



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-30-2018
June 1, 2018

Joint Final Rule: Securities Transaction Settlement Cycle

Summary: On May 31, 2018, the FDIC Board of Directors approved the attached final rule, issued jointly with the Office of the Comptroller of the Currency (OCC), to shorten the standard settlement cycle for securities purchased or sold by FDIC-supervised institutions, national banks, and federal savings associations from three days to the number of business days in the standard settlement cycle followed by registered broker dealers in the United States. This is two days (T+2) unless otherwise agreed to by the parties at the time of the transaction. The final rule aligns with the new industry standard settlement cycle as implemented by the U.S. Securities and Exchange Commission (SEC).

Statement of Applicability to Institutions with Total Assets under \$1 Billion: This Financial Institution Letter applies to all FDIC-supervised financial institutions. Many FDIC-supervised institutions trade through third parties subject to the SEC's rules.

Suggested Distribution:

FDIC-Supervised Institutions (Commercial and Savings)

Suggested Routing:

Chief Executive Officer
Chief Compliance Officer
Trust Officer

Related Topics:

Money Market Funds
Sweep Arrangements

Attachment:

[Final rule: Settlement Cycle for Securities Transaction](#)

Contact:

Michael W. Orange, Senior Examination Specialist-Trust, MOrange@fdic.gov or (678) 916-2289

Note:

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Paper copies may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E 1002, Arlington, VA 22226 (877-275-3342 or 703-562-2200).

Highlights:

- The final rule amends Section 344.7 of the FDIC's *Rules and Regulations* and the corresponding OCC regulations by shortening the settlement cycle from three days to the number of business days in the standard settlement cycle followed by registered broker dealers in the United States (unless otherwise agreed to by the parties at the time of the transaction), currently two days (i.e., a "T+2" settlement cycle).
- An industry-wide shift has made the T+2 settlement cycle the current standard for the U.S. securities industry.
- For many FDIC-supervised institutions, the majority of the changes needed to implement T+2 will have been completed by third-party industry custodians, systems and service providers, broker dealers through which institutions trade for themselves or on behalf of their fiduciary and custody accounts, and broker dealers providing retail securities brokerage services to institution customers.