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August 22, 2016

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

**Re: File No. SR-DTC-2016-003**

Dear Mr. Fields,

On May 27, 2016, pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission (the "Commission") a proposed rule change on Form 19b-4 (the "Filing")<sup>3</sup> that would adopt Rule 33 ("Original Proposed Rule 33"). Proposed Rule 33 describes the circumstances under which DTC would impose or release deposit chills and global locks ("Restrictions") and the procedures that issuers of restricted securities may follow to challenge a Restriction. On June 30, 2016, the Securities Transfer Association ("STA") filed a letter commenting on Proposed Rule 33 (the "STA Letter").<sup>4</sup> DTC filed a response to the STA Letter dated July 21, 2016 ("DTC Response")<sup>5</sup> and, on July 29, 2016 filed an amendment to Proposed Rule 33 (the "Amendment," and, together with the Original Proposed Rule 33, "Proposed Rule 33").<sup>6</sup>

<sup>1</sup> 15 U.S.C. § 78s (b)(1).

<sup>2</sup> 17 C.F.R. 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 77991 (June 3, 2016), 81 FR 37232 (June 9, 2016) (SR-DTC-2016-003).

<sup>4</sup> The Commission published notice of the STA letter on June 30, 2016, *available at* <https://www.sec.gov/comments/sr-dtc-2016-003/dtc2016003-1.pdf>.

<sup>5</sup> The Commission published notice of the DTC Original Comment Letter on July 21, 2016, *available at* <https://www.sec.gov/comments/sr-dtc-2016-003/dtc2016003-4.pdf>.

<sup>6</sup> *Available at* <http://www.dtcc.com/~media/Files/Downloads/legal/rule-filings/2016/dtc/SR-DTC-2016-003-Amendment-1.pdf?la=en>. Addressing an STA

On August 11, 2016, Sichenzia Ross Friedman Ference LLP (“Sichenzia”) submitted a comment letter in connection with Proposed Rule 33 (the “Sichenzia Letter”),<sup>7</sup> to which this letter responds. DTC appreciates this opportunity to respond to the Sichenzia Letter.

First, we note that the Sichenzia Letter dwells on Sichenzia’s prior experiences which are not relevant to Rule 33. Second, the Sichenzia Letter is substantially repetitive of portions of the STA Letter, and therefore DTC would refer Sichenzia to the DTC Response which addresses concerns that Sichenzia repeats.

In particular, however, Sichenzia argues that DTC is attempting to expand its authority to impose Restrictions, asserting that they “do not believe it possible for DTC to be ‘fair’ if . . . DTC sets its own standards and acts on its own accord to impose a [Restriction] . . .”<sup>8</sup> Sichenzia is restating the argument set forth in the STA Letter,<sup>9</sup> which was fully addressed in the DTC Response.<sup>10</sup> As noted there, it is critical to the self-regulatory function of DTC, and the Commission has repeatedly affirmed, that DTC retain discretion to avert imminent harm, including the discretion to take action before providing notice to the issuer, if necessary.<sup>11</sup> As stated in the DTC Response, Section 1(d) is not intended to broaden DTC’s authority but to protect the clearing agency and its stakeholders in those relatively unusual situations where imminent harm has been identified.<sup>12</sup>

Again echoing the STA,<sup>13</sup> Sichenzia further suggests that Proposed Rule 33 should provide for an automatic removal of Restrictions imposed under Subsection 1(d) of Proposed Rule 33 after a “short period” or should contain “specific methods by which an Issuer can successfully appeal.”<sup>14</sup> DTC has previously addressed this suggestion in the DTC Response.<sup>15</sup> As noted, a proposal that a Restriction should expire after a short period, premised on the assumption that a regulator could act quickly within that period, is neither reasonable nor practical, and would not address all circumstances in which a Restriction would be imposed.<sup>16</sup>

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concern, the Amendment establishes a period of ten business days within which DTC must provide a written decision to an issuer’s response to a Restriction notice.

<sup>7</sup> The Commission published notice of the Sichenzia Letter on August 11, 2016, *available at* <https://www.sec.gov/comments/sr-dtc-2016-003/dtc2016003-5.pdf>.

<sup>8</sup> Sichenzia Letter at 1.

<sup>9</sup> *See* STA Letter at 2.

<sup>10</sup> *See* DTC Response at 2-3.

<sup>11</sup> *See id.*

<sup>12</sup> *Id.*

<sup>13</sup> STA Letter at 3.

<sup>14</sup> Sichenzia Letter at 6.

<sup>15</sup> DTC Response at 2-3.

<sup>16</sup> DTC Response at 3.

Further, as DTC cannot anticipate all circumstances under which imminent harm could arise in the future, it cannot anticipate, for all future circumstances, what might substantively be required for an issuer's successful response.

In conclusion, DTC believes that Proposed Rule 33 comports with the requirements of Section 17A(b)(3)(H) of the Exchange Act and the Commission's prior rulings, and respectfully urges that Proposed Rule 33 be approved as filed.

Sincerely,

A handwritten signature in blue ink, appearing to read 'IM', with a long horizontal stroke extending to the right.

Isaac Montal  
Managing Director and  
Deputy General Counsel

IM/mf