



**The Depository Trust &
Clearing Corporation**
55 Water Street
New York, NY 10041-0099

Tel: 212 855 1000
e-mail@dtcc.com

April 3, 2009

Via electronic submission

Securities and Exchange Commission
Washington, D.C. 20549
Attn: Division of Market Regulation

Re: File No. SR-FICC-2009-03

Ladies and Gentlemen:

The Fixed Income Clearing Corporation ("FICC") appreciates the opportunity to respond to the comment letter submitted by Rosenthal Collins Group, L.L.C. ("Rosenthal") with respect to FICC Rule Filing 2009-03, in which the FICC Government Securities Division (the "GSD") is proposing a charge on failed Treasury positions, as has been recommended by the Treasury Market Practices Group (the "TMPG").

Rosenthal asserts that the fails that Rosenthal incurs are unintentional and frequently result from the firm's inability to affect how trades are allocated during the FICC matching process. As Rosenthal is well aware, the GSD's delivery allocation process, which has been in place since the inception of the netting system, is necessary to ensure that the clearing corporation remains flat. The process matches buy obligations to sell obligations and affects all members equally. There is no reason to believe that the delivery allocation process would affect Rosenthal in any way unique to the firm, and, therefore, no reason to think that the fails charge would have any impact unique to the firm.

Rosenthal argues that the fails charge will shift business away from FICC to individual counterparties. While the FICC rule filing in question applies (and can only apply) within the GSD, the stated intention of the TMPG is that the fails charge be adopted across the industry. FICC agrees that applying the fails charge within FICC will result in adverse consequences if the rest of industry does not adopt it; however, FICC has dealt with this issue in the rule filing by proposing language that would allow FICC to cease applying the charge if the Credit and Market Risk Management Committee of FICC's Board of Directors determines that industry events or practices warrant such revocation.

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

Rosenthal's comment letter also includes several assertions regarding Rosenthal's view of the possible effects of the fails charge, including: "drastic decrease in market liquidity," "wider spreads between bid and offer prices," and "new opportunities for players to 'game' the system." These assertions are highly speculative; again, in the proposed rules, FICC has reserved for its Board Committee the right to revoke the charge if industry events warrant such action. More broadly, however, were such adverse effects to develop -- which we do not view as a likely outcome -- the TMPG itself would certainly be considering how to respond to such undesirable effects on the market.

Should you have any questions on the foregoing, please contact me at (212) 855-7522, or Nikki Poulos, Managing Director and FICC General Counsel, at (212) 855-7633.

Sincerely,

A handwritten signature in black ink, appearing to read "Murray Pozmanter", with a stylized flourish extending to the right.

Murray Pozmanter
Managing Director
Fixed Income Clearance and Settlement