

Florence E. Harmon
Acting Secretary
Securities & Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549

October 14, 2008

Re: Exchange Act Release No. 34-58404
File No. SR-DTC-2008-08

Dear Ms. Harmon:

This letter is in opposition to rule change No. SR-DTC-2008-08 (hereinafter called the "Proposed Rule.") I have been investing in stocks as a private investor for over 50 years. In the past, I have been licensed as a securities broker-dealer. Currently, I am the general partner of a limited partnership which owns shares of over 400 companies, only a few dozen of which participate in the Direct Registration System (DRS.) Since I am no longer in the securities industry, I am writing only from the standpoint of a securities investor.

The proposed rule should be rejected because:

1. The present system is broken with respect to thousands of microcap securities and the Proposed Rule threatens to eliminate the only solution.
2. There are defects in the Direct Registration System (DRS) which need to be studied before thousands more shareholders are forced to use it.
3. The proposed rule will make it more difficult, expensive, and in many cases after July 1, 2009, impossible to become a registered shareholder.

The Present System is Broken

The present system works if you own shares of General Electric or Wells Fargo. But, if you own shares in one of thousands of microcap companies and you leave them in street name, you may miss out on annual reports and other news from the companies. You may also miss receiving dividends.

As mentioned above, my partnership owns shares in hundreds of microcap securities. Our standard practice when we invest in a company is to have most of our shares in street name, but have a certificate issued for 5 or 10 shares. This is a necessary precaution.

With many of our investments, we receive only one annual report and one proxy for the 5 or 10 shares. No information from the company is received through the Depository Trust Company (DTC.) In other cases, the information from the company is eventually received, but too late to vote a proxy or take other appropriate action.

Cash and stock dividends are also a problem. Several times per year we receive a cash dividend or stock dividend directly on the 5 or 10 shares held in registered form and we have to write to our broker because the dividend hasn't been credited to our account on our street name shares. It is

only by being able to transfer a few shares into registered form that we are able to learn about and correct trade problems.

Most, but not all, of these problems do get corrected after spending a lot of time and effort. But, we have to give up on some. On April 20, 2006, Independent Bancshares, Inc. (IBFL) of Ocala, Florida distributed a stock dividend. On our registered shares, we received a cash-in-lieu check direct from the company. I began watching and waiting for the stock dividend to be credited to our brokerage account. When it didn't happen, I began writing and calling. I got confirmation from the company they delivered the dividend shares to Depository Trust Company. I tried calling DTC directly, although they normally only take calls from their member firms. Nothing worked. We never got the stock dividend on the shares held by DTC.

The Direct Registration System Requires Study

The Direct Registration System (DRS) seems to work well with mutual funds because (a) most people invest in only a few funds and (b) the mutual funds communicate with their shareholders frequently. DRS is relatively untried with stocks that don't pay dividends and with microcap stocks that do not send out quarterly reports. The more time that passes between reports from the DRS trustee, the more potential for problems, especially if the shareholder has a diversified portfolio of 20 or 30 stocks.

Stock certificates do get lost, but it doesn't happen often. Probably, this is because most stock certificates are printed so that they graphically look important. The typical DRS notice doesn't look important. If a shareholder dies or becomes incompetent, it will be easy for DRS shares to be lost or overlooked.

My partnership tries to avoid DRS shares because we have an annual audit. If we are forced to accept more DRS shares, it is not clear what our auditors will require to verify ownership at the end of our fiscal year. If they require confirmation letters like they do with bank accounts, the few dollars that DTC saves by not dealing with stock certificates will be greatly exceeded by our annual expenses for verifications.

What is in the Public Interest?

The Proposed Rule will make it more difficult, expensive, and in many cases after July 1, 2009, impossible to become a registered shareholder. This may save DTC a few dollars, but it clearly is not in the public interest.

Most people in the securities industry care about securities transactions, but have little interest in what happens to the investor during the long periods between buying and selling. The Proposed Rule has not been publicized in a manner which is likely to generate comments from these investors.

I have read the comment letter from one investor, Daniel Raider, and his reasons for opposition are sound.

For all of these reasons, I respectfully urge the Commission to reject the Proposed Rule.

Very truly yours,

James E. Mitchell