

June 28, 1993

Mr. Jonathan Katz
Secretary
Securities and Exchange Commission
450 5th Street
Room 6184.69
Washington, D.C. 02549

Re: Comment File S-7-5-93

Dear Mr. Katz:

This is in response to your Notice of Proposed Rulemaking and Request for Comments on the subject of Securities Transactions Settlement. I am responding on behalf of the Committee on Investment of Employee Benefit Assets of the Financial Executives Institute.

Financial Executives Institute (FEI), the leading advocate of corporate financial management, is a professional association of more than 14,000 senior financial executives from over 8,000 major companies throughout the United States and Canada.

The Committee on Investment of Employee Benefit Assets (CIEBA), a technical committee of FEI, is a nationally recognized voice for those corporate executives who are responsible for the investment funds of pension and employee welfare benefit plans regulated under the Employee Retirement Income Security Act (ERISA). CIEBA's 125 members collectively manage over \$600 billion of these assets for over 10 million plan participants including both union and non-union employees, retirees and their beneficiaries.

We wish to take this opportunity to reaffirm our support, first expressed in our letter to you dated September 21, 1992, of your proposed rulemaking in the area of securities transactions settlement. Regarding the costs versus the benefits of such a rulemaking, as corporate financial executives with broad responsibility for employee benefit plan asset management, we are not as well positioned as, say, the broker-dealers, exchanges, depositories, clearing companies or custodian banks to make a detailed estimate of these costs. However, it is our judgement that the near term cost of implementing the changes you propose would be outweighed by the long term benefits of an expedited settlement process. Chief among these benefits would be the reduction in risk resulting from a smaller exposure to unsettled trades at any point in time.



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Regarding application of the new rules to limited partnership interests, mutual funds and municipal securities, we are not aware of any reason why this could not be done. We believe that, in principle, the new rules should be applied as broadly as practicable.

Regarding your proposed implementation date of January 1, 1996, we believe this would give broker-dealers sufficient time to implement the necessary changes to their systems assuming the rule changes are finalized by the end of this year. In general, we feel a two year implementation schedule, from the time the rules are finalized, seems reasonable.

Regarding disclosure requirements of depository eligibility for IPO's, we do not believe this would have a material effect on decisions to invest since such decisions are based primarily on expected rate of return and the uncertainty of that return.

Finally, regarding any adverse effect on competition or special burdens imposed by the new rules, we would not expect problems of this nature since the rules would apply uniformly to all participants in the settlement process. Furthermore, it is our understanding that major overseas securities markets have adopted or will adopt similar rules so that the U.S. markets should not be at any competitive disadvantage. Quite the contrary, the rules you propose should help maintain the competitiveness of the U.S. in the global securities market.

We commend you for initiating these rule changes to expedite securities transactions settlement, and hope that you find our comments useful.

Sincerely,

Fred G. Weiss
Chairman

FGW:kb