

## **U.S. Securities and Exchange Commission (SEC) issues final T+1 rules; declares May 28, 2024 as T+1 transition date**

**February 15, 2023** – Canada and the U.S. will change to a one-day-following-trade-date (T+1) standard securities settlement cycle in 2024. This is one day less than the current two-day standard (T+2). Market participants in both countries expect to adopt T+1 on the same day in 2024, as they did when the settlement cycle was shortened from T+3 to T+2 in 2017.

Today the SEC approved May 28, 2024, the U.S. Memorial Day long weekend, as the U.S.'s T+2-to-T+1 transition date; this is a two-day weekend in Canada.

With 15 months remaining to complete this multi-party, globally-affecting change, the CCMA will continue engaging with stakeholders in Canada, the U.S., and other affected countries on multiple issues. For example:

- In Canada: Capital markets participants are currently involved in a series of major regulatory and market structure initiatives (e.g., respectively, enhanced cost disclosure and the TMX/CDS Post-Trade Modernization project). As a result, resources will likely have to be adjusted due to the high importance of transitioning to T+1 on the same day as the U.S.
- Internationally: Europe, the U.K., and most Asian markets will continue to operate on a T+2 settlement cycle for at least the immediate future. There are significant unresolved concerns due to time zone differences. Beyond recalling securities loans and arranging liquidity, other material issues include how to affirm a trade on T when it is already T+1 in a counterparty's country and how to settle a trade requiring foreign currency conversion on T+1 when transactions in major currencies (other than the Canada/U.S. pairing) settle on a T+2 basis.

Additional information related to the details of the final rules will be shared as soon as possible. The CCMA will continue to work with Canadian and American market participants to replicate past successful settlement-cycle reductions. Any Canadian participant not already receiving the CCMA's bimonthly newsletter, following the CCMA on LinkedIn, or represented on a CCMA committee is strongly encouraged to email us at [info@ccma-acmc.ca](mailto:info@ccma-acmc.ca).

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### **For more information, please contact:**

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### **About the CCMA**

The [Canadian Capital Markets Association](http://www.ccma-acmc.ca) (CCMA) is a national, federally incorporated, not-for-profit organization launched in 1999 to identify, analyze and recommend ways to meet the challenges and opportunities facing Canadian and international capital markets. The CCMA's mandate is to communicate, educate, and help co-ordinate the different segments of the investment industry on projects and initiatives spanning multiple parts of Canada's capital markets. Participating under the CCMA's co-ordinating umbrella are dealers, custodians, asset managers and industry associations; exchanges and securities infrastructure entities, including The Canadian Depository of Securities (CDS) and Fundserv; back-office service providers and vendors; and other stakeholders.