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Robert McCormick
First Vice President

October 15, 2004

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Re: SR-NSCC-2003-21

Dear Sir,

Our firm, Mellon Bank, N.A. (“Mellon”), is writing to comment on the request by the National Securities Clearing Corporation (“NSCC”) to the Securities Exchange Commission (“the Commission”) for an amendment to the NSCC’s Rules that would establish an information messaging system for separately managed accounts. Because at the time the NSCC’s request was filed we did not believe it would have a direct impact on Mellon, we did not review the NSCC’s request and thus did not submit a comment letter by the initial deadline. Nevertheless, we ask that the Commission consider this letter which reflects Mellon’s view on the proposal.

Separately managed accounts are individual investment portfolios offered to investors. The assets are managed by a sponsor, or its custodian, (“Sponsor”) which typically contracts with multiple investment managers (“Investment Managers”) to provide a diversified investment strategy for the investor. Mellon actively participates in the “managed accounts industry” by providing operational back office support for 38 program sponsors and their investment managers, for approximately 60,000 accounts that total \$22 billion in assets.

The Money Management Institute, a national organization for the managed account industry, commissioned a study of the processes employed by the separately managed account industry, and the study recommended that the industry seek an industry-wide approach that would allow it to achieve standardized processing. To address the findings of this study, it is our understanding that the MMI asked the NSCC to determine whether the NSCC could provide services to the managed account industry that would provide the operational benefits that the NSCC’s mutual fund services provide to the mutual fund industry. As one of the leading providers of back office support, we recognize the industry’s need for standardization of the format of information; however, we believe that the necessary standardization can be obtained through the various existing information messaging systems, rather than through a specifically mandated information messaging system.

Unfortunately, based on our understanding of the proposal by the NSCC, the standards being proposed by the NSCC will not be limited to providing a standard format for communicating information among the parties, but rather will in effect require the industry to convert to a specific technology. Sponsors and managers choosing to adopt the NSCC technology may require other industry participants to utilize this same technology in order to communicate business in an effort not to have multiple processes or platforms.

We believe this approach is inconsistent with the original mission and intent of the MMI's Technology and Operations Group, to provide a standard format for communicating information. Under the NSCC proposal, industry members, including Mellon, ultimately would be required to communicate information through a proprietary system with specific protocols required by the NSCC (including additional technical protocols). The use of such a system would result in undefined incremental costs to the users.

In addition, it is critical that any required communication format does not negatively impact processes currently being supported or utilized by the larger Sponsors who currently account for the majority of the account flow. To this end Mellon, as well as all current industry participants, would benefit from a new communications format which incorporates current electronic interfaces and web communications.. Such an approach would ensure that the many providers of such electronic interfaces and web communications who have already expended time and resources developing their products would not have to expend additional resources in developing new products that comply with the specific requirements of an NSCC information messaging system portal.

We do not believe that inserting an additional layer of technology and additional costs is necessary to achieve standard information communication formats, and thus we would request that you give careful consideration to our comments when considering the NSCC proposed rule.

Sincerely,

Robert McCormick