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February 22, 2011

Ms. Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE Washington, DC 20549-1090

Re: Self Regulatory Organizations; The Depository Trust Company; Proposed Rule Change to Amend Rule Relating to the Requirement to Maintain a Balance Certificate in the Fast Automated Securities Transfer Program; Release No. 34-63320; File No. SR-DTC-2010-15

Dear Ms. Murphy:

On November 5, 2010, pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"),¹ and Rule 19b-4 thereunder, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission (the "SEC" or the "Commission") a proposed rule change on Form 19b-4 to update its requirements relating to DTC's Fast Automated Securities Transfer ("FAST") Program balance certificate (the "Filing"). On November 16, 2010, pursuant to Section 19(b)(1) of the Exchange Act, the Commission published notice of the Proposed Rule Change in the *Federal Register*.² DTC appreciates this opportunity to respond to the comment letter submitted by The Securities Transfer Association, Inc. ("STA"), on December 14, 2010, with respect to the Filing (the "Comment Letter").

The Comment Letter, while generally supportive, raises two concerns which are addressed in this response. Specifically, the STA requested that (i) the requirement to hold a balance certificate be eliminated for all issues that are eligible for the Direct Registration System ("DRS") whether or not they are DRS Participating; and (ii) DTC not be able to request a certificate for those issues.

¹ 15 U.S.C. § 78s (b)(1), as amended.

² Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Amend Rule Relating to the Requirement to Maintain a Balance Certificate in the Fast Automated Securities Transfer Program; 75 FR 71473 (2010).

Subsidiaries:
The Depository Trust Company
National Securities Clearing Corporation
Fixed Income Clearing Corporation
DTCC Deriv/SERV LLC
DTCC Solutions LLC
EuroCCP

I. Removal of the Balance Certificate Requirement

DTC carefully considered the extent of the change to the balance certificate requirement before filing with the Commission. The following sets forth DTC's rationale regarding why it has decided to waive the requirement for transfer agents to maintain a balance certificate (the "Requirement") only for those exchange listed issues that are participating in DRS.

a. The Requirement to be DRS eligible and participating

DRS is a book-entry system that enables investors to establish, either through an issuer's transfer agent or through the investor's broker-dealer, a book-entry position in a security and to electronically transfer that position between the transfer agent and the investor's broker-dealer. As set forth in the Filing, if an issuer participates in DRS, investors may receive a DRS statement as evidence of share ownership instead of a securities certificate. Issuers that participate in DRS have thus acknowledged that the use of electronic registration of securities is a valid method to evidence ownership of shares.

In the Comment Letter, the STA asserts that an issue that is DRS eligible means that shares are issued in book-entry form. That statement is not entirely accurate. Securities issues that are fully eligible and participating in DRS have permitted for the issuance of shares evidenced by a statement, i.e., the issuers have given their authorization for participation in DRS. There are still nearly 650 issuers (nearly 10% of all DRS securities) that are DRS eligible in name only, and have not authorized their respective transfer agents to record and evidence investor ownership in statement form. Issuers have categorized themselves as DRS eligible but not participating to meet U.S. exchange listing requirements (addressed more fully in the next section of this Comment Response letter). Without authorized participation by the issuer, there is no ability to get an electronic statement from that issuer's agent and, consequently, there is no inherent approval of statement form as a valid method to evidence ownership of shares. In such cases, DTC believes it remains in its best interest and the best interests of its customers to require transfer agents to continue their current process of evidencing the outstanding Cede & Co balance (as nominee for DTC) in the form of a physical FAST balance certificate.

b. The Exchange Requirement

In addition to the above requirement that an issuer be eligible and participating in DRS, DTC also maintains that for it to eliminate the balance certificate requirement

the issue must be listed on an exchange. In order to be listed on an exchange, an issuer needs to meet certain listing requirements including, among other things, making proper disclosures to the Commission and responding to due diligence inquiries made by the exchange. In 2008, all the major and regional exchanges in the U.S. modified their listing requirements to mandate that in order to list on the exchange the security must be eligible for DRS. An issuer that is not listed on the exchange may choose to participate in DRS (assuming, of course, the issuer's transfer agent and its securities issue have previously been approved by DTC to be in the FAST program), but there is no requirement for it to do so. By waiving the Requirement only for those issuers that are exchange listed, DTC is able to rely on the due diligence of the exchange to provide a level of issuer transparency that DTC might not otherwise be able to attain.

It is for all of the reasons stated above, that DTC maintains that an issuer must be eligible and participating in DRS and its securities listed on an exchange in order for DTC to waive the Requirement.

II. Retention of the right to request a certificate

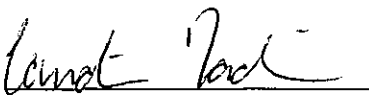
The STA has also expressed a concern with DTC's right to request a certificate for DRS issues, registered in DTC's nominee name of Cede & Co.

Currently, there are just over 6,300 (including 489 that are categorized as 'statement only') issuers that are eligible and participating in DRS. Presently, DTC requires that those transfer agents maintain a FAST Balance Certificate and, upon DTC's request, provide DTC with the balance certificate. While DTC cannot anticipate every situation that may arise, DTC believes it is in its best interests to reserve its right as it currently exists to 're-certificate' the FAST balance for example, but not exclusively, in cases where the agent servicing the issue or the issuer itself no longer meets the criteria to be in the FAST program.

We therefore request that the proposed change be approved as filed. Please feel free to contact me if you have any questions.

Sincerely,

The Depository Trust Company

By: 
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