Carsten Ostermann and Antonio Ocana

European Securities and Markets Authority

201-203 rue de Bercy – CS90910

Paris, France 755889

**Re: Call for Evidence: On Shortening the settlement cycle**

Dear Mr. Ostermann and Mr. Ocana,

The Investment Company Institute (ICI)[[1]](#footnote-1) and ICI Global welcome the opportunity to respond to the European Securities Market Authority’s (ESMA) call for evidence on shortening the settlement cycle. As the trade association representing regulated funds globally, we have a strong interest in promoting efficient capital markets for the benefit of long-term individual investors.

We have provided detailed answers to the questions posed by ESMA, and would like to take the opportunity to summarise our key points, as follows:

* We support efforts to shorten the standard settlement cycle from two business days after the trade date (T+2) to one business day after the trade date (T+1). Moving to T+1 settlement will deliver significant benefits to EU capital markets and to global investors in UCITS and other regulated funds.
* We encourage EU authorities to decide in early 2024 to move to T+1 settlement and to communicate a clear path for implementation in a 24-30-month timeframe. This will provide policymakers, stakeholders, and market participants a reasonable and practicable implementation period to facilitate the move.
* With North American markets moving to T+1 settlement in May 2024, an EU move to T+1 settlement in 24-30 months is needed to minimise the duration of settlement misalignment among these major markets.
* We also encourage EU authorities to coordinate closely with other jurisdictions and to establish a dedicated T+1 dialogue with authorities in the UK and Switzerland, so that these markets can move to T+1 in alignment with the EU.
* We do not support an EU move to T+0 settlement at this time, as this would contribute to misalignment of settlement cycles among major jurisdictions and would reduce the efficiency of EU capital markets, as we explain in our detailed responses.
* ICI and ICI Global stand ready to support the EU on a move to T+1, which will advance the shared objectives of creating more efficient, liquid, and equitable conditions for all investors. We recognise that moving to T+1 in Europe is a challenging and complex undertaking, but with broad-based buy-in from market participants, stakeholders, and policymakers, it is highly feasible to implement.

Please do not hesitate to contact either of us or RJ Rondini and Kirsten Robbins on our teams.

Kind regards,

Michael Pedroni Jeff Naylor  
Chief Global Affairs Officer and Chief Operations Officer  
Head of ICI Global

CC: Verena Ross

Natasha Cazenave

Eric Pan

Charles Geffen

UK Accelerated Settlement Taskforce

1. The [Investment Company Institute](https://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. ICI’s 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 other jurisdictions. Its members manage €28.0 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 100 million investors. Members manage an additional €8.0 trillion in regulated fund assets managed outside the United States, including in the EU. ICI carries out its international work through [ICI Global](https://www.ici.org/iciglobal), with offices in Brussels, London and Washington, DC. [↑](#footnote-ref-1)