

Shortening the standard settlement cycle for securities trades to T+1

In May 2024, North American capital markets will shorten the standard settlement cycle for most trades in securities from 2 days following trade execution (T+2) to 1 day following trade execution (T+1). The US Securities and Exchange Commission mandated Tuesday, May 28, 2024, after the Memorial Day long weekend, as the T+1 transition date for US market participants.

The Canadian financial sector is following suit and also transitioning to T+1 in light of its close ties and interactions with the markets south of the border. In Canada, this initiative was spearheaded by the industry and is not a regulatory requirement. However, the necessary regulatory framework for the sector to make this change is being provided by the Canadian Securities Administrators (CSA). The first day of T+1 trading in Canada will be Monday, May 27, 2024.

Desjardins has made the decision to move from T+2 to T+1 for its line of Desjardins Funds,¹ exchange-traded funds and guaranteed investment funds, effective May 27.

Switching to the T+1 settlement cycle should benefit the financial markets and will give investors withdrawing their money quicker access to funds. It should also reduce credit and counterparty risk, reduce guarantee costs and increase market liquidity. A shorter settlement cycle will also speed up access to financing, since transactions will be settled earlier.

¹ Not including Desjardins Funds held in the Desjardins caisse network, which have a T+0 settlement cycle.