

Jonathan Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

RE: Concept Release
Securities Transactions Settlement
17 CFR Part 240
[Release No. **33-8398**; 34-49405; IC-26384; File No. S7-13-04]
RIN 3235-AJ19

Dear Mr. Katz

We appreciate the opportunity to comment on the securities transactions settlement concept release, and would preface our remarks by saying that the viewpoint expressed here is that of an institutional (buy side) participant in the process. We would also like to state that as a member of FIX Protocol, we are in full support of the response from that organization. The idea of mandating the completion of the confirmation / affirmation process on trade date is an excellent one, but would best be achieved by re-examining, and hopefully simplifying the current process. In your introduction you pointed out that inefficient procedures for settlement drive costs up for the individual investor, and that new data processing and communications techniques provide us with an opportunity to become more efficient. You also mentioned the SIA white paper which recommended a matching utility as a method of matching trade data between counterparties, and then submitting a deliver order to DTC.

You may be aware that many institutions already conduct trade date matching with their counterparties using FIX or some other protocol, which unfortunately must be then handed off to another process for “the official match”, this being the one that generally happens beyond trade date. It seems obvious that we should get to the point where we match once. It’s equally important that both local and central matching be supported. We think it’s important that the trade flow process support open standards, encourage competition, and not force us to be married to any vendor solution. In order to do that, access to the settlement system must not be limited. Currently, “qualified vendor” access to DTC is limited to only one vendor. Migration away from FIX towards a matching utility solution would lead participants away from an open solution to one that was not only more costly, but would limit flexibility. Integration with the current central matching vendor has historically been done through a limited subset of middleware vendors, which would be yet another cost to be passed on to the investor. All of these stops on the straight through processing train also introduce risk, delay, and a new potential failure point. We think it’s important to encourage more access to the settlement

system. Back in June of 2000, DTC released a white paper describing their future technology plans. In the paper, they expressed commitment to communication by “supporting messaging standards for those customers who wish to rely on them for their communications with DTCC”. We would encourage moving to a model that supports industry protocols, encourages innovation and competition in technology, and accomplishes:

- ✓ One trade date match that satisfies
 - Rule 10B10
 - DTC Rules
 - Required communication between all parties who have a need to know about the trade

Sincerely,

Steven Donovan
Director Of Global Investment Technology
MFS Investments