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DST Systems, Inc.
1300 Washington
Kansas City, MO 64105
816.435.1000
www.dstsystems.com

December 22, 2003

Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Re: Response to SR-NSCC-2003-21

Dear Sir:

We respectfully submit this letter in response to the request for comments to Release No. **34-48846**: Notice of Proposed Rule Change Relating to the Separately Managed Accounts Service, SR-NSCC-2003-21.

As a leading provider of services to investment management and mutual fund companies, DST Systems, Inc. pursues practices that promote efficiencies in the settlement and reporting of securities transactions. The proposed rule change, referenced herein, of the National Securities Clearing Corporation (NSCC) would have a positive impact on the securities industries as a whole, and the overall procedures for the investment of separately managed accounts (SMAs).

We understand that the NSCC is prepared to support a centralized messaging hub or utility for the communication of information among sponsors of SMAs and investment managers participating in their programs. NSCC has prepared business communications standards for sponsor firms and investment managers that will address securities portfolio and position information and broker information. We see this as a step toward reducing the processing errors and delays that are beginning to plague burgeoning SMA programs, which use a multitude of different platforms and methods to transmit information. Standardization in the information transmitted for account opening and maintenance is needed to correct the confusion that is deepening in the reporting of SMA activity.

Further reasons for approving this proposal include the elimination of barriers to entry into the SMA business and the potential for lowering the costs of securities transactions. The wide variety of methods of securities activity communication among firms in the SMA business translates into an obstacle to new firms entering the competitive SMA marketplace. New firms neither want to devote the resources nor incur the costs needed to track and report the same transaction in each different way data is received from a

different source. Using the same mechanism, content and transaction business process leads to lower costs that ultimately are passed along to the consumer.

In our view, the NSCC's leadership in the clearance and settlement of securities transactions provides good credentials for this endeavor. With the current state of the whole managed account industry, standardization and wherever possible, automation of procedures is a step in the right direction. Standard protocols and centralized connectivity are solutions that should be under the experienced oversight of an objective entity such as the NSCC. The same business model that the NSCC so successfully employed 15 years ago with the mutual fund industry applies in the SMA context today.

Our interest is borne of our commitment to the accuracy, timely processing and efficient communication of securities processing activities. DST excels in such services and has the experience to objectively assess the direction that will bring order to the multiplicity of operating procedures in the SMA business arena today.

We further believe that the NSCC initiative is consistent with the Securities Exchange Act in that it will promote the prompt and accurate clearance and settlement of managed account transactions in securities, increase the efficiency of current procedures therefore and contribute to the development of uniform standards and procedures while reducing unnecessary costs, increasing protections for owners of managed accounts and persons, such as DST, who facilitate transactions by such owners.

We solicit the approval of the SEC to this rule change so that this NSCC service to the SMA industry will be available to NSCC members, fund members and data services only members.

Yours very truly,

A handwritten signature in black ink, appearing to read "James P. Horan".

James P. Horan
Senior Vice President