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May 5, 2006

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**The Depository Trust &  
Clearing Corporation**  
55 Water Street  
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Ms. Nancy M. Morris  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090



Dear Ms. Morris:

This letter is submitted in response to a letter from Fidelity ActionsXchange Inc. (“Xchange”), dated April 12, 2006, commenting on a rule filing of The Depository Trust Company (“DTC”) proposing the revision of participant fees for 2006 (SR-DTC-2005-22).<sup>1</sup>

Xchange is not a DTC participant and therefore is not subject to DTC participant fees. It is unclear from Xchange’s letter why Xchange, as a non-participant, has submitted a comment claiming that costs to some participants will increase significantly under the revised fee structure, and that the revised fees may constitute discrimination among participants. We note that no DTC participant submitted a comment letter with respect to SR-DTC-2005-22, and that DTC has received positive informal feedback from DTC participants with respect to this filing. DTC also notes that any changes to fees that DTC charges to non-participants would be the subject of a future DTC rule filing.

Further, DTC has followed its normal processes in having the fees in question approved, processes designed to comply with DTC’s fair representation obligations to its participants. In Release No. 34-41786, the Commission stated that it believed that DTC’s governance structure as outlined in DTC’s filing on form 19b-4, File No. SR-DTC-99-17, was consistent with DTC’s fair representation obligations under Section 17A(b)(3)(C) of the Securities Exchange Act (the “Act”). The establishment of the fees in question is a good example of how DTC’s governance structure works in practice. In establishing the fees in question, DTC undertook a rigorous internal review process. Management then presented the proposed changes to the Operations and Planning Committee of the DTC Board of Directors, which approved the changes on November 16, 2005. The changes were then submitted to the DTC Board of Directors and approved on December 14, 2005. DTC informed participants of the changes by Important Notice dated December 5, 2005, which Important Notice was also posted on DTC’s web site.<sup>2</sup> Following all of these steps, DTC submitted the rule filing on December 22, 2005.

<sup>1</sup> See Securities Exchange Act Release No. 34-53463 (March 10, 2006), 71 FR 13873 (March 17, 2006) [File No. SR-DTC-2005-22]. Pursuant to Section 19(b)(3)(A) of the Act, this proposed rule change became effective upon filing.

<sup>2</sup> Xchange states that the schedule of fee changes was made available after the making of the rule filing; however DTC wishes to clarify that the Important Notice which published the schedule of proposed participant fee revisions was issued three weeks before the making of the filing.

The applicable standard under the Act for evaluating participant fees is set forth in Section 17A(b)(3)(D) of the Act, which requires that the fees a clearing agency (such as DTC) charges to its participants be reasonable and equitably allocated among the participants. On an annual basis, DTC undertakes a rigorous process to ensure that its fees are reasonable and equitably allocated. Factors DTC considers during this process include the complexity of a particular service, and the manpower and system resources required to deliver that service. As stated above, fee changes are approved by DTC's Operations and Planning Committee and are reviewed by its Board of Directors.<sup>3</sup> This process is designed to ensure participant involvement in the fixing of reasonable and equitable participant fees. During the 2006 fee revision process (which occurred in 2005), DTC reviewed its file delivery fees and concluded that in certain cases files were being delivered irrespective of costs associated with creating the files, and it was subsequently determined that it would be more appropriate for these charges to be absorbed into the overall cost structure of the business lines affected. The fees in question allow charges to participants to more accurately reflect a particular participant's usage of the service, as they are holdings-based fees (i.e., causing participants to be charged for information that relates their holdings).<sup>4</sup> Participant feedback relating to this fee revision has been positive as it allows participants to accurately allocate their DTC charges. Also, the fees for 2006 were revised to reflect actual costs to DTC versus the usage by participants, and thus any fee increase experienced by a particular participant would merely be reflective of that participant's level of usage of DTC's services.<sup>5</sup>

DTC designs its services in order to provide its participants with the data they need in order to perform their business and assure that the fees for distribution of such information are aligned with the costs incurred by DTC. As such, participants will continue to have access to the data they need, and at the proper cost, thus ensuring that participants' ability to compete in the marketplace will not be inappropriately burdened.

Finally, Xchange raises questions as to the implementation of the fees in question. DTC continues to distribute full files of corporate action information to participants, and charges participants only for the announcements relating to securities in which participants have a position on DTC's records. DTC does not charge participants for announcements contained in those files in which participants do not have a position. If DTC decided in the future to charge participants for announcements with respect to securities in which participants have no position on DTC's records, that would be the subject of a separate rule filing.

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<sup>3</sup> DTC is an industry-owned utility, and the members of DTC's Operations and Planning Committee and Board of Directors represent industry participants.

<sup>4</sup> DTC wishes to note that the rule filing revises only the fee charged for delivery of corporate actions data, and does not affect the scope of the information delivered or the method by which it is delivered.

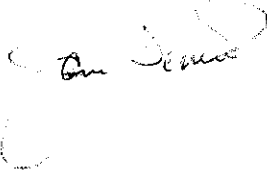
<sup>5</sup> Xchange also notes that DTC has announced record rebates of participant fees in the last several years and cites this as possible evidence that DTC's fees are not aligned with costs. To the contrary, the record size of recent rebates merely reflects a growing efficiency by DTC in delivering services to its participants and its continuing ability to cut costs in a dynamic fashion.

Conclusion

DTC believes that the rule filing is consistent with the requirements of the Act, and DTC's goal to align fees with costs.

If you have any questions or comments please do not hesitate to contact the undersigned at 212-855-3760.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerry Carpenter", is written over a faint circular stamp or watermark.

cc: David Birdsall, President, Fidelity ActionsXchange, Inc.

Jerry Carpenter, Assistant Director, Division of Market Regulation, U.S. Securities and Exchange Commission