does not allow for the proper due diligence or proper planning, testing, cross-border coordination and execution and believe it would add unnecessary risk. We strongly urge the Commission to approve the industry proposed date of September 3, 2024, as we believe the benefits far outweigh the risks.

Thank you for your consideration of our request and please do not hesitate to contact me if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "K. E. Bentsen, Jr.", with a stylized flourish at the end.

Kenneth E. Bentsen, Jr.
President & CEO