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# Wall Street Breaks From Robinhood in Stock Settlement Debate

By [Benjamin Bain](#)

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- ▶ Trade groups urge SEC to shorten stock settlements to one day
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- ▶ Robinhood wants real-time settlements after meme-stock mania
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Vlad Tenev *Photographer: Spencer Platt/Getty Images*

Robinhood Markets Inc.'s Vlad Tenev's effort to get brokerages and investment firms to settle stock trades in real time isn't winning over Wall Street.

Powerful lobby groups for brokerages and money managers doubled down on Tuesday that while they agree on the need to shorten the current two-day window for physically depositing stock in a buyer's account, settling trades the same day may be a bridge too far.

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“Same-day settlement is more complex,” the Securities Industry and Financial Markets Association, Investment Company Institute and the Depository Trust and Clearing Corporation said in an Aug. 13 letter to U.S. Securities and Exchange Commission Chair Gary Gensler. It would “require re-engineering how securities trade and settle.”

The topic of how quickly shares exchange hands has attracted attention on Wall Street and in Washington after wild trading in GameStop Corp. and other so-called meme stocks earlier this year. In February, Robinhood's Tenev called for a shift to real-time settlement as his company faced backlash for restricting customers from buying more shares of GameStop because the brokerage was required to post additional collateral to cover risks.

Shortening settlements to one day is “a step in the right direction, but anyone in the tech world knows we can do better,” Robinhood spokeswoman Jacqueline Ortiz Ramsay said in an emailed statement. “We strongly believe in the power of technology and innovation to make our capital markets more accessible and efficient. We remain confident that the industry has what it needs to shorten the settlement period in the near term for the benefit of retail investors.”

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Still, requiring trades to settle the same day could “expand the rate of trade fails in the system, leading to increased risk,” according to the letter from the trade groups and the DTCC, which was made public on Tuesday. Shortening the settlement cycle to one day, however, would be beneficial and the industry is moving ahead with plans to do so, they said. DTCC was the company that required Robinhood to post more collateral during the GameStop mania.

The SEC could mandate a shorter cycle, and lawmakers have discussed requiring the regulator to establish new rules. For his part, Gensler has indicated that he’d like to see shorter settlements. “I believe shortening the standard settlement cycle could reduce costs and risks in our markets,” Gensler said in remarks at a House Financial Services Committee hearing in May.

The groups did not mention Robinhood specifically in their letter. Robinhood’s brokerage arm is a member of SIFMA.