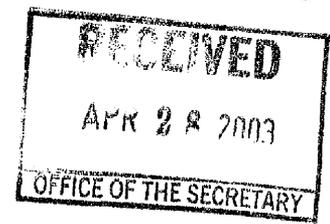




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April 17, 2003

SRDTC 200302-83

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

Re: File No. SR-DTC-2003-03^{1,2}; Request for Withdrawal of Certificates by Issuers

Dear Mr. Katz:

Ameritrade, Inc. ("Ameritrade") appreciates the opportunity to comment on the proposed **rule** filing by **The Depository Trust Company** ("DTCC) to honor requests for withdrawal of certificates submitted by its participants and not by issuers of the securities. Ameritrade strongly **supports** the DTCC's efforts as consistent with Section 17A of **the Securities Exchange Act of 1934** ("**Exchange Act**"), as amended, and the rules thereunder, and other industry initiatives. Ameritrade believes that the Securities and Exchange Commission ("**Commission**") should act immediately in the interest of protecting the investing public and approve DTCC's proposal.

Ameritrade provides brokerage services to approximately 2.9 million public customers and fully disclosed clearing services to a number of introducing broker dealers. In its capacity as a self-clearing broker dealer, Ameritrade processes on average, in excess of 100,000 trades per day. Most trades are seamless due to assets being held in book entry form at DTCC for the benefit of the client. Absent shares held at **DTCC**, the process of transacting business for our clients becomes time consuming and costly, as well as fraught with potential for human error due to manual processing.

Congress established clear guidelines in the prefatory language of Section **17A** of the Exchange Act. Congress found that "inefficient procedures for clearance and settlement impose unnecessary costs on investors and persons facilitating transactions by and acting on behalf of investors."¹ **As** a result, Congress thereby "directed" the Commission, "[t]o facilitate the establishment of a national system for the prompt and accurate clearance and settlement of transactions in securities."²

While the Commission has **been** highly successful in complying with this Congressional directive, recent events have begun to erode many of the gains that have provided tremendous benefits to investors. In recent months, Ameritrade has witnessed a number of issuers / corporations that have announced plans to withdraw their shares from DTCC eligibility and move to exclusively physical

¹ Section 17A(a)(1)(B) of the Exchange Act.

² Section 17A(a)(2)(A)(i).

certificate **ownership** of their shares. This method of security **ownership** defeats the **purpose** of **the** modern securities markets, raising the risks **associated** with failed deliveries / payments and / or errors due to human intervention with respect to handling certificated shares, thereby increasing costs to **all** parties. Special emphasis must be placed **upon the** effect this will have on the investing public which will bear the brunt of the cost associated with obtaining **and** transferring **certificates**, replacing lost certificates, not to mention the delays associated with all activities inherent to a physical ownership environment. Modern **markets are** electronic to facilitate the delivery of stock from one firm to another. Clearly, issuer withdrawal from DTCC is creating vast inefficiencies of the **type** that Congress directed the Commission to address in fulfilling **its** role **of** protecting investors.

In addition, Ameritrade is firmly of the opinion that **any** plans to **perpetuate** a **physical** certificate environment are contradictory to industry efforts to achieve Straight Through Processing (“STP”) **and** eventually, T+1 settlement. **STP** and T+1 settlement: will not become a reality as long as we allow a minority of issuers the ability to turn back the clock.

We urge the Commission to adopt immediately DTCC’s proposed rule change concerning requests for withdrawals of certificates by issuers. The **proposed** rule **is** consistent with Congressional directives included in Section 17A **of the Exchange Act** **and** the objectives of the SIA’s **STP program**. The **failure** to do immediately **approve** the DTC C **proposal** will **result** in continuing harm to **the** investing public.

We appreciate the Commission’s consideration of our views on this matter **and** would be **happy** to provide any additional information the staff might find useful. If you have **any comments** or questions regarding this comment letter, please contact Caroline Langner, Director of Compliance, Institutional Client Division at 402-970-7787 or Todd Golden, Director, at 402-597-7703

Respectfully,



Michael R. **Brennan**
Vice President,
And Managing Director of Operations