

June 15, 2007

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number SR-DTC-2006-16

Dear Ms. Morris,

Thank you for the opportunity to provide these comments. We are writing this letter in response to the proposed rule change by The Depository Trust Company (“DTC”) to update the requirements pertaining to the FAST and DRS programs. Investors Bank & Trust Company (“IBT”) is a FAST and DRS agent with DTC.

IBT is concerned with many of the changes DTC is proposing to the FAST program. We are providing an itemized list of the specific issues that are of concern to us with the proposed changes. The items are numbered to correspond to the proposed 18 minimum requirements for transfer agents participating in the FAST program listed in File No. SR-2006-16, as published in the Federal Register / Vol. 72, No. 105 / Friday, June 1, 2007 / Notices.

6. a. (Blanket Bond insurance and deductible) The coverage minimum of \$10 million is acceptable but it is highly unlikely that any insurer will provide a policy with a deductible that meets DTC’s proposed maximum of no more than \$50,000 for a transfer agent with 25,000 or fewer transfer transactions per year. The requirement fails to account for small transfer agents that are sub-units within large institutions whose coverage is already significantly higher than the proposed \$10 million. The insurers of these large policies will not offer these low deductibles. We recommend that DTC provide clearly stated and defined waivers of the deductibles or tiered requirements based on the capitalization of the insured.

6. (i) (Errors and Omissions insurance) The coverage minimum of \$1 million is acceptable to us but it is highly unlikely that any insurer will provide a policy with a deductible that meets DTC’s proposed maximum of no more than \$25,000. The requirement fails to account for institutions whose coverage is already significantly higher than the proposed \$1 million. The insurers of these large policies will not offer these low deductibles. We recommend that DTC provide clearly stated and defined

waivers of the deductibles or tiered requirements based on the capitalization of the insured.

6. (Errors and Omissions and mail coverage language) The requirement to “identify DTC as a loss payee but shall not be invalidated by any act of neglect of the insured” is unrealistic. It is doubtful that any insurer will be willing to exempt an insured from neglect and agree to pay DTC. It is absurd to name DTC as a loss payee on the policy. There is no need to individually name loss payees on an Errors and Omissions policy. We recommend that this proposed change be removed.

6. (Waiver of deductibles) While it is agreed that waivers of the deductibles should be granted based on a transfer agent’s existing coverage and/or capitalization we feel the parameters for the waivers should be clearly stated and defined. The current proposal says “DTC shall have sole discretion as to whether or not to grant any such waiver”. This clause allows DTC to hold different agents to different standards and could facilitate discrimination against certain agents. In addition, a waiver of all insurance coverage should also be allowed for transfer agents with significant capitalization to allow those agents that are self-insured to be exempted.

8. (Notice period for changes in insurance policies) The requirement to provide proof to DTC 30 days in advance to any expiration or change in insurance limits is not realistic. Most insurers will bind changes for one day or on a same day basis only. We recommend this proposed change be removed.

9. (Insurer to directly notify DTC of lapse in coverage) The requirement for the agent’s insurer to directly notify DTC of any threatened or real lapse in coverage requirements is unrealistic. Insurers contract with the insured and will not provide this type of notice to a 3rd party. Further, this reporting is covered in part by the proposed change listed in item 7 requiring the transfer agent to report lapses in coverage. We recommend this proposed change be removed.

11. (External certified public accountant reporting) The requirements for the reporting under 11 a., b. and c. are unnecessarily burdensome and cost prohibitive. FAST agents are already obligated to provide SAS70 reporting to DTC. The core FAST functions are tested within the SAS70 and provide adequate assurance to DTC as to the effectiveness of controls as they relate to FAST processing. We recommend that sections 11 a., b. and c. be removed and that DTC rely on proposed requirement 15 which allows them access to visit and inspect the transfer agent’s facilities, books and records.

12. (Safekeeping requirements) The requirements for specific UL ratings on safes and maintaining a central theft system should be of no concern to DTC. The balance certificates held in the name of the depository are issued with no denomination and are marked with a legend confirming they represent DTC’s balance. These certificates would not be negotiable if they were lost or stolen. We recommend that DTC either hold the balance certificates at their facility or agree to eliminate the need for DTC balance

certificates altogether. The latter also supports DTC's own initiative for industry dematerialization.

Thank you for considering our comments to the proposed changes. Questions or comments regarding this letter can be addressed to Steve Lucas at 617-937-1893.

Sincerely,

Steven D. Lucas,
Compliance Director