Paul Kim
[redacted]

December 4, 2016

United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Comments on S7-22-16
RE: Amendment to Securities Transaction Settlement Cycle

Dear sir or madam at SEC:

Please allow me to submit my comments for the proposed amendment to securities transaction settlement cycle. I understand that this amendment seeks to shorten the settlement timeframe for securities transactions to "Trade date+2" from today's Trade date+3 standards. I am writing firmly in support of the proposal; the amendment will bring to the U.S. market many benefits already enjoyed by international traders.

According to a Boston Consulting Group study released in October 2012, an overwhelming majority of market participants are in support of shortening the settlement cycle. There is a broad consensus that a settlement cycle reform will definitely reduce risks to firms and the industry. Industry participants also expect many benefits beyond risk reduction:

- Institutional broker-dealers expect they will enjoy process efficiency
- Buy-side firms/custodian banks expect improved international harmonization. Buy-side firms cite reductions in loss exposure and faster issue resolution

Furthermore, a shorter settlement cycle makes financial sense. Moving to a T+2 system, according to the BCG, will require $550M in investments from firms across the industry. The investment returns in the form of annual operational cost savings ($170M) and annual clearing fund reductions ($25M). The implied payback period is only about three years.

We saw during the 2008 crisis the effects that long settlement periods have on counterparty default risk, market risk, liquidity risk and systemic risk. I firmly believe that a transition to T+2 should begin immediately before we experience another crisis.

With today's improvements in computer and software technology, a move to T+2 is feasible and sensible. A study shows that transitioning to at T+2 system would take three years and that market participants believe regulators like the SEC will play an important role in this transition process. With the SEC's strong leadership and support, a move to a shortened settlement cycle is possible.

Trade settlement period originates from the 1700s when the original stock exchanges began with a 14-day settlement period, accounting for the time it took to physically deliver a stock certificate between Amsterdam and London. Today, trades are made instantly and documents can be sent from London to New York within seconds. It seems reasonable that we bring up to date regulations on securities transaction settlement cycle. The market has a lot to benefit from this proposal.

Respectfully,

Paul Kim