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VIA ELECTRONIC TRANSMISSION
rule-comments@sec.gov

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Proposal for Shortening the Securities Transaction Settlement Cycle (Release Nos. 34-94196, IA-5957; File Number S7-05-22)

Dear Ms. Countryman:

The Depository Trust & Clearing Corporation (“DTCC”), in conjunction with DTCC ITP LLC (“DTCC ITP”) and DTCC ITP Matching (US) LLC (“DTCC ITP Matching (US)”)¹ appreciates the opportunity to provide additional comments to the U.S. Securities and Exchange Commission (“Commission”) regarding proposed rules (“Proposal”) to facilitate shortening the standard settlement cycle in the U.S. for most broker-dealer securities transactions from two business days after the trade date (“T+2”) to one business day after the trade date (“T+1”).² As discussed in DTCC ITP’s initial comment letter dated April 11, 2022 (“DTCC ITP April 11 Letter”),³ DTCC ITP Matching (US)⁴ operates one of three entities that to date have received a Commission exemption from registration as a clearing agency to operate as a central matching service provider (“CMSP”).⁵ In this letter, we have provided additional comments

¹ DTCC ITP Matching (US) LLC is a wholly-owned subsidiary of DTCC ITP LLC, a Delaware limited liability company controlled by its sole member, DTCC. DTCC is also the parent company of National Securities Clearing Corporation and The Depository Trust Company (“DTC”), and in conjunction with those two SEC-registered clearing agency subsidiaries has submitted a separate comment letter on the aspects of the Proposal addressing T+1 and T+0. See Letter from Murray Pozmanter, DTCC Managing Director and Head of Clearing Agency Services & Global Business Operations, to Vanessa A. Countryman, Secretary, U.S. Securities and Exchange Commission, dated April 11, 2022.

² See Securities Exchange Act Release Nos. 34-94196, IA-5957 (February 9, 2022) (“Proposing Release”), available at: <https://www.sec.gov/rules/proposed/2022/34-94196.pdf>.

³ See Comment from Matthew Stauffer (April 11, 2022), <https://www.sec.gov/comments/s7-05-22/s70522-20123096-279422.pdf>

⁴ DTCC ITP Matching (US) is formerly known as GJV Matching Service – US, LLC. It was formed in 2000.

⁵ See Order Granting Exemption from Registration as a Clearing Agency for Global Joint Venture Matching Services-U.S., LLC, Exchange Act Release No. 44188 (Apr. 17, 2001), 66 FR 20494, 20501 (Apr. 23, 2001) (“ITP Order”); Order Approving Applications for an Exemption from Registration as a Clearing Agency for Bloomberg STP LLC and SS&C Techs., Inc.,

specifically addressing the issues and questions in the Proposal regarding the content, time period, and method for submission for the annual report as set forth in the proposed new requirements for CMSPs (“Proposed Rule 17Ad-27”).

Annual Report Content

As discussed in the DTCC ITP April 11 Letter, we support more transparency around the role and utility of CMSPs, and as such, we believe that the Commission should amend the annual reporting requirements in Proposed Rule 17Ad-27 to better achieve this goal. We previously recommended that the Commission amend Proposed Rule 17Ad-27 by including a specific requirement for the public reporting by a CMSP of quantitative data (in each instance on an anonymized and aggregated level with respect to a CMSP’s customers) for rates of allocation, confirmation, affirmation, and/or matching that a CMSP has achieved with its clients via straight through processing (“STP”) over a given 12-month period. We also previously recommended that this amended public reporting requirement also provide for disclosure of the following additional data elements (in each instance on an anonymized and aggregated level with respect to a CMSP’s customers): (i) affirmation rates for institutional trade flows; (ii) affirmation rates for prime brokerage trade flows; and (iii) for institutional trade flows, the affirmation rate achieved via ETC and the affirmation rate achieved via matching. In the discussion below, we provide further detail on the specific quantitative reporting we believe could be helpful for CMSPs to provide within the reporting required by the Proposed Rule 17Ad-27.

The annual reporting requirement could include a requirement that anonymized and aggregated data be provided for eligible securities, by customer segment and asset class, so that, as the Commission has noted, regulators, and direct and indirect users of the CMSP, and the broader public are able to refer to this data to review and analyze progress being made by a CMSP each year to advance the implementation of STP.⁶ Based on our review of the data available in our systems, we believe that there are certain high-level categories of metrics that should be included in the rule text for Proposed Rule 17Ad-27, since we believe that requiring CMSPs to provide metrics for these specific categories could help objectively demonstrate trends towards more automation, less manual intervention, and progress towards STP based on a CMSP’s customer’s use of available central trade matching and electronic trade confirmation workflows. Defining specific metrics which a CMSP should include in its annual report would also have the effect of promoting consistency and clarity across reporting, while leaving open some flexibility for a CMSP to provide metrics which may be most appropriate to their activities and the services which they provide. For these reasons, we believe it would be helpful if reporting requirements included the following specific categories, within the rule text, but also included examples of such metrics which could be non-exhaustive and open to CMSP discretion. For example, we propose the following metrics and examples:

(i) *Trade Volume Metrics*, such as: (a) the total number of allocations and/or confirms, as applicable submitted into the CMSP’s central matching workflow, and (b) the total number of confirms submitted into the CMSP’s electronic trade confirmation (“ETC”) workflow, as well as the total number of confirms cancelled by the broker or affirmed by an applicable party;

Exchange Act Release No. 76514 (Nov. 24, 2015), 80 FR 75388, 75413 (Dec. 1, 2015) (“BSTP & SS&C Order” and, together with the ITP Order, “Exemptive Orders”).

⁶ Proposing Release at 88-89.

(ii) *Matching Metrics*, for example, institutional matching metrics demonstrating the percentage of allocations and confirms submitted into the CMSP’s central matching workflow that are matched or matched and auto-affirmed, as applicable, by (x) 9:00 pm ET on trade date and (y) midnight ET on trade date;

(iii) *Affirmation Metrics*, which demonstrate the percentage of institutional and prime broker confirms submitted into the CMSP’s ETC workflow that are affirmed by (x) 9:00 pm ET on trade date and (y) midnight ET on trade date; and

(iv) *STP Metrics*, including data concerning manual processes, sometimes called “manual touch” rates for allocations and/or confirms, for post-trade processing events in the CMSP’s central matching workflow, as applicable. These metrics could also include, for example, standing settlement instruction (“SSI”) metrics which provide details on the quality of SSIs, use of SSIs, and automation of SSIs in use by CMSPs, as an indicator of STP.

Annual Report Time Period

In response to Question 61 in the Proposal, we believe that the Commission should provide further clarity with regard to when impacted market participants would be required to submit their initial annual report to the Commission, as well as the time period applicable to the actual content to be included in such initial annual report.

We note that Proposed Rule 17Ad-27 would require a CMSP to submit information concerning its progress in facilitating STP during the twelve-month period covered by the report, but the Proposal does not specify what content should be included in the initial report submitted. Depending on when the initial report is due, different content may be available in that some data could be based upon a T+2 period whereas other data could come from a T+1 period. Therefore, we believe that the initial twelve-month reporting period should begin to accrue after both the T+1 compliance date and the same-day affirmation rules come into effect, so that any reporting submitted to the Commission will begin with a baseline that is predicated upon implementation of all of the Commission requirements designed for a T+1 standard settlement cycle. In this way, we believe that parties reviewing the annual reports will be able to more clearly review and analyze any progress market participants are able to achieve in advancing the implementation of STP on a year-by-year basis without having to adjust or otherwise struggle to interpret reporting periods where the Commission’s rules were not yet entirely in effect across the entirety of the post-trade settlement marketplace.

Annual Report Filing Method

While we appreciate that the annual report submission could be filed on EDGAR with the Commission, we are considering also publishing the report on our company’s website, where we believe that the public will have ready access to the information.

We appreciate this opportunity to comment on the merits of the Proposal's requirements for broker-dealers, investment advisers, and CMSPs with respect to the processing of institutional trades, and your consideration of the views expressed in this letter. We look forward to continuing to engage with our stakeholders, the Commission, and the broader industry on these important initiatives. We welcome the opportunity to further discuss any of these comments with you at your convenience. If you have any questions or need further information, please contact me at [REDACTED]

Sincerely,

Matt Stauffer

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