

United States Senate

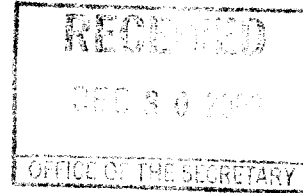
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December 22, 2003

Jonathan G. Katz
Secretary
United States Securities and
Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609



Re: Response to SR-NSCC-2003-21

Dear Mr. Katz:

The Securities and Exchange Commission ("SEC") recently published in the Federal Register on December 3, 2003, a rule change that would expand the National Securities Clearing Corporation's current securities authority to include what seems to be an entirely new function for a totally separate and distinct industry, the Separately Managed Accounts ("SMA") industry. It is unclear why the National Securities Clearing Corporation ("NSCC"), feels there is a need for this rule change. As a member of the Senate Banking Committee, this proposed rule brings into question a policy issue of whether the NSCC would have the legal authority to expand its authority into a new area by simply issuing a new rule, and of whether the SEC should first come to the Congress. The Congress is best positioned to make policy judgments on the merits of this proposal, especially when there has been so little or no public record on which to rely as a basis for the approval of this proposal.

The SEC ought to decline to issue a rule like this and instead make an independent determination about whether it merits policy consideration by the Congress. Assuming it does, the SEC should be prepared to answer questions such as the following:

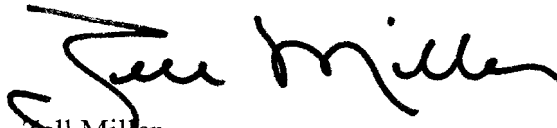
- Is the private sector active in this marketplace and, if so, what would be the impact of this rule on competition? What is the evidence that the existing marketplace is in need of government intervention?
- How are investors better protected by the adoption of this rule? What role does the NSCC's desire to keep revenues up, even if it means expanding its authority, play in the creation of this proposal?

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- Are revenues derived from mutual fund transactional fees in any way involved with funding or development of this proposed rule? If so, what questions does it raise about the propriety of this entire effort?
- Why are the fees the NSCC plans to charge postponed until some future date? Since the NSCC could raise its fees by administrative fiat, rather than as a result of market dynamics, shouldn't the public know ahead of time what those fees will be?

These are just some of the questions that need to be asked and answered before the NSCC should be allowed to issue any rule or in any way use an administrative rulemaking process to migrate into an entirely new and distinct source of revenue.

Sincerely,



Zell Miller

ZM/lw