



JPMorgan
14201 Dallas Parkway
Dallas, Texas, 75254

December 10th 2007

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Ms. Morris:

JP Morgan supports DTC's rule filing, SEC File No. SR-DTC-2007-11, relating to the proposed procedural and policy changes for structured securities eligible at DTC.

JPMorgan agrees with the cross-industry working group's conclusions that:

- There is an "overall lack of consistent, industry-wide awareness of the magnitude and severity of the processing problems" related to payment allocations of structured securities such as ABS and CMOs.
- A "disproportionate displeasure and frustration" exists among various asset servicers, such as broker/dealers and custodial banks, as well as institutional and retail beneficial owners.
- The originators of these securities – issuers and underwriters – do not suffer from the problems or losses that others do in the processing chain, including investors.

JPMorgan agrees that the change in the deadline for DTC receiving rates to one business day prior to Payable Date and extending the 7:00 p.m. EST cut-off for rate submission to DTC until 11:30 p.m. EST will give paying agents additional time for the collection, calculation and dissemination of rates.. The realities in the marketplace and the multitude of servicers in the processing chain suggest that this processing change will improve timely and accurate allocations of structured securities payments by the paying agents to DTC and further down stream to the investors. This enhancement is particularly significant for paying agents in the mid-west and west coast time zones that are responsible for processing a significant number payment rates.

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DTC's rule filing proposes to categorize DTC-eligible structured securities into two classes: Conforming and Non-Conforming. Conforming securities are those whose structures permit their paying agents to meet the deadline for reporting rates to DTC. Non-conforming securities are those whose structures or embedded features are unlikely to ever allow their paying agents to report rate information timely. At the time a new structured security comes to market, the paying agent and underwriter will review the structured security CUSIP to determine if a security is conforming or non-conforming. At present, paying agents are finalizing their review of the current DTC eligible structured securities to determine which CUSIPs are conforming or non-conforming. Paying agents have begun to report the results to DTC, with a listing of the non-conforming CUSIPs. DTC will make the list available to all interested parties.

JPMorgan is in favor of this categorization of CUSIPs because it enables DTC participants and underlying investors to make a clear distinction between structured securities that will most likely have rate information available prior to payable date versus those that most likely will not. The categorization will highlight the CUSIPs that would most likely not have rate information available to DTC in a timely manner. This distinction will assist DTC participants in financing and cash flow analysis on payment dates, with fund allocations averaging \$ 66.9 billion for approximately 102,000 individual CUSIP payments.

Further, DTC's rule filing will implement an "exception processing fee" at the point of underwriting to cover the processing costs produced by the "non-conforming" issues. JPMorgan agrees that processing inefficiencies translate to additional costs for processing staff, overtime hours, reprocessing of late and inaccurate rates and the resultant late payments to beneficial owners and post-payable adjustments. DTCC's annual disbursing of the net proceeds from these exception processing fees to recipients of payment allocations in all structured securities will defray a portion of the cost to support these issue types.

When the rule is implemented, DTC will distribute a new "Paying Agent Report Card" to the industry, which will track paying agent performance, timeliness and accuracy of payments. The report card will not include "non-conforming" issues in regards to timeliness, but will include both conforming and non-conforming for the purposes of rate accuracy.



We believe that the publication of the agent report cards will raise awareness of structured securities processing issues. Through this awareness, we anticipate that issuers and underwriters will further analyze new issues coming to market and structure these new issues to better serve the investor, by paying accurately and timely on payable date.

JPMorgan supports DTC's rule filing and this industry initiative. We urge the SEC to approve this rule filing which will raise awareness of structured securities processing issues throughout the industry, and improve servicing the investor.

Yours sincerely

Simon Griffiths
Vice President