Dear Investment Adviser:

As you may be aware, the Commission has adopted Rule 15c6-1 under the Securities Exchange Act of 1934 that will require, effective June 1, 1995, most securities transactions to be settled within a three business day time frame. This means a decrease in the settlement cycle of two business days. The Commission took this step to increase the safety and efficiency of the U.S. capital markets as well as to maintain the primary role of those markets in the global economy. To accommodate this change, we encourage you to take appropriate measures now to prepare for conducting routine operations in a shorter settlement environment.

As an investment manager, you play a critical role in the settlement process. Timely communication of the allocation of your trades is essential to broker-dealers' ability to meet their obligations to issue confirmations, and timely affirmation of your trades is essential to authorizing brokers and account custodians to move funds and securities in settlement of trades. Shortening the settlement cycle will reduce the time available to communicate allocations, confirmations, and affirmations, to resolve errors, and to schedule orderly dispositions of funds and securities.

Because of the shortened settlement cycle, it will become even more critical that you complete the allocation/confirmation/affirmation process as quickly as possible. We urge you to review your procedures and operations and to begin or to continue making all modifications necessary for settlement in a T+3 environment. You are encouraged to contact Jonathan Kallman, Associate Director, Office of Market Supervision, Division of Market Regulation, at 202/942-0130 with any questions you may have.

Sincerely,

Brandon Becker
Director
Division of
Market Regulation

Sincerely,

Barry P. Barbash
Director
Division of
Investment Management