

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

29 April 2011

Re: File No. S7-08-11: Clearing Agency Standards for Operation and Governance

Dear Ms. Murphy:

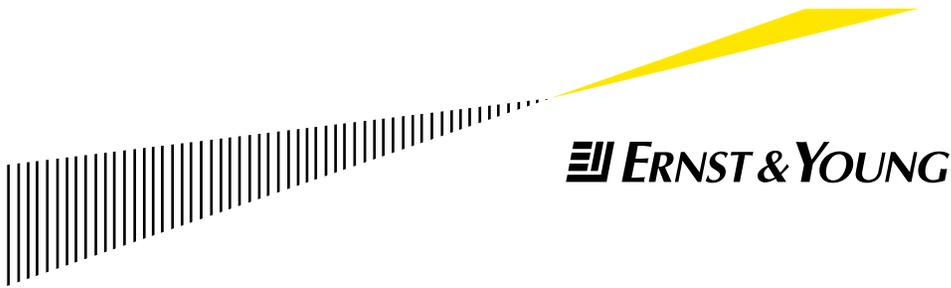
Ernst & Young LLP (Ernst & Young) is pleased to comment on the Securities and Exchange Commission's (SEC or the Commission) proposal related to registration of clearing agencies and standards for their operation and governance (the Proposal). Our comments are limited to Proposed Rule 17Ad-22(c)(2), which would require a clearing agency to post on its website an annual audited financial report that meets specified criteria.

Under Proposed Rule 17Ad-22(c)(2), a clearing agency would be required to post on its website an annual audited financial report:

- Consisting of a complete set of financial statements for the most recent two fiscal years
- Prepared in accordance with U.S. generally accepted accounting principles (US GAAP), or, for a clearing agency that is a corporation or other organization incorporated or organized under the laws of any foreign country, US GAAP or International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

The Commission requests comment on whether it should require a reconciliation to US GAAP to be presented (for certain of the financial statement accounts) when the annual audited financial report is prepared using IFRS as issued by the IASB. The Commission also requests comment on whether the ability to present the annual audited financial report using IFRS as issued by the IASB should be prohibited in certain instances (e.g., in cases where the financial statements are not accompanied by a "clean" audit opinion or where the clearing agency previously had to correct a material error in its financial statements).

We support the development and use of a single set of high quality globally accepted accounting standards for the benefit of investors and global capital markets, and we believe that IFRS are well-positioned to serve as that single set of standards. Consistent with the Commission's determination to allow foreign private issuers to file annual financial statements in accordance with IFRS as issued by the IASB (without reconciliation to US GAAP), we believe that IFRS represents a high-quality set of accounting standards that are widely recognized, understood and used by investors when evaluating investment opportunities. We believe that such considerations



also would extend to market participants assessing a clearing agency. As a result, we do not believe that a reconciliation of certain financial statement accounts from IFRS to US GAAP is necessary.

In addition, we believe the Commission should consider allowing a non-U.S. based clearing agency the option to prepare financial statements in accordance with accounting standards generally accepted in its particular jurisdiction, as long as such financial statements are accompanied with a reconciliation of those financial statements to US GAAP. Providing such an option would be consistent with the current SEC reporting requirements for foreign private issuers. Failure to provide such an option could force a non-U.S. based clearing agency to post on its website financial statements that do not conform to its local accounting and financial reporting requirements.

Finally, we agree with the scope of Rule 17Ad-22(c)(2) as proposed. Any clearing agency that is a corporation or other organization incorporated or organized under the laws of any foreign country should be allowed to prepare its annual audited financial report using IFRS as issued by the IASB. As proposed, the report of the registered public accounting firm would be required to comply with paragraphs (a) through (d) of Rule 2-02 of Regulation S-X. Accordingly, a clearing agency would be required to obtain a "clean" audit opinion whether it prepares its annual audited financial report using US GAAP or IFRS as issued by the IASB.

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We would be pleased to discuss our comments with members of the Securities and Exchange Commission or its staff.

Sincerely,

Ernst & Young LLP