

March 14, 2003

Mr. Jonathan Katz
Secretary
United States Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

Re: Federal Register File No. SR-DTC-23003-03

Dear Sir/Madam

Salomon Smith Barney Inc. is writing the Commission regarding the Federal Register release number No.34-47365; File No. SR-DTC-2003-02. Our firm's view is full support for The Depository Trust Company (DTC) proposed rule change to limit DTC withdrawals of physical certificates to DTC participants. Our belief is that recent efforts by certain Issuers to remove their public securities from the industry depository is in direct conflict with ongoing industry initiatives underway to reduce risk in the market place and to achieve Straight Through Processing (STP).

Whereas we view this issue through the eyes of clearance and settlement managers and lack expertise to opine on short selling and its impact on issuers, we trust that a fair and equitable solution can be reached across the industry. We do not believe that the withdrawal of certificates from the industry depository is an efficient solution to this issue. Over the past decade our industry has achieved monumental success in reducing risk in the trade flow, and in enhancing processing efficiencies within industry infrastructure supporting bookentry clearance and settlement. In our view, much of this success can be attributed to immobilizing the stock certificate and mandating bookentry settlement among financial institutions and their financial intermediaries.

We trust that the commission will rule consistent with its track record on supporting depository eligibility as well as the commission support of bookentry clearance and settlement (the commission approval of NYSE Rules 226 and 227 in 1993 and 1994). In hindsight, these two rules proved key stepping stones in leading to the efficient electronic custody and clearance infrastructure existing in our market place today. We believe that a certificated alternative would turn the clock backward and lead to greater risk in the settlement process, and re-introduce the additional cost associated with the maintenance of physical certificates. Ultimately this additional risk and cost would be borne by the investor.

Thank you for your consideration in this matter.

Patrick Kirby
Director
Salomon Smith Barney
Trades Processing Division