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March 21, 2013

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

Re: File Nos. SR-NSCC-2012-10 / SR-NSCC-2012-810
Securities and Exchange Commission ("SEC" or "Commission")
SEC Release Nos. 34-68549 (December 28, 2012) / 34-68621 (January 10, 2013)

Dear Ms. Murphy,

National Securities Clearing Corporation ("NSCC") submits this letter in response to the second comment letter submitted by LEK Securities Corporation dated March 18, 2013 (the "Second LEK Letter") with respect to NSCC's rule filing SR-NSCC-2012-10, and the related advance notice SR-NSCC-2012-810 (collectively referred to as the "Filing"), in which NSCC is proposing to eliminate the offset (the "ID Offset") of NSCC obligations with institutional delivery (ID) transactions that settle at The Depository Trust Company (DTC) for the purpose of calculating NSCC Clearing Fund under Procedure XV of NSCC's Rules & Procedures (the "Rules"). On January 25, 2013, LEK Securities Corporation submitted a first comment letter with respect to the Filing (the "First LEK Letter"), and on February 22, 2013, NSCC responded to the January LEK Letter (the "First NSCC Response").[1]

As described in greater detail in the Filing and repeated in the First NSCC Response, the proposal is intended to eliminate the market risk that, in the event NSCC ceases to act for a Member with pending ID transactions, it will be unable to complete those pending ID transactions in the timeframe contemplated by its current Clearing Fund calculations and, as a result, without sufficient margin in its Clearing Fund, will be under collateralized.

As the Second LEK Letter recognizes, institutional customers that are counterparties to the institutional delivery side of ID trades cleared at NSCC are not Members of NSCC and have no contractual obligation with NSCC to complete those trades if the NSCC Member that is party to the transaction defaults. However, the Second LEK Letter is incorrect in its claim that the market risk the proposal seeks to eliminate is a small problem with a simple solution. The solution suggested in the Second LEK Letter would require the buy-side of the market to contractually agree to settle its transactions at NSCC, whereby NSCC would essentially provide

[1] Both the First LEK Letter and the First NSCC Response are available on the Commission's website at http://www.sec.gov/comments/sr-nscc-2012-810/nscc2012810.shtml.

a central counterparty guarantee to the buy-side of those trades on an uncollateralized basis, without collecting margin that would protect it and its membership from the default of those buy-side parties. This suggestion would not be simple, as it would require a significant transformation of the current market structure, nor would it resolve the market risk NSCC's proposal is seeking to eliminate, as the Second LEK Letter recognizes, it would be "completely voluntary".

As stated in the Filing and repeated in the NSCC First Response, NSCC has provided its membership, including LEK Securities Corporation, with numerous opportunities to explore ways to mitigate the impact of the proposal. Unfortunately, the Second LEK Letter mischaracterizes some of those discussions. For the reasons stated above, NSCC staff has not, in any context, claimed that the suggestion described in the Second LEK Letter is either workable nor that it would it satisfy the significant concerns regarding market risk that NSCC is seeking to address.

NSCC does recognize that the proposal to remove the ID Offset will cause Clearing Fund requirements of certain firms to increase, and it remains committed to providing impa cted Members with opportunities to prepare for and mitigate the impact of the proposal, significantly through the 18-month implementation timeframe outlined in the Filing. However, given its critical role in the financial services industry, NSCC must also remain committed to ensuring that it, and the rest of its membership, is not exposed to the significant market risk that it is not currently covered by the margin collected on those ID trades.

NSCC has, in the Filing, in the First NSCC Response, and in this letter, illustrated the importance of the issues addressed in the Filing to NSCC, its participants, and the securities markets NSCC serves. Given the risk mitigation benefits, adoption of the proposal will improve the safety and soundness of the U.S. capital markets, and NSCC's Clearing Fund formula will more fairly reflect the risks presented to NSCC by the market side of ID trades that are submitted to it for clearing. Accordingly, we respectfully request that the Filing be approved, as we believe it satisfies all of the factors the Commission must evaluate in approving a clearing agency filing.

Should you have any questions, please do not hesitate to contact me at (212) 855-7522.

Sincerely,

Murray C. Pozmanter
Managing Director