



Claire Santaniello
Managing Director
Chief Compliance Officer

October 12, 2010

Via Electronic Mail

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

Re: NSCC Proposed Rule Change Regarding the Creation of a Universal Trade Capture Application and Automated Special Representative Facility; SR-NSCC-2010-09

Dear Ms. Murphy:

As a major clearing broker dealer and member of the National Securities Clearing Corporation (“NSCC”), Pershing LLC (“Pershing”) appreciates the opportunity to comment on NSCC’s proposal to create a Universal Trade Capture (“UTC”) application and an automated Special Representative (“SR”) facility.

Pershing LLC

Pershing (member FINRA/NYSE/SIPC) is a leading global provider of financial business solutions to a broad representation of institutional and retail financial organizations and independent registered investment advisers who collectively service approximately five million active investors with assets of over \$715 billion. As a leading provider of securities clearing and custody services to more than 1,150 introducing brokers and investment advisers, we believe Pershing LLC, a BNY Mellon Company can provide a unique perspective on the issues raised in the Proposing Release.

Universal Trade Capture Application

With respect to UTC, as noted in SR-NSCC-2010-09, UTC will replace all current locked-in Over-the-Counter (“OTC”) and listed trade capture applications with one central real-time validation and reporting process. UTC will have the capability to accept or reject, validate, process, and send contract output to NSCC members in real-time. NSCC Members will only have to support one standardized input and output format. As further described in SR-NSCC-2010-09, trade data will be received from markets in real-time and batch. NSCC will convert the existing input format to the new UTC input record format, which will enable the UTC to provide Members and Self Regulatory Organizations with their trade output in the format of their choice (new or old).



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Pershing agrees that the implementation of a UTC application would standardize, streamline, and consolidate NSCC's existing legacy trade capture applications. The implementation of a single input of trade data to NSCC will allow for improved efficiencies of the information reported. The NSCC will be able to provide its members the results of trade comparison or contract information in real-time. The ability to reconcile and review this information sooner will significantly help both NSCC members and NSCC itself manage and mitigate both operational and credit risks.

Pershing also supports and agrees that certain enhancements to the NSCC Correspondent Clearing Service and the creation of an automated SR facility will allow NSCC members who are clearing broker dealers to ultimately better manage their SR and Qualified Special Representative ("QSR") relationships and help mitigate potential operational and credit risks.

Automated Special Representative Facility for Special Representatives and Qualified Special Representatives

As detailed in the "Text of the Proposed Rule Change to NSCC Rules & Procedures", NSCC will no longer permit the submission of netted results on other transactions by its members. While we support this change as a requirement to facilitate real-time risk management, which is highly beneficial to the Securities Industry at large, there is no discussion within the proposed changes to allow for sufficient time for NSCC members, who currently submit netted results on other transactions, to comply with the requirement.

With respect to the submission of batch transmissions, the proposed rule changes do not address the timeliness of these submissions, which has the potential to adversely impact the goal of real-time risk management. Currently, the proposal only stipulates that the NSCC wishes to modify its rules "to reflect a single procedure or process for the submission and reporting of transaction data" and is silent with respect to the timing of the submissions. In order for participants to realize the intended benefit of real-time reporting, NSCC should mandate "time constraints" which participants must report trade details.

Additionally, the proposed rule changes will allow NSCC members that utilize SRs to execute trades, to allow such SRs to execute trades in any market and allow the resulting positions to be moved from the SR to the member (regardless of whether that member maintains direct access to that market). We therefore believe that there could be unintended negative consequences given the broader scope of markets, as NSCC will now become further reliant on its member's operational and credit risk management procedures, unless NSCC employs compensating risk mitigation procedures and provides requisite tools to its membership to control these risks.

Finally, the proposed rule changes do not address the potential adverse cost impact to NSCC members, once pre-netting is disallowed. Once the proposed rule changes are enacted, trade volumes will inherently increase and unless NSCC changes its fee schedule to reflect the increased volume, NSCC member processing costs may increase which could result in fees accruing to NSCC in excess of its overall operating budget. As a wholly owned subsidiary of the Depository Trust and Clearing Corporation (which is owned by its members), NSCC operates as a not-for-profit corporation under New York State law, and as a result is currently required to operate without generating profits, otherwise it will be subject to taxation.

Conclusion

We appreciate the opportunity to meet with the SEC and/or the NSCC to present and further discuss our views on this very important topic and how the comments we describe seek to further the NSCC's goal to provide more cost and operating efficiency in trade data reporting and to mitigate operational risks to its members.

If you have any questions concerning these comments, please contact the undersigned at 201.413.2741 or Trina Glass at 201.413.4259. Thank you in advance for your time and consideration.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "C. Santaniello".

Claire Santaniello
Managing Director and Chief Compliance Officer