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September 13, 2016

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Euroclear Bank SA/NV; Notice of Filing of Application To Modify an Existing Exemption From Clearing Agency Registration, File No. 601-01

Dear Sir:

The Depository Trust & Clearing Corporation (“DTCC”) appreciates the opportunity to provide comments to the U.S. Securities and Exchange Commission (“Commission” or “SEC”) on its notice of a filing by Euroclear Bank SA/NV (“EB”) to amend its Form CA-1 to modify its exemption from registration as a clearing agency pursuant to Section 17A of the Securities Exchange Act of 1934¹ (“Exchange Act”) and Rule 17Ab2-1 thereunder² (the “Modification Application”). DTCC supports the Modification Application to allow EB to provide collateral management services for U.S. equity securities to U.S. financial institutions that are participants in the EB international central securities depository, which activity will be linked with The Depository Trust Company (“DTC”), the U.S. central securities depository and a wholly owned subsidiary of DTCC, as further set forth below.

DTCC is an industry-owned holding company that, through its various operating subsidiaries, provides the largest post-trade market infrastructure for the global financial services industry. Chief among the wholly owned subsidiaries of DTCC are its three registered clearing agencies, DTC, the National Securities Clearing Corporation (“NSCC”) and the Fixed Income Clearing Corporation (“FICC”), which have also been designated as Systemically Important Financial Market Utilities (“SIFMUs”) under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd Frank Act”).³

DTC is the world’s largest central securities depository and a clearing agency for the settlement of securities trading activities, registered with the SEC pursuant to Section 17A since

¹ 15 U.S.C. 78q-1.

² 17 CFR 240.17Ab2-1.

³ 12 U.S.C 5463.

1983.⁴ DTC holds eligible securities on behalf of its Participants and reflects the transfer of interests in those securities among Participants by computerized book-entry. Eligible securities deposited with DTC for book-entry transfer services are registered in the name of its nominee, Cede & Co., a New York partnership. When the certificates are registered in the name of Cede & Co., DTC acquires legal title to the securities; as to Participants of DTC to whose account the securities may be credited, interests in the securities become fungible. That is, a Participant does not have a right to any particular security certificate, each Participant has a proportionate interest in the total inventory of the issue held by DTC.⁵ Participants of DTC include, primarily, banks and broker-dealers but also other international central securities depositories, such as CDS Clearing and Depository Services Inc. and Clearstream Banking AG. EB has recently been approved to be a DTC Participant for purposes of providing a linked arrangement as further described below, in connection with the joint venture of EB and DTCC, DTCC Euroclear Global Collateral Ltd (“DEGCL”).

DEGCL is a United Kingdom (“UK”) joint venture of DTCC and Euroclear S.A./N.V. (“Euroclear”), authorized by the Financial Conduct Authority (“FCA”) in the UK as a “service company”⁶ in accordance with applicable law of the UK. DEGCL was authorized as a “service company” by the FCA on March 29, 2016. DEGCL was formed for the purpose of offering global information, record keeping, and processing services for derivatives collateral transactions and other types of financing transactions. DEGCL seeks to provide services to its users, including buy-side and sell-side financial institutions, in meeting their risk management and regulatory requirements for the holding and exchange of collateral, as required by these new regulatory requirements.

⁴ See Securities Exchange Act Release No. 20221 (September 23, 1983), 48 FR 45167 (October 3, 1983) (File No. 600-1).

⁵ See Securities Exchange Act Release No. 19678 (April 15, 1983), 48 FR 17603, 17605, n.5 (April 25, 1983) (describing fungible bulk); see also N.Y. UNIFORM COMMERCIAL CODE, § 8-503, OFF. CMT 1 (“... all entitlement holders have a pro rata interest in whatever positions in that financial asset the [financial] intermediary holds”).

⁶ A “service company,” as defined in the FCA Handbook, Glossary, is: “[a] firm whose only permitted activities are making arrangements with a view to transactions in investments, and agreeing to carry on that regulated activity, and whose Part 4A permission: (a) incorporates a limitation substantially to the effect that the firm carry on regulated activities only with market counterparties or intermediate customers; and (b) includes requirements substantially to the effect that the firm must not: (i) guarantee, or otherwise accept responsibility for, the performance, by a participant in arrangements made by the firm in carrying on regulated activities, of obligations undertaken by that participant in connection with those arrangements; or (ii) approve any financial promotion on behalf of any other person or any specified class of persons; or (iii) in carrying on its regulated activities, provide services otherwise than in accordance with documents (of a kind specified in the requirement) provided by the firm to the FCA.” FCA Handbook, Glossary, *available at* <https://www.handbook.fca.org.uk/handbook/glossary>.

The Modification Application relates in particular to the Inventory Management Service of DEGCL (“DEGCL IMS”). The purpose of DEGCL IMS is to offer to its users a more global view of their collateral assets, support cross-border mobility, and integrate information and record keeping for collateral use of securities held at DTC and EB. By its Modification Application, EB seeks to be able to offer DEGCL IMS to its participants that are U.S. financial institutions for U.S. securities held by such financial institutions through DTC.

DEGCL IMS would be operated by EB and other entities in the Euroclear group, as the service provider to DEGCL, in accordance with appropriate agreements among these parties and in compliance with applicable regulatory requirements. DEGCL IMS would be offered to any financial institution that is both a DTC Participant and a participant of EB that has elected to use collateral management services at EB. Users of DEGCL IMS would need to use the DTC EB Link to participate.⁷

Adding the ability to reposition equity assets held at DTC for transactions on the books of EB would provide common participants of DTC and EB with the ability to optimize collateral globally, reduce costs and manage their balance sheets in a capital efficient manner. U.S. financial institutions will increasingly seek to utilize collateral more efficiently as new rules for bilateral clearing of OTC derivatives and other regulations take effect. By using DEGCL IMS, dealers will also be able to broaden their pool of term liquidity, facilitating compliance with key regulatory ratios and minimizing the capital required to support their financing business.

DTCC believes that DEGCL IMS will reduce systemic risk by supporting the more efficient allocation of collateral, reducing transaction costs and the risk of settlement failures. It is also beneficial for the market to use U.S. equities as collateral in a well-known, well-regulated parallel market infrastructure provider, EB, which, like DTC, operates to the standards developed by the International Organization of Securities Commissioners and the Committee on Payment and Settlement Systems. Through these services, U.S. investors and their intermediaries will be able to utilize more efficient means for the deployment of collateral.

For all these reasons, DTCC supports the Modification Application.

Sincerely,



9/13/16

Mark Jennis
Managing Director
Strategy & Business Development

⁷ DTC filed Rule 34, EB Link, pursuant to Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder, to support this service. The Commission approved the Rule on July 19, 2016. Rule 34 will establish the EB Link between DTC and EB through which a participant of both DTC and EB could deliver securities from its DTC account, by way of a dedicated sub-account, to the EB account at DTC. The object is for EB to then credit the securities to an account of that participant on the books of EB for use in the collateral management services that EB offers its participants. See Securities Exchange Act Release No. 78358 (July 19, 2016), 81 FR 48482 (July 26, 2016) (SR-DTC-2016-004).