

September 26, 2016

Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: *Disclosure of Order Handling Information (File No. S7-14-16)*

Dear Mr. Fields:

The Independent Directors Council¹ supports the Securities and Exchange Commission's proposal to require additional broker-dealer disclosures relating to the routing of customer orders.² We commend the Commission for enhancing funds' and other institutional investors' access to information regarding the order handling practices of broker-dealers.

The proposal will provide funds with valuable information to better assess a broker-dealer's order routing practices.³ This information will ultimately allow funds to trade more efficiently, which will benefit fund shareholders. In addition, fund directors oversee fund trading practices as part of their overall fiduciary duty. In order to fulfill this responsibility, boards generally receive reports from fund management personnel, including chief investment officers, portfolio managers, and traders, about the

¹ IDC serves the US-registered fund independent director community by advancing the education, communication, and policy positions of fund independent directors, and promoting public understanding of their role. IDC's activities are led by a Governing Council of independent directors of Investment Company Institute member funds. ICI is a leading, global association of regulated funds, including mutual funds, exchange-traded funds, closed-end funds, and unit investment trusts in the US, and similar funds offered to investors in jurisdictions worldwide. ICI's US fund members manage total assets of \$18.4 trillion and serve more than 90 million US shareholders, and there are approximately 1,900 independent directors of ICI-member funds. The views expressed by IDC in this letter do not purport to reflect the views of all fund independent directors.

² *Disclosure of Order Handling Information*, Securities Exchange Act Release No. 78309 (July 13, 2016), 81 FR 49432 (July 27, 2016).

³ See Mary Jo White, Securities and Exchange Commission Chair, Statement at Open Meeting on Regulation SBSR, the Disclosure of Order Handling Information, and Disclosure Update and Simplification (July 13, 2016).

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investment process. Under the proposal, these reports may be more fulsome and strengthen boards' ability to oversee a fund's brokerage allocation practices.

We recognize and support the comments of others who have suggested minor modifications to the proposal. For example, in its letter, the Investment Company Institute recommends that the Commission (i) expand the definition of "institutional order" to encompass all orders submitted by institutional investors; (ii) require broker-dealers to classify their order routing strategies using objective criteria; and (iii) modify the proposal to improve the usability of the reported data.⁴ These sensible and modest adjustments will improve an already valuable proposal that will enhance information to funds and other institutional investors about how their orders are treated.

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If you have any questions about our comments, please contact me at [REDACTED].

Sincerely,



Amy B.R. Lancellotta
Managing Director

cc: The Honorable Mary Jo White
The Honorable Kara M. Stein
The Honorable Michael S. Piwowar

⁴ See Letter from David W. Blass, ICI General Counsel, to Brent J. Fields, SEC Secretary, dated September 26, 2016.