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January 4, 2001

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 **DTCC** #18
**The Depository Trust &
Clearing Corporation**
55 Water Street
New York, NY 10041-0099

Ms. Margaret H. McFarland
Deputy Secretary
Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Re: File No. SR-DTC-00-10 and File No. 600-32

Dear Ms. McFarland:

This letter is written in response to the letter to you dated December 18, 2000 (the "TLX Letter") from Mr. Justin Lowe, Chief Executive Officer, and Mr. Robert Raich, Chief Financial Officer, both of TLX Trading Network, Inc., commenting on the proposed rule change and the application which are the respective subjects of the Commission files referenced above.

The TLX Letter asserts that vendors of confirmation/affirmation services will be able to access the securities settlement system operated by The Depository Trust Company ("DTC") only through the proposed joint venture (the "Global Joint Venture") between The Depository Trust & Clearing Corporation ("DTCC"), DTC's corporate parent, and subsidiaries of The Thomson Corporation ("TTC"). That assertion is not correct.

Today vendors acting on behalf of DTC Participants transmit settlement instructions to DTC for entry into DTC's settlement system. DTC does not charge a fee to those vendors; DTC charges only the Participants on whose behalf the vendors are acting. The fees charged to those Participants are the same fees that are charged to Participants that transmit instructions directly to DTC without the use of vendors.

The staffs of DTCC and the TTC subsidiaries responsible for planning the Global Joint Venture have determined that the same procedure for settlement instructions will continue after the formation of the Global Joint Venture. Vendors acting on behalf of DTC Participants will be able to transmit settlement instructions directly to DTC without the involvement of the Global Joint Venture. DTC will charge fees for such

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services to the Participants on whose behalf the vendors are acting with no additional charges to the vendors.¹

The Global Joint Venture itself will, at the option of its customers, either enter settlement instructions on their behalf into the DTC settlement system (or any other settlement system with which the Global Joint Venture interfaces) or make the settlement instructions available to the customers or their vendors so that the customers or vendors can enter the instructions into a settlement system. The Global Joint Venture will charge fees for such services only to its customers with no additional charges to vendors acting on behalf of the customers.

The TLX Letter also expresses concerns about access by vendors to the unified database to be operated by the Global Joint Venture when the Standing Instructions Database ("SID") currently operated by DTC is linked to the ALERT database currently operated by the TTC subsidiaries and about the level of service to be provided by the unified database. Those concerns are misplaced.

Today vendors acting on behalf of customers of the DTC TradeSuite family of services have access to SID. Those vendors can enter data in and receive data from SID on behalf of the broker-dealers, investment managers and custodians who are common customers of the vendors and DTC.

The staffs of DTCC and the TTC subsidiaries responsible for planning the Global Joint Venture have determined that the same open access by customers' vendors to SID will continue with respect to the unified database after the Global Joint Venture commences operations. There will be no additional charges to vendors accessing the unified database on behalf of common customers of the Global Joint Venture and the vendors. Any fees for accessing the unified database will be charged only to the customers of the Global Joint Venture and will be the same fees regardless of whether the customers access the database directly or through vendors.

The Global Joint Venture anticipates working closely with vendors who act on behalf of customers of the Global Joint Venture. The preparations for the Global Joint Venture include plans for a vendor partners program supported by the Global Joint Venture's strategic planning staff, product management staff and regional implementation staffs.

The services to be provided by the unified database operated by the Global Joint Venture are in the planning stage. Those services will be determined largely through

¹ After formation of the Global Joint Venture, DTC's fees for receiving and processing settlement instructions will continue to be subject to review by the Commission under Section 19 of the Securities Exchange Act of 1934.

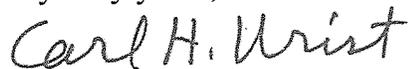
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consultation with customers of the Global Joint Venture. Open access to the unified database by vendors acting on behalf of customers of the Global Joint Venture will be part of those services.

Very truly yours,



Carl H. Urist

cc: Mr. Justin Lowe
Chief Executive Officer
TLX Trading Network, Inc.

Mr. Robert Raich
Chief Financial Officer
TLX Trading Network, Inc.

CHUMcFarland (ltr)