



April 11, 2003

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Re: File No. SR-DTC-2003-~~83~~ Request for Withdrawal of Certificates by Issuers

Dear Mr. Katz:

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Sterne, Agee & Leach, Incorporated welcomes the opportunity to comment on the above referenced **rule** change. **Sterne, Agee** and **its** affiliated broker dealer provide clearing services for over 55 non-affiliated broker dealers. My operations group is charged with the responsibility of the orderly and efficient clearance and settlement of securities transactions at the lowest cost possible.

We **would** like to take this opportunity to comment on the proposed rule filing by The Depository Trust Company (DTC) to honor requests for withdrawal of certificates submitted by its participants and not by issuers of the securities.

The industry goal is to achieve Straight Through Processing (STP). Achievement of **STP** processing will reduce costs to customers, reduce settlement risk, and create greater market efficiencies. In connection with a study to determine obstacles to STP, an analysis was made to identify perceived benefits to retail customers in holding physical certificates versus appropriate alternatives. The Direct Registration System (DRS) was established to enable shareowners to evidence ownership directly on the books of the issuer, in lieu of receiving a physical certificate. **DRS** provided many of the benefits of STP while providing shareowners the convenience of certificateless ownership without a brokerage intermediary.

In recent months, a number of issuers have announced plans to withdraw their certificates from DTC and move to an exclusive physical certificate ownership of their shares. This limited and archaic method of security ownership defeats the needs of the modern securities market; raises risk and increases costs to all parties. **As a** result, public customers are receiving mixed messages from our industry. **Sterne, Agee** is firmly of the opinion that plans to support a physical certificate environment are contradictory to industry efforts in achieving **STP**.

We urge the Commission to adopt DTC's proposed rule change. In our opinion, the **proposed** rule change is consistent with the objectives of **the** SIA's STP program.

Thank you for the opportunity to share our views on this subject.

Sincerely,

Earl D. Bukolt
Managing Director
Chief Operations Officer
Sterne, Agee & Leach