

**1st Global Stock Transfer, LLC
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Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Securities and Exchange Commission Release No. 34-55816
File No. SR-DTC-2006-16

Dear Ms Morris,

We appreciate the opportunity to provide comments regarding the DTC proposed rules for participation in the Fast and DRS programs.

1st Global Stock Transfer is a small transfer agent that currently provides stock transfer services for approximately 55 pink sheet issuers in a non-fast environment. Although non-fast, several of our issues are DTC eligible. We are endeavoring to expand our operation to include FAST and DRS processing. However we note several requirements in the proposal that would make this goal difficult to achieve and prohibit us from participating in these programs. The following will outline our concerns with the proposal.

Insurance Requirements: We have determined that the cost of the insurance as outlined for transfer agents with 25000 or fewer transactions per year would be upward of \$25,000.00 per year. Please note that we process far less than 25000 transactions per year. In, addition the shares subject to this type of processing for our DTC eligible issues each have a market value of far less than \$10,000,000.

We believe that the tier levels can be expanded to enable the smaller agents to acquire insurance at affordable rates and that is more in line with the real risks associated with processing these transactions.

It is understood that under this proposal DTC will be allowed to waive these requirements. However, these waivers would be granted at the sole discretion of DTC. We believe that this would open the door to unequal treatment of transfer agents and could be used as leverage for other issues connected to the Transfer Agent/DTC relationship. This would be anti competitive.

Audit Requirements: The proposal requires an independent accountants report specifically related to the DTC processes. This would be in addition to the Independent Accountants report required by 17Ad-13 and the customary SEC audit. We anticipate that it would be problematic to find an accounting firm willing to take on the task, especially at a reasonable cost. In addition, the current SEC and Independent Accountant's Audits both include DTC transactions as well as their concerns over the safeguarding of securities. Any additional audits would be repetitive. As an alternative, we would offer DTC the same opportunity that we would a client. If DTC has a real concern that the existing audits do not address their interests then I suggest that DTC have a "right to audit". They would be allowed to send an audit team to the transfer agent's office at their own expense. Naturally, any audit DTC would conduct must be limited to DTC transactions.

FAST Balance Certificates: The requirement to maintain certificates to represent the CEDE & Co balances has been in place since the 1970's when the FAST program began. This requirement may no longer be appropriate in our current environment. The purpose of programs such as FAST and DRS is to eliminate certificates along with the expense and risk associated with them. Maintaining these balance certificates does nothing to contribute to that effort. That being said, if DTC sees a real need for transfer agents to maintain these certificates then the transfer agents should be allowed to charge a reasonable fee for the process of safekeeping securities.

DTC Reserves the Complete Discretion to Include or Exclude any the Particular Issue in FAST Program: Once again, this allows the unequal treatment of issuers and transfer agents and could be used as leverage in other issues. In addition, we don't see how this fits in with a NYSE mandate that any listed security must be DRS eligible. Requirements for Issuers and Transfer Agent should be clearly defined and any Issuer and Transfer Agent that meets the requirements must be able to participate. This rule would also be anti competitive.

Loss of Revenues: Typically, small transfer agents for equally small issuers generate their revenues from transfers fees charged to the party requesting the transfer and not the issuer. The fees are based on the number of certificates cancelled and issued. If an unlisted security enters the Fast program these fees are lost. It represents an immediate savings to DTC and its participants at the expense of the small transfer agents and issuers. Small transfer agents should be able to charge a reasonable transaction fee for certificates and DRS statements generated through the DTC withdrawal system. If that were the case DTC and its participants would still realize a considerable savings as a result of small agents not having to cancel or issue certificates registered in the name of CEDE & CO.

Once again, we thank you for the opportunity to allow us to express our concerns.

Sincerely,

Artie Retolatto