

May 2, 2023

Ms. Vanessa Countryman  
Secretary  
US Securities and Exchange Commission  
100 F Street NE  
Washington DC 20549-1090

Re: *Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of a Proposed Rule Change to Amend MSRB Rules G-12 and G-15 to Define Regular-Way Settlement for Municipal Securities Transactions as Occurring One Business Day After the Trade Date and To Amend Rule G-12 to Update an Outdated Cross Reference (File No. SR-MSRB-2023-03)*

Dear Ms. Countryman:

The Investment Company Institute<sup>1</sup> is pleased to provide strong support for the Municipal Securities Rulemaking Board's (MSRB) proposed amendments to facilitate shortening the settlement cycle for transactions in municipal securities.<sup>2</sup> The proposed amendments aim to promote regulatory consistency and follow the adoption by the Securities and Exchange Commission (SEC) of rule changes to shorten the settlement cycle for most broker-dealer transactions in securities from two business days after the trade date ("T+2") to one business day after the trade date ("T+1").<sup>3</sup> We previously supported shortening the settlement cycle from T+3

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<sup>1</sup> The [Investment Company Institute](http://www.ici.org) (ICI) is the leading association representing regulated investment funds. ICI's mission is to strengthen the foundation of the asset management industry for the ultimate benefit of the long-term individual investor. Its members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in Europe, Asia and other jurisdictions. Its members manage total assets of \$29.9 trillion in the United States, serving more than 100 million investors, and an additional \$8.1 trillion in assets outside the United States. ICI has offices in Washington, DC, Brussels, London, and Hong Kong and carries out its international work through [ICI Global](http://www.ici.org).

<sup>2</sup> Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of a Proposed Rule Change to Amend MSRB Rules G-12 and G-15 to Define Regular-Way Settlement for Municipal Securities Transactions as Occurring One Business Day after the Trade Date and to Amend Rule G-12 to Update an Outdated Cross Reference, Exchange Act Release No. 34-97257 (Apr. 6, 2023), 88 Fed. Reg. 22075 (Apr. 12, 2023) ("Proposal"), available at <https://www.govinfo.gov/content/pkg/FR-2023-04-12/pdf/2023-07612.pdf>.

<sup>3</sup> Shortening the Securities Transaction Settlement Cycle, Release Nos. 34-96930; IA-6239 (Feb. 15, 2023) 88 Fed. Reg. 13872 (Mar. 6, 2023), available at <https://www.govinfo.gov/content/pkg/FR-2023-03-06/pdf/2023-03566.pdf>.

to T+2<sup>4</sup> and similarly support the move to T+1 settlement.<sup>5</sup> In each case, shortening the settlement cycle should improve the securities markets' overall efficiency, reduce credit, market, and liquidity risks, and promote financial stability.

Prior to the SEC's rule recent changes, Rule 15c6-1 under the Securities Exchange Act of 1934 ("Exchange Act") established a T+2 standard settlement cycle for equities and corporate bonds, among other securities. To ensure that the settlement cycle for municipal securities is consistent with that for equities and corporate bonds, MSRB Rules G-12(b)(ii) and G-15(b)(ii) define T+2 as the regular-way settlement cycle for municipal securities transactions. The Proposal would amend these MSRB rules to define regular-way settlement as occurring on T+1.

The effective date for the SEC's rule changes is May 5, 2023, and the Commission will require compliance with a T+1 standard settlement cycle by May 28, 2024. To achieve a shortened settlement cycle, however, it is critical for self-regulatory organizations (SROs) to implement conforming changes to SRO rules that currently define regular-way settlement as occurring on T+2 (or that key off the current settlement date and require pre-settlement actions). As such, we strongly support the MSRB's proposed amendments. We also appreciate the MSRB's proposed compliance date, which would correspond with the SEC's compliance date for amended Exchange Act Rule 15c6-1.

\* \* \*

We look forward to working with the SEC and the MSRB as they continue their efforts to support a T+1 standard settlement cycle for the US securities markets. If you have any questions, please contact RJ Rondini at [rj.rondini@ici.org](mailto:rj.rondini@ici.org) or Nicolas Valderrama at [nvalderrama@ici.org](mailto:nvalderrama@ici.org).

Regards,

/s/ RJ Rondini

RJ Rondini

Director, Securities Operations

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<sup>4</sup> In 2017, ICI, the Securities Industry Financial Markets Association (SIFMA), and the Depository Trust & Clearing Corporation (DTCC) led the initiative to shorten the settlement cycle from T+3 to T+2 in a multiyear industry effort across multiple operations, functions, and regulations. For background on the T+2 Industry-led initiative, *see* <http://www.ust2.com/>. As part of those efforts, ICI submitted in 2016 a comment letter to the MSRB supporting its then proposed rule changes to shorten the settlement cycle for transactions in municipal securities. *See* Letter from Martin A. Burns, Chief Industry Operations Officer, ICI, to Brent Fields, Secretary, SEC (April 4, 2016), *available at* <https://www.sec.gov/comments/sr-msrb-2016-04/msrb201604-1.pdf>.

<sup>5</sup> *See* Letter from Susan Olson, General Counsel, and Joanne Kane, Chief Industry Operations Officer, ICI, to Vanessa Countryman, Secretary, SEC (April 11, 2022), *available at* <https://www.sec.gov/comments/s7-05-22/s70522-20123205-279513.pdf>. Since early 2021, ICI, SIFMA, and DTCC, through an Industry Steering Committee, have been leading the initiative to shorten the settlement cycle to T+1.

Ms. Vanessa Countryman

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cc: Saliha Olgun, Chief Interim Regulatory Officer  
Municipal Securities Rulemaking Board

Matthew Lee, Assistant Director  
Office of Clearance and Settlement  
Division of Trading and Markets

Jennifer Porter, Senior Special Counsel  
Division of Investment Management  
Securities and Exchange Commission