NYPC NEW YORK PORTFOLIO CLEARING

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

February 27, 2011

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090
Rule-comments@SEC.gov

Re: Self-Regulatory Organizations; Fixed Income Clearing Corporation (Release No. 34-63316; File No. SR-FICC-2010-09)

The Fixed Income Clearing Corporation (**FICC**) and New York Portfolio Clearing, LLC (**NYPC**) are writing with respect to the proposed rule change filed by FICC to amend the FICC rules to allow for a proposed cross-margining arrangement with NYPC (**FICC Rule Filing 2010-09**).[1] Unless otherwise provided, capitalized terms used in this letter shall have the meanings given to them in the FICC Rule Filing 2010-09.

FICC and NYPC wish to provide additional information with respect to the NYPC Arrangement.

FICC makes the following representations and undertakings to the Commission upon the proposed rule change becoming effective:

(a) For the first 250 trading days upon the proposed rule change becoming effective, FICC will provide the Commission staff with quarterly reports that itemize divergences between Chicago Mercantile Exchange (**CME**) prices and NYSE Liffe U.S. prices for "look-alike contracts";[2]

(b) Semi-annually, FICC will provide the Commission staff with reports summarizing the sensitivity of the model used for the NYPC Agreement and the collected margin to the model's assumptions and established parameters;

(c) Quarterly, FICC will provide the Commission staff with detailed portfolio analyses of members participating in the NYPC Arrangement;

(d) Monthly, FICC will provide the Commission staff with reports summarizing the details of: (1) any instances in which the account of a member participating in the NYPC Agreement experienced a loss that exceeded its margin requirement and the magnitude of such loss; (2) FICC's analysis of the sufficiency of NYPC's guaranty fund in conjunction with NYPC; and (3) FICC's analysis of daily correlations between the futures and cash products that are subject to the NYPC Arrangement;

(e) FICC will provide the Commission staff with DTCC's periodic default simulations that factor in members participation in the NYPC Agreement;

(f) For 24 months upon the proposed rule change becoming effective, FICC will provide the Commission staff with information on a quarterly basis regarding potential Limited Purpose Participants (as that term is defined in the NYPC rules), including progress on negotiations and discussions of agreements or potential agreements with potential Limited Purpose Participants; and

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[1] SEC Release No. 34-63361, 75 Fed. Reg. 74110 (November 30, 2010).

[2] As used herein, the term "look-alike contracts" refers to contracts that have similar economic features but are traded separately on the CME and NYSE Liffe U.S.

(g) FICC will provide the Commission all agreements entered into between NYPC and any Limited Purpose Participants (as that term is defined in the NYPC rules), as well as all amendments to such agreements, including, but not limited to, those regarding changes in the fee arrangements.

As described in our letter to the Commission of February 7, 2011, FICC and NYPC represent that they are committed to fair and open access on a non-discriminatory basis to the NYPC Arrangement. FICC and NYPC also represent that the arrangements between NYPC and any prospective Limited Purpose Participant (as that term is defined in the NYPC rules) will be administered as follows:

(a) As described in our letter to the Commission of February 7, 2011, each agreement that is established between NYPC and a prospective Limited Purpose Participant will be individually negotiated and is permitted to contain alternative requirements to those set forth in NYPC Rule 801(b) and Section 14(b) of the NYPC Agreement;

(b) As described in our letter to the Commission of February 7, 2011, the guaranty fund contribution that will be required by NYPC from any Limited Purpose Participant will be determined by risk-based factors without regard to whether such contribution amount is more or less than the amount contributed to the NYPC guaranty fund by NYSE Euronext;

(c) Clearing fees shall be allocated between NYPC and a Limited Purpose Participant as may be agreed by NYPC and the Limited Purpose Participant and may reflect the costs incurred by NYPC in integrating the Limited Purpose Participant, but, exclusive of such costs, shall reflect an otherwise equitable allocation of reasonable dues, fees and other charges between and among NYPC's clearing members and such Limited Purpose Participant; and

(d) The NYPC rules shall apply to a Limited Purpose Participant but not to the members of the Limited Purpose Participant, unless such members are otherwise clearing members of NYPC.

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In closing, FICC and NYPC believe that FICC's rule proposal and the NYPC Arrangement will result in more efficient use of participant collateral and promote efficiencies and reduce risk in the marketplace. FICC and NYPC respectfully urge the Commission to approve FICC Rule Filing 2010-09 to implement the NYPC Arrangement.

If the Commission has any questions on the foregoing, please contact Nikki Poulos, at 212-855-7633 or npoulos@dtcc.com, or Laura Klimpel, at 212-855-5230 or lklimpel@nypclear.com.

Very truly yours,

Michael Bodson
Chief Operating Officer and President
Fixed Income Clearing Corporation

Walt Lukken
Chief Executive Officer
New York Portfolio Clearing, LLC

cc: Mary L. Schapiro, Chairman, Securities and Exchange Commission
Kathleen L. Casey, Commissioner
Luis A. Aguilar, Commissioner
Troy A. Paredes, Commissioner
Elisse B. Walter, Commissioner
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Larry Thompson, Managing Director and General Counsel, DTCC
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Nikki Poulos, Managing Director, DTCC, and FICC General Counsel
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