February 11, 2015

By Electronic Mail (rule-comments@sec.gov)
Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Shortening the Trade Settlement Cycle in the U.S. Financial Markets
File No. 265-28

Dear Securities and Exchange Commission Dodd-Frank Investor Advisory Committee:

Thank you for the opportunity to respond to the Draft Recommendation for the Market Structure Subcommittee of the Investor Advisory Council concerning T+2 Settlement: Shortening the Trade Settlement Cycle in the U.S. Financial Markets ("Recommendation"). In general, the members of the Shortened Settlement Cycle (SSC) Industry Steering Committee (ISC) agree with the Market Structure Subcommittee's assessment that reducing the U.S. settlement cycle reduces risk in the U.S. financial system. Furthermore, we agree that reducing operational and counterparty risks, while enhancing liquidity, benefit all market participants and the economy in general. However, we believe some of the comments could benefit from clarification, particularly those relating to the industry's engagement and urgency.

As you know, the industry has voluntarily agreed to pursue shortening the U.S. settlement cycle from trade date plus 3 days (T+3) to trade date plus 2 days (T+2) for trades in equities, corporate and municipal bonds, and unit investment trusts (UITs). To achieve a migration to T+2 settlement, the industry established a structured and thorough approach to ensure an orderly and highly coordinated transition to a shorter settlement cycle, mitigating the operational risks associated with such a change. The structure established by the industry includes the formation of the ISC, an Industry Working Group, and five Sub-Working Groups, with 17 associated workstreams. In the last four months, nearly 600 industry professionals have engaged in the "discovery phase" of the project, assessing each of the 17 workstreams. An ISC industry proposal that includes high level required and optional changes, recommended practices, potential implementation risks, and a proposed timeframe is targeted for completion in the second quarter of 2015. DTCC is managing the overall initiative using well-established project management methodologies and business analysis techniques. The project's status and progress is regularly communicated to industry stakeholders through websites, webinars, panels, videos, meetings and conference calls. To suggest that the industry is conducting a "relaxed study" with "no apparent urgency" is, in our opinion, not accurate.

There has been a great deal of discussion and debate around whether to pursue a move to T+2 or push for T+1. The industry consensus was, and remains, that a change to T+2 is highly achievable, at a reasonable cost, in a reasonable timeframe and will yield benefits to the industry and investors. A move to T+1 entails larger, riskier, market impacts including significant changes to cross-border and Foreign Exchange (FX) processing, securities lending practices and the current trade affirmation models. A move to T+1 also would require a move to "near real time" processing, a move that would entail significant resources that in many cases are already committed to other regulatory mandates. Lastly, as noted in the Recommendation, many non-U.S. markets have either already moved to T+2, or have indicated plans to move to a T+2 settlement cycle. Very few major equity markets settle T+1 or less. It became apparent with Europe's move to T+2 that there is significant benefit to global firms in having a single, harmonized settlement cycle. Increasingly, major equity markets are harmonizing around T+2 settlement.

While the industry is focusing much of its attention on moving to T+2, analysis is also underway to better understand the impact of a move to T+1. In fact, many of the changes required to transition to T+2 will lay the groundwork for a further move to T+1. The industry is conducting its analysis in a controlled and measured manner to mitigate the risks and impacts of changes for market participants. Furthermore, a shift in industry resources, momentum and focus from T+2 to T+1 could delay the implementation of a shorter settlement cycle in the U.S. market.

As always, we are available to discuss any of the points outlined in this letter and welcome the opportunity to discuss the Recommendation in more detail.

Thank you, again, for the opportunity to comment on this important industry initiative.

Sincerely,

The Shortened Settlement Cycle Industry Steering Committee
http://www.ust2.com/steering-committee/

cc: Mary Jo White, Chair
Luis A. Aguilar, Commissioner
Daniel M. Gallagher, Commissioner
Kara M. Stein, Commissioner
Michael S. Piwowar, Commissioner