MANAGED FUNDS ASSOCIATION
The Voice of the Global Alternative Investment Industry
WASHINGTON, DC | NEW YORK

December 5, 2016

Via Electronic Submission: rule-comments@sec.gov

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-22-16; Amendment to Securities Transaction Settlement Cycle

Dear Mr. Fields:

Managed Funds Association[1] ("**MFA**") appreciates the opportunity to submit comments to the Securities and Exchange Commission (the "**Commission**" or "**SEC**") on its proposed "Amendment to Securities Transaction Settlement Cycle" (the "**Proposal**").[2] MFA commends the Commission for the Proposal, and is pleased to support shortening the securities transaction settlement cycle. MFA believes the Proposal is important and beneficial for investors as it would greatly reduce counterparty, credit, market and operational risk for all U.S. market participants.

In 1993, the Commission adopted Rule 15c6-1 under the Securities Exchange Act of 1934 to standardize the securities transaction settlement date for broker-dealers as three business days after the trade date ("**T+3**").[3] Since 1993, the industry has experienced significant advancements in both communications and technology, and many non-U.S. securities markets have already transitioned to a T+2 settlement cycle, including markets in the European Union, Australia and New Zealand.[4]

MFA agrees that it is time for the U.S. to shorten the securities transaction settlement cycle under SEC Rule 15c6-1 from T+3 to T+2. MFA concurs that shortening the securities transaction

[1] Managed Funds Association ("**MFA**") represents the global alternative investment industry and its investors by advocating for sound industry practices and public policies that foster efficient, transparent, and fair capital markets. MFA, based in Washington, DC, is an advocacy, education, and communications organization established to enable hedge fund and managed futures firms in the alternative investment industry to participate in public policy discourse, share best practices and learn from peers, and communicate the industry's contributions to the global economy. MFA members help pension plans, university endowments, charitable organizations, qualified individuals and other institutional investors to diversify their investments, manage risk, and generate attractive returns. MFA has cultivated a global membership and actively engages with regulators and policy makers in Asia, Europe, North and South America, and many other regions where MFA members are market participants.

[2] Exchange Act Release 78962 (Sept. 28, 2016); 81 Fed. Reg. 69,240 (Oct. 5, 2016).

[3] *Id.*

[4] *Id.*

settlement cycle would provide substantial benefits to market participants by decreasing operational, systemic, credit, liquidity and counterparty exposure risk for the reasons discussed in the Proposal.

MFA agrees with the reasons the Proposal provides for recommending a transition to T+2 at this time, rather than to T+1.[5] We believe cost is an important consideration in weighing a transition to a shorter settlement cycle from T+3. We concur that the costs associated with this proposal are proportionate to the benefits to investors and are not sure that a change to T+1 would justify the additional expense to investors at this time. Moreover, we also believe a T+2 settlement cycle would be beneficial for investors as it would harmonize the U.S. securities markets settlement cycle with major non-U.S. securities markets.

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MFA is pleased to support the Commission's Proposal. If the Commission or its staff have any questions, please do not hesitate to contact Jennifer Han, Associate General Counsel, or the undersigned at (202) 730-2600.

Respectfully submitted,

Stuart J. Kaswell

Stuart J. Kaswell
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[5] *Id.* at 69,259.