

ASSOCIATION OF GLOBAL CUSTODIANS

February 11, 2023

Honorable Gary Gensler, Chair
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549

Re: T+1 Transition Date

Dear Chair Gensler,

Thank you for your continued engagement with the industry regarding efforts to accelerate the U.S settlement cycle to T+1. The Association of Global Custodians (the "Association") understands that the Securities and Exchange Commission (the "Commission") will hold an open meeting on Wednesday, February 15, 2023 to consider whether to adopt rules and rule amendments under the Securities Exchange Act of 1934 to shorten the standard settlement cycle for most securities transactions. The Association welcomes clarity on the final rules and rule amendments. Furthermore, the Association would like to take this opportunity to reiterate our recommendation that the Commission pursues Tuesday, September 3, 2024 as the transition date to a T+1 settlement cycle in the U.S.

The Association and its members strongly believe that a March 31, 2024 transition date, as outlined in the Commission's proposed rulemaking, will not provide the industry with sufficient time to adequately adopt required changes and perform adequate end-to-end industry testing to enable a smooth transition to a T+1 settlement cycle.

The primary goal of transitioning the U.S. to a T+1 settlement cycle, which has been shared by the industry and the Commission throughout discussions, has and continues to be focused on reducing risk in the securities settlement process. Based on the industry's experience from the transition from a T+3 to a T+2 settlement cycle in 2017, and given March 31, 2024 is only 13 months away, the Association strongly recommends the Commission considers Tuesday, September 3, 2024, as the transition date to a T+1 settlement cycle in the U.S.

Adoption by the Commission of the proposed March 31, 2024, transition date, could pose significant and unnecessary risk to the market and potentially create a high number of failed trades in the system, which could impact both the U.S. and international markets negatively. The Association and its members are particularly concerned about the ability of smaller market participants, vendors, and other service providers, to enable T+1 settlement with a 13-month implementation timetable. If all market participants are not able to meet the Commission's proposed March 31, 2024, transition date, this would have significant implications for the market.

The Association appreciates the opportunity for continued collaboration on the transition to a U.S. T+1 settlement cycle. Our shared interest in managing risk while achieving an effective and efficient transition to T+1 settlement remains aligned.

Sincerely,



2/11/2023

Deborah Mercer-Miller, Chair Association of Global Custodian

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cc: The Honorable Hester M. Peirce, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner
The Honorable Mark T. Uyeda, Commissioner
The Honorable Jaime Lizárraga, Commissioner
Haixiang Zhu, Director, Division of Trading and Markets