

December 5, 2016

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

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

Dear Mr. Fields:

The Independent Directors Council¹ strongly supports the Commission's proposal to shorten the standard settlement cycle for most broker-dealer transactions from three business days after the trade date ("T+3") to two business days after the trade date ("T+2").² Funds, as investors in the markets, would benefit from a shortened settlement cycle, and those benefits would flow to fund shareholders.

Shortening the settlement cycle would reduce operational and counterparty risks, enhance liquidity, promote better use of capital, and create significant process efficiencies for market participants. In addition, the proposed amendment would bring US settlement cycles in line with several other non-US markets that have already moved or are making plans to move to T+2. Consistency across the markets can help funds better manage liquidity and cash flows, which can reduce and simplify financing needs.

Shortening the settlement cycle also would further harmonize the settlement time for securities held by open-end funds (*i.e.*, mutual funds) with the settlement time for shares of mutual funds, which

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 members manage total assets of US\$18.2 trillion in the United States, serving more than 95 million US shareholders, and US\$1.6 trillion in assets in other jurisdictions. 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 Amendment to Securities Transaction Settlement Cycle, Release No. 34-78962 (September 28, 2016). The Commission proposes to amend rule 15c6-1(a) under the Securities Exchange Act of 1934 to shorten the standard settlement cycle.

Mr. Brent J. Fields
December 5, 2016
Page 2 of 2

generally settle on a T+1 basis. The shorter settlement time for portfolio securities would enhance funds' cash management for meeting redemptions.

As the Commission notes in the Release, market participants have been working for years to develop plans to move to a shortened settlement cycle with a target date in September 2017. The Commission's adoption of the proposed amendment is a key step to achieving this goal. Self-regulatory organizations, such as the Financial Industry Regulatory Authority and the New York Stock Exchange have already proposed or adopted amendments to move to the T+2 settlement cycle. We urge the Commission to adopt the rule amendment in a timely manner to enable this important industry effort to reach fruition.

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If you have any questions about our comments, please contact me at (202) 326-5824.

Sincerely,



Amy B.R. Lancellotta
Managing Director
Independent Directors Council

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

Mr. Stephen Luparello
Director, Division of Trading and Markets