



September 5, 2013

By Electronic Mail

Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549
rule-comments@sec.gov

Re: DTCC Letter of August 20, 2013 In Response to Commenters on File Nos. SR-NSCC-2013-02 and SR-NSCC-2013-802 as Amended by NSCC Amendment Nos. 1 and 2 To Institute Supplemental Liquidity Deposits to Its Clearing Fund Designed to Increase Liquidity Resources to Meet Its Liquidity Needs

Citadel LLC¹ appreciates the opportunity to respond briefly to the comment letter submitted by The Depository Trust & Clearing Corporation (“DTCC”) on August 20, 2013 (the “DTCC Letter”). DTCC submitted this letter as a collective response to a number of comment letters, including those submitted by Citadel,² that express serious concerns with the National Securities Clearing Corporation (“NSCC”) Supplemental Liquidity Deposit proposal (the “SLD Proposal”).³

Most importantly, the DTCC Letter explains that NSCC plans to continue to seek Commission approval of the SLD Proposal, but “hold in abeyance” the provisions that concern Regular Activity Supplemental Deposits pending a subsequent rule filing that would be subject to Commission approval. The DTCC Letter explains that holding these provisions in abeyance

¹ Established in 1990, Citadel is a leading global financial institution that provides asset management and capital markets services. With over 1,100 employees globally, Citadel serves a diversified client base through its offices in the world’s major financial centers, including Chicago, New York, London, Hong Kong, San Francisco and Boston. Citadel Securities operates an industry leading market making franchise and an institutional markets platform. On an average day, Citadel accounts for over 14 percent of U.S. listed equity volume and over 19 percent of U.S. listed equity option volume.

² Citadel’s comment letters dated April 18, 2013, June 13, 2013 and August 5, 2013 are available at: <http://www.sec.gov/comments/sr-nsc-2013-02/nsc201302.shtml>

³ Securities Exchange Act Release Nos. 34-69313 (April 4, 2013), 78 FR 21487 (April 10, 2013); 34-69451 (April 25, 2013), 78 FR 25496 (May 1, 2013). Unless otherwise specified, capitalized terms in this letter have the same meaning as in the SLD Proposal.

would give NSCC time to automate SLD reporting, and perform additional analysis. Because the SLD Proposal is fundamentally and deeply flawed, approving the SLD Proposal, but holding part of the rule in abeyance, would be counterproductive and should be rejected. It seems incongruous to us for NSCC to suggest forging ahead in full with the Special Activity Supplemental Deposit while purporting to commit to a fundamental rethinking of the formulation of the SLD Proposal. That is particularly true given that, as NSCC acknowledged earlier in its amendment No. 2, there is interplay between the design of the Regular Activity Supplemental Deposit and the Special Activity Supplemental Deposit that affects their ultimate impact on clearing members.

As we explained in our prior comment letters, the SLD Proposal does not meet applicable regulatory standards and is unsound because it would impose substantial liquidity requirements that clearing members cannot control or predict. This fundamental flaw cannot be cured by further seasoning, analysis, or minor refinements. As a result, it is critically important that NSCC quickly abandon the SLD Proposal, take out a clean sheet of paper, and sit down with its many clearing members that stand ready to work with a sense of urgency and focus to develop an improved liquidity solution for NSCC.

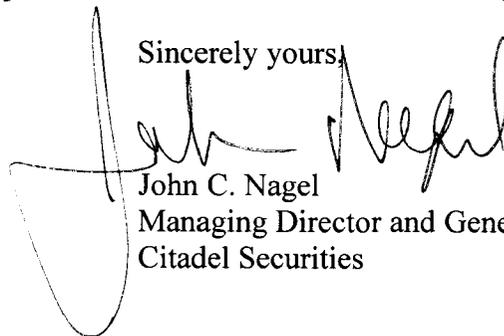
We thus welcome the formation of the new standing advisory group described in the DTCC Letter. This Clearing Agency Liquidity Council (“CALC”) would be made up of NSCC clearing members, and its purpose would be to facilitate dialogue between DTCC’s clearing agencies and member firms regarding liquidity initiatives and liquidity related financing options. The CALC would be an ideal forum to develop a replacement for the SLD Proposal.

If NSCC does not withdraw the SLD Proposal, for the reasons provided in our prior comment letters, the Commission should disapprove it and issue a notice of objection with respect to the advance notice component.

* * *

If you have any questions, please do not hesitate to contact me at (312) 395-2100.

Sincerely yours,



John C. Nagel
Managing Director and General Counsel
Citadel Securities

cc: The Honorable Mary Jo White, Chairman
The Honorable Luis A. Aguilar, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
The Honorable Kara M. Stein, Commissioner
The Honorable Michael Piwowar, Commissioner
Mr. John Ramsay, Acting Director, Division of Trading and Markets
Mr. Peter Curley, Associate Director, Division of Trading and Markets
Mr. Michael Macchiaroli, Associate Director, Division of Trading and Markets
Mr. Joseph Kamnik, Assistant Director, Division of Trading and Markets
Mr. Larry E. Thompson, Managing Director and DTCC General Counsel