Deloitte.

Tax News & Views
Capitol Hill briefing.
October 13, 2023

Deloitte Tax looks at SEC's adoption of 'T+1' settlement cycle and its impact on stock based compensation

The Securities and Exchange Commission (SEC) has adopted a rule change to shorten the standard settlement cycle for most broker dealer securities transactions from two business days after the trade date (T+2) to one (T+1). The effective date for the final rule is May 28, 2024.

That rule change will put increasing pressure on employers to ensure broker dealers are equipped with the data points to settle certain employee equity award transactions. Equity award settlement involves coordination among multiple stakeholders—broker, payroll, tax and transfer agent, to name a few—and in a narrower window of time. It also suggests that employers should assess and determine whether their equity compensation programs are operating in a manner that not only allows the employer to meet its tax compliance obligations but also meet employee expectations.

Find out more

A new publication from Deloitte Tax LLP's Global Employer Services group discusses the impact of the SEC's new rule on equity compensation plans and what companies can do to prepare for the coming change.
URL: https://dhub.deloitte.com/Newsletters/Tax/2023/TNV/231013_5_suppA.pdf

— Michael DeHoff
Tax Policy Group
Deloitte Tax LLP