

September 10, 2021

By Electronic Mail

Ms. Vanessa Countryman
Secretary
United States Securities and Exchange Commission
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Washington, D. C. 20549

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Re: In the Matter of Lek Securities Corp., Admin. Proc. File No. [_____]

Dear Ms. Countryman:

We are counsel to The Depository Trust & Clearing Corporation (“DTCC”) and its subsidiaries National Securities Clearing Corporation (“NSCC”) and The Depository Trust Company (“DTC”), clearing agencies registered with the Securities and Exchange Commission (“SEC” or the “Commission”) under Section 17A of the Securities Exchange Act of 1934 (the “Exchange Act”), and self-regulatory organizations (“SROs”) subject to Section 19 of the Exchange Act. We write in response to the “application” purportedly made pursuant to Rule 19d-3 of the Exchange Act by Lek Securities Corporation (“LSC” or the “Company”), a NSCC Member and DTC Participant, for review of certain actions taken by NSCC and DTC, dated August 27, 2021 (the “LSC Filing” or “Filing”).¹

As mentioned in the LSC Filing, NSCC and DTC took action, respectively, to adjust the minimum Required Fund Deposit for LSC pursuant to NSCC Rule 15 and to adjust LSC’s Net Debit Cap pursuant to DTC Rule 9(A), effective August 2, 2021 (the “Risk Controls/Assurances”). The application of these Risk Controls/Assurances came about after NSCC and DTC became aware of the July 8, 2021 letter by counsel for BMO Harris Bank N.A. (“BMOH”), LSC’s settlement bank and credit facility, informing LSC that BMOH was making significant changes to LSC’s credit facility effective immediately, and that the BMOH relationship and credit facility would terminate in its entirety in the beginning of October.² As a result, NSCC and DTC evaluated (and continue to evaluate) the risks posed by LSC as a result of the BMOH developments and made the appropriate changes to the risk management controls associated with LSC’s NSCC and DTC accounts.

¹ Capitalized terms not defined herein have the meaning given to them under NSCC or DTC rules, as applicable.

² In addition, NSCC and DTC learned that FINRA reportedly was assessing the circumstances surrounding a promissory note by LSE’s parent company under which LSE was a borrower and the impact of the borrowing on the Company’s reserve requirement.

The Risk Controls/Assurances are not “Sanctions” as asserted by the Company in its Filing. These actions are risk management controls within NSCC’s and DTC’s discretion and which NSCC and DTC must regularly evaluate and adjust as appropriate to protect themselves, their Members or Participants and to mitigate risk posed to the clearance and settlement system from potential default by a Member or Participant pursuant to NSCC’s and DTC’s obligations under Section 17A and Rule 17Ad-22 of the Exchange Act. The Risk Controls/Assurances that were applied to LSC do not constitute any form of disciplinary action, denial of membership or participation, prohibition or limitation on access to services by NSCC or DTC contemplated by Section 19(d) of the Exchange Act and Rule 19d-3 thereunder.³ Accordingly, no notice of any such action has been made by NSCC or DTC with respect to the Risk Controls/Assurances under Rule 19d-1 of the Exchange Act. Also, because neither NSCC nor DTC has taken any such action, there is no proceeding or record for purposes of Rule 420(e) of the SEC’s Rules of Practice.

The actions complained of by LSC in its Filing are not reviewable under Section 19(d) and Rule 19d-3. The application, therefore, is invalid and should be rejected.

Sincerely,



Benjamin J. Catalano

cc (by email):

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³ Indeed, the rules on which the Risk Controls/Assurances are based, NSCC Rule 15 and DTC Rule 9(A), promulgated pursuant to Section 19(b) of the Exchange Act, explicitly distinguish between those measures and actions constituting a fine, discipline or restriction on access to services pursuant to other NSCC and DTC Rules, reviewable for purposes of Section 19(d) of the Exchange Act.