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April 15, 2019

**Submitted Electronically**

Ms. Vanessa Countryman  
Acting Secretary  
U.S. Securities and Exchange Commission  
100 F. Street, N.E.  
Washington, D.C. 20549

Re: Commission File No. SR-DTC-2018-010

Dear Ms. Countryman:

We submit this letter on behalf of SS&C Technologies, Inc. ("SS&C") in reply to the Depository Trust Company ("DTC")'s response<sup>1</sup> to SS&C's comment letter<sup>2</sup> regarding the above-referenced rule change proposal (the "Proposal").<sup>3</sup> SS&C appreciates DTC's effort to address SS&C's concerns about the Proposal. However, we respectfully submit that DTC still has failed to show that the proposed rule change will not impose additional burdens on competition in the US market for matching services, a market that DTC and its affiliate<sup>4</sup> have monopolized for more than twenty years. SS&C thus asks the Commission to disapprove the Proposal.

*The Proposal's Effect on an Interoperating Matching Environment*

Notwithstanding DTC's protestations to the contrary, SS&C continues to be concerned that the Proposal will erect yet another barrier to the development of linked and

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<sup>1</sup> Letter from Murray C. Pozmanter, Managing Director, Head of Clearing Agency Services and Global Operations, DTC to Brent J. Fields, Secretary, SEC (March 26, 2019) ("DTC Response").

<sup>2</sup> Letter from Mari-Anne Pisarri, Pickard Djinis and Pisarri LLP to Eduardo A. Aleman, Assistant Secretary, SEC (January 2, 2019) (sometimes hereafter, the "SS&C Comments"). The terminology used in this reply letter is consistent with the terminology used in the SS&C Comments.

<sup>3</sup> Securities Exchange Act Release No. 84751 (December 7, 2018), 83 Fed. Reg. 63948 (December 12, 2018).

<sup>4</sup> DTC's Matching Utility affiliate is known today as ITP Matching (US) LLC ("ITP"); it was formerly known as DTCC Omgeo, and before that, as Global Joint Venture Matching Services - US, LLC. DTC was first authorized to add a matching feature to its Institutional Delivery System in 1998. Securities Exchange Act Release No. 39832 (April 6, 1998), 63 FR 18062 (April 13, 1998).

co-ordinated facilities for clearance and settlement. As the SS&C Comments explained, one of the sticking points in the interoperability negotiations between SS&C and ITP is the scope of the information that linked Matching Utilities should share over the interface between them.<sup>5</sup> SS&C contends that the pre-settlement details included in the acknowledgement DTC issues when it receives an affirmed confirmation is covered by interoperability, while ITP has taken the opposite view. Invoking a provision in ITP's conditional clearing agency exemption,<sup>6</sup> SS&C formally requested the Commission's assistance to eliminate this stalemate in October, 2017.<sup>7</sup>

With this critical interoperability issue still unresolved, DTC now proposes to supply what it characterizes as additional information<sup>8</sup> to ITP so that ITP can transmit the information to counterparties in "a centralized format." The Proposal contemplates that ITP's ability to receive Status Information from its affiliate will be conditioned on ITP's agreement not to share the information with any third party other than (a) the Participants indicated on the Status Information and (b) the institutional customers that are counterparties to the transaction for which the Participants indicated on the Status Information are acting with respect to the transaction. No provision is made for transmitting Status Information to a linked Matching Utility, over the interface or otherwise. By restricting distribution of Status Information to the Matching Utility that submits a transaction to DTC or whose Control Number is included in transaction details provided by a Participant on whose behalf it confirmed the trade, the Proposal would impede the free flow of information between Matching Utilities, thereby further thwarting the development of a competitive interoperating environment for central trade matching services.

The DTC Response misapprehends the nature of SS&C's objection in this regard. SS&C does not claim to need the data included in Status Information to perform matching

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<sup>5</sup> As noted in our earlier letter, SS&C and ITP have agreed not to charge each other for sending messages back and forth across the interface between their respective central matching systems.

<sup>6</sup> *Global Joint Venture Matching Services - US, LLC; Order Granting Exemption from Registration as a Clearing Agency*, Exchange Act Release No. 44188 (April 17, 2001), 66 Fed. Reg. 20494 (April 23, 2001), ("ITP Order") § IV.C.2.b.(9).

<sup>7</sup> Letter from Mari-Anne Pisarri, Pickard Djinis and Pisarri to the Commission, dated October 25, 2017. See also letter from Mari-Anne Pisarri, Pickard Djinis and Pisarri to the Commission, dated March 7, 2018.

<sup>8</sup> The SS&C Comments expressed a concern that Status Information might essentially be an acknowledgement message with a new name, and asked for clarification of the differences, if any, between the two. While the DTC Response indicates that the data included in Status Information is not provided to ITP today, DTC does not specify the differences between the proposed and current messages. An acknowledgement message (also known as an MT548 message) does more than simply confirm DTC's receipt of an affirmed confirmation. It also includes additional information that custodians and other settlement agents use to determine what, if anything, they need to do to ensure that their trades settle on time.

services. Rather, SS&C contends that in an interoperating environment, it needs unfettered access to the information supplied by the depository in order to effectively compete with the depository's affiliate.<sup>9</sup> SS&C further submits that the fact that DTC operates linkages with other central securities depositories and counterparties does not cleanse the Proposal of its anticompetitive infirmities. Nor does the fact that DTC has worked with SS&C to establish connections necessary for SS&C to submit Affirmed Transactions to DTC correct the Proposal's defects.<sup>10</sup>

The anticompetitive nature of the proposed rule change is demonstrated not only by the Proposal's effect on interoperability, but also by the fact that DTC proposes to impose a fee on Matching Utilities for the new service.

*DTC's Proposal to Charge a Fee for Status Information*

Although the proposed rule change filing includes new text in the DTC's Settlement Guide providing that "DTC may charge a fee ('Status Information Fee') to a Matching Utility that receives Status Information as set forth in the DTC Fee Guide,"<sup>11</sup> DTC argues that it is premature for SS&C to raise concerns about this fee, because the amount of the fee will be the subject of a subsequent rule filing. SS&C believes it is critically important for the Commission to examine the ramifications of the proposed fee at this time for two reasons.

First, once DTC's authority to impose a fee on a Matching Utility for Status Information is established, any subsequent filing to *implement* that authority by setting the amount of the fee will become effective immediately upon filing with the Commission.<sup>12</sup> The

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<sup>9</sup> DTC tacitly acknowledges the validity of SS&C's argument by confirming that Status Information would be available only to "the Matching Utility that generated the confirmation on behalf of the Delivering Participant." DTC Response, note 15 and accompanying text. As the Proposal now stands, SS&C would not be entitled to Status Information where it represents the buy side and ITP represents the sell side.

<sup>10</sup> SS&C respectfully submits that DTC has overstated the immediate effect of these connections on competition. While SS&C has obtained no-action relief from the SEC staff allowing it to begin operating a central matching service in the United States without first establishing linkages to ITP [Letter from Christian Sabella, Deputy Director, Division of Trading and Markets to Mari-Anne Pissari, Pickard Djinis and Pissari LLP (October 2, 2018)], the connection between SS&C's Matching Utility and the depository has not been tested in 18 months; that testing would need to be updated before operational readiness for full activation can be achieved. More critically, because no progress is being made on developing linkages between SS&C's systems and ITP's, true competition in the central trade matching market remains aspirational, at best.

SS&C is also puzzled by DTC's reference to connections it has established with Bloomberg STP LLC. SS&C understands that Bloomberg does not plan to enter the market for central trade matching at this time.

<sup>11</sup> Proposal at text accompanying note 21.

<sup>12</sup> 15 U.S.C. §78s(b)(3).

Ms. Vanessa Countryman, Acting Secretary  
April 15, 2019  
Page 4

Commission's authority to temporarily suspend the fee, once implemented, is no substitute for a careful consideration at this juncture of the important issues SS&C has raised.

Furthermore, DTC's proposal to charge Matching Utilities for access to Status Information appears to contradict the assurances DTC made back in 2001, when its affiliate (then known as GJVMS) applied for permission to offer central trade matching services. At that time, commenters voiced a great deal of concern that the depository affiliate could have an unfair advantage over other vendors offering central matching services due to differential pricing, lack of interoperability, and preferential treatment of GJVMS's clients by DTC.<sup>13</sup> Questions were also raised about the availability and affordability of data services offered by the depository, once the depository's affiliate became a Matching Utility. DTC answered these concerns with assurances that "DTC will charge fees for [its] services to the participants on whose behalf the vendors are acting, *with no additional charges to the vendors*" (emphasis supplied).<sup>14</sup>

DTC now proposes to charge fees to Matching Utility vendors, including ITP and SS&C. Because any fee charged to ITP would be merely a paper transfer of revenue from one corporate affiliate to another, while a fee charged to SS&C would be a true cost with real consequences, it appears that the concerns voiced by commenters almost twenty years ago are coming to pass.

\* \* \* \* \*

For all of the foregoing reasons, SS&C respectfully requests that the SEC disapprove the Proposal.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mari-Anne Pisarri". The signature is fluid and cursive, with a large, stylized initial "M".

Mari-Anne Pisarri

cc: The Honorable Jay Clayton, Chairman  
The Honorable Robert J. Jackson, Jr.  
The Honorable Hester M. Peirce

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<sup>13</sup> ITP Order, *supra* note 6, at text accompanying note 25.

<sup>14</sup> *Id.*, at text after note 30.

Ms. Vanessa Countryman, Acting Secretary

April 15, 2019

Page 5

The Honorable Elad L. Roisman

Brett Redfearn, Director, Div. of Trading and Markets

Jeffrey Mooney, Associate Director, Div. of Trading and Markets