Daniel Raider

September 30, 2008

Securities and Exchange Commission
By E-mail

Re: File Number SR-DTC-2008-08

Dear Commissioners and Staff:

I write to you to in opposition to proposed rule change No. SR-DTC-2008-08 (hereinafter, the "Proposed Rule").

I have more than forty years of experience as a private investor. As such, I have delivered or received approximately 1,000 stock certificates, and have had extensive experience with shareholder requests for corporate information, and with litigation incident to corporate "cash freeze-out" transactions and other litigation on behalf of shareholders. I have also served as the president and director of a publicly traded company which was not subject to SEC filing obligations. I am therefore well-positioned to understand and evaluate the proposed rule change from both ends of the investing spectrum – that of the individual shareholder and that of the officer/director of a publicly owned corporation.

In this matter, I represent no one's interest but my own and that of the investing public. In my view and as detailed below, the Proposed Rule is inconsistent with the purposes of the Securities Exchange Act of 1934 (the "Act"), is against public policy, and should be rejected by the Commission.

An underlying purpose of the Act, as acknowledged by DTC, is the "accurate clearance and settlement of securities". (Source: SEC Release No. 34-58404, hereinafter, the "Release".) In a hypothetical world, such clearance and settlement might be accomplished by electronic entries into the records of DTC and its participants, duly recording the transfer of beneficial ownership of an unchanging DTC record position from one DTC participant and beneficial owner to another DTC participant and beneficial owner. This is the world which DTC and the securities industry imagine, and in which the Proposed Rule might be sensible. However, it is not the world which exists, nor is it the world which will exist anytime in the reasonably foreseeable future.

In the real world, there are thousands of shareholder-owned companies which are not eligible for DRS and which, even if they were eligible for DRS, would have nothing to do with DRS. These companies often care deeply about their shareholders, but rightly or wrongly, care nothing about DTC or the securities industry as a whole. To them, Cede & Company (DTC's nominee), is just one shareholder, and anyone who is not a registered shareholder (N.B. this group includes all beneficial shareholders who are not registered

shareholders) is not a shareholder at all.

The prudent beneficial shareholder in such a company will take steps at the earliest opportunity to become a registered shareholder. Normally, he will do this by asking the brokerage firm through which he purchased the stock to complete the clearing and settling of the transaction by seeing to it that the stock is registered in his name. As acknowledged on a web page maintained by the SEC, http://www.sec.gov/investor/pubs/holdsec.htm, only by doing so can an investor be assured of receiving information directly from the company and receiving dividends promptly. (The writer is familiar with cases in which it took DTC and its participants as long as four months after payment date to provide cash distributions to beneficial shareholders.) However, the advantages of being a registered shareholder (as opposed to a beneficial street name shareholder) can, under certain circumstances, be of critical significance. For example, it is often the case that only a registered shareholder is entitled under state law to obtain access to corporate books and records. Also, in the case of certain corporate transactions, e.g., "cash freeze-outs", it is often the case under state law that only a registered shareholder has the right to demand appraisal or otherwise seek legal recourse. In the case of other corporate transactions, e.g., rights offerings, it is often the case that only registered shareholders will receive timely and effective notice. In short, becoming a registered shareholder is often critically important in truly being a shareholder. In this sense, the facilitation of record ownership is part and parcel of the "clearance and settlement of securities transactions", and anything which undermines this process is contrary to the purposes of the Act, and against public policy.

The Proposed Rule, if adopted, would certainly undermine the ability of beneficial shareholders to become registered shareholders, particularly with respect to issues which are not DRS eligible issues. As stated in Release, if the Proposed Rule were adopted, the ability of participants to receive physical certificates in certain securities would be eliminated. In other securities, the process of obtaining a physical certificate would become more complicated and/or more expensive. In these respects, the Proposed Rule is contrary to the purposes of the Act and is against public policy. It should be rejected by the Commission.

In considering this matter, it is important to understand that the securities industry's desire to eliminate physical certificates has already gotten tragically ahead of itself. DTC has increased charges for the issuance of physical certificates to unreasonable levels, and so have many brokerage firms. In one absurd case (which, the writer believes, is worthy of independent investigation by the Commission), a major stockbroker, Fidelity Investments, has recently terminated the issuance of physical certificates to its retail customers. This termination is effective with respect to all issues, not just DRS issues. That the issuance of such certificates is part and parcel of the sale of securities, and that the investing public will in some cases be severely disadvantaged by the difficulty or impossibility of becoming registered shareholders, are not considerations which seem to weigh heavily upon the minds of decision-makers at DTC, Fidelity Investments, or others in the securities industry.

It is the duty of the Commission to protect the investing public. In this case, that protection can be provided only by adopting and maintaining regulations which preserve and enhance the ability of the investing public to become registered shareholders, and to do so without undue cost or burden. The Proposed Rule, if adopted, would severely undercut that ability. It should be rejected in its entirety.

Sincerely,

Daniel Raider