

T + What?

July 11, 2023

On May 28, 2024, U.S. equity trades will settle next day. While this might evoke a sense of déjà vu, it is different this time. Really.

In 1995, U.S. securities settlement shortened from T+5 to T+3. Soon after, advocacy groups and management consultants alike suggested a move to T+1, or even same-day settlement, to further reduce risk and improve market efficiency. Met with mixed reception, some feared the move would actually increase costs and risks, and that such a shortened settlement period would not provide enough time in the event of a market disruption. After all, the first World Trade Center bombing was still fresh in the Street's memory.

Y2K and 9/11 Set the Stage

Around the year 2000, I helped write a white paper along the lines of "T+1, next-day settlement and the movement toward straight-through processing." Having joined PricewaterhouseCoopers' Financial Services & Technology practice a year earlier, my first assignment was working on Y2K planning for the Securities Industry Association (SIA), a precursor to today's SIFMA. Our team ran the project management office. The week going into New Year's, I worked overnight in the "command center" at 55 Water Street, ending most shifts across Hanover Square at the Killarney Rose. For those who don't recall, New Year's Eve was a Friday night. Upon return to the office Monday morning, I was handed David Weiss's seminal book "After the Trade Is Made." The SIA had another project for us: exploring the feasibility of further reducing settlement cycle to T+1 by 2005. I was now to be a settlements specialist.

But fate, as it so often does, had a different path in mind. In late September 2001, I was abruptly reassigned to a new project. The financial industry needed a new command center, and they needed it quickly.

The 9/11 attacks highlighted the need for greater efficiency and resilience in the U.S. markets. Over the next several years, the industry continued to discuss and evaluate shortening the settlement cycle as a way of reducing risk. A 2004 SEC [Concept Release](#) included seeking comments on the costs and benefits of implementing a settlement cycle shorter than three days.

However, in a related [comment letter](#) the SIA stated it had shifted focus from specifically shortening settlement to a more holistic goal of achieving straight-through processing (STP) across the industry. This meant automating the entire trade life cycle for every participant, with no manual intervention between execution and settlement. The SIA stated the industry would be better off by setting goals, like same-day affirmation, to achieve STP over several years, rather than specifically targeting T+2 and fewer.

Consequently, the SEC withdrew the concept release, opting to revisit the matter once the industry had matured technologically, developing the necessary frameworks and workflows to render a shortened

settlement period feasible.

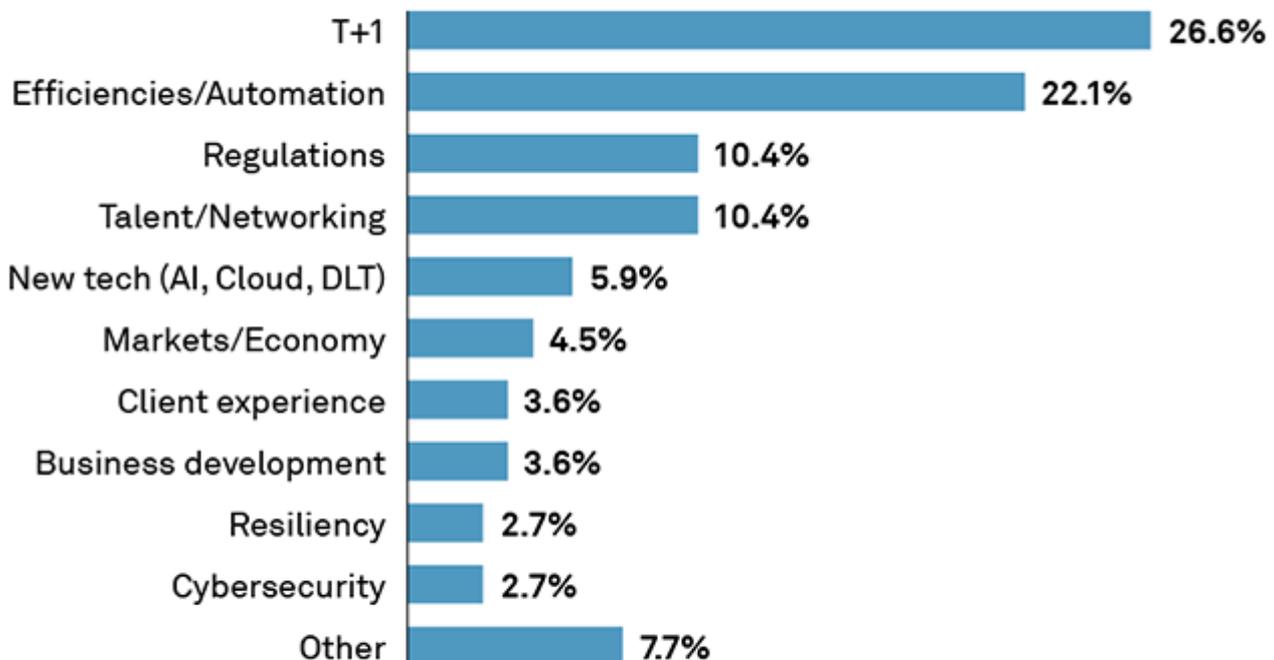
Everything Old Is New Again—Now, the Industry’s Ready

In 2017, with the specter of the global financial crisis still in the industry’s collective consciousness, the SEC proposed a move to T+2. The vote was unanimous, and the shortened settlement cycle went into effect that September. Since then, the pandemic market shock, the meme stock craze, Robinhood’s infamous halt on trading GME, and the world’s blockchain obsession have all highlighted the vulnerabilities and opportunities the current settlement process presents.

T+1 offers a tangible solution. Notably, it also alleviates the capital requirements burdening retail brokers, with DTCC estimating a 41% reduction in the volatility component of its NSCC margin requirement, potentially resulting in billions of dollars of savings for member firms.

So what’s different about T+1 this time? For starters, there is broad industry support. In fact, T+1 was voted the top operations and technology priority in a pre-conference survey from SIFMA Insights heading into the [SIFMA’s Operations Conference in May](#). Why not? The industry has invested countless hours in meticulous planning and has over three decades of experience in shortening settlement cycles. Market participants across the spectrum possess an intimate understanding of the prerequisites, requirements, dependencies, technology, roadblocks, timelines, and myriad other factors essential for a successful, seamless transition.

Top Operations & Technology Priorities



Note: T + 1 = transition to T + 1 settlement (trade date plus one day settlement, from two days); New tech = new technologies; AI = artificial intelligence; Cloud = cloud computing; DLT = distributed ledger technology.
Source: SIFMA Insights Pre-Conference Survey

Technological advancements have significantly improved the efficiency and speed of securities processing as

well. Thanks to a more sophisticated and automated infrastructure (albeit not one built on a blockchain), the industry is properly (and finally) equipped to navigate the challenges of shortening the cycle.

More than U.S. Equities

Other markets are taking strides toward T+1 settlement. The U.S. initiative encompasses all securities, so fixed-income markets are part of this move as well. Canada has announced its implementation scheduled for May 27, 2024, a day before the United States. Meanwhile, in Europe, the Association for Financial Markets in Europe (AFME) is [exploring the path to T+1](#). To them, it is not a question of if, but how and when. Additionally, the emergence of digital assets and ledger technology exerts pressure on the industry, urging them to streamline processes and workflows across equities and other asset classes.

Most folks are tired of talking about the equity market proposals and the MiFID II no-action letter. It's a somewhat quiet period in equities regulatory land right now, but firms can be productive while waiting for guidance. And while summer may not be the most favored season for embarking on new endeavors, it's a great time to assess potential impacts and ascertain one's readiness for the forthcoming shortened settlement cycle.

For those that haven't seen it, [The T+1 Securities Settlement Industry Implementation Playbook](#) published by SIFMA, ICI and DTCC is a handy guide for the industry. We wouldn't dare suggest it as ideal summer reading material, but it will be far more digestible this year than next, as the deadline looms.

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and

Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Crisil Coalition Greenwich, which is a part of Crisil Ltd, a company of S&P Global. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Crisil Coalition Greenwich as on the date of the Document and Crisil Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data contained in the Document is based upon a particular bank's scope, which reflects a bank's data submission, business structure, and sales revenue Reporting methodology. As a result, any data contained in the Document may not be directly comparable to data presented to another bank. For franchise benchmarking, Crisil Coalition Greenwich has implemented equal ranking logic on aggregate results i.e., when sales revenues are within 5% of at least one competitor ahead, a tie is shown and designated by = (where actual ranks are shown). Entity level data has no equal ranking logic implemented and therefore, on occasion, the differences between rank bands can be very close mathematically.

The data in this Document may reflect the views reported to Crisil Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Crisil Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES CRISIL COALITION GREENWICH BELIEVES TO BE RELIABLE. CRISIL COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. CRISIL COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL

OR ANY OF THIS DOCUMENT.

Crisil Coalition Greenwich is a part of Crisil Ltd., an S&P Global company. ©2026 Crisil Ltd. All rights reserved.