

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-101964; File No. SR-DTC-2024-015)

December 18, 2024

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to DTC’s New Issue Information Dissemination Service to Unwind a Prior Rule Filing and Provide a More Accurate Description of the Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 12, 2024, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(4) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change will (i) correct DTC’s rule filing record by unwinding a prior rule filing (“2014 Filing”)⁵ regarding DTC’s New Issue Information Dissemination Service (“NIIDS”) and (ii) update the description of NIIDS in the DTC Operational

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(4).

⁵ Securities Exchange Act Release No. 72763 (Aug. 5, 2014), 79 FR 46886 (Aug. 11, 2014) (SR-DTC-2014-08).

Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Service) (“OA”)⁶ to more clearly describe NIIDS, as described in greater detail below.⁷

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The proposed rule change will (i) correct DTC’s rule filing record by unwinding the 2014 Filing regarding DTC’s NIIDS and (ii) update the description of NIIDS in the OA to more clearly describe NIIDS.

Background

NIIDS was established by DTC in 2008.⁸ It was built to improve the process by which brokers comply with Municipal Securities Rule Making Board (“MSRB”)

⁶ Available at www.dtcc.com/~/media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf.

⁷ Each capitalized term not otherwise defined herein has its respective meaning as set forth the Rules, By-Laws and Organization Certificate of DTC (the “Rules”) available at www.dtcc.com/legal/rules-and-procedures.

⁸ Securities Exchange Act Release No. 57768 (May 2, 2008), 73 FR 26181 (May 8, 2008) (SR-DTC-2007-10).

standards for making available certain data information (“NIIDS Data Elements”) pertaining to the reporting, comparison, confirmation, and settlement of trades in newly issued municipal securities (“New Muni Issues”).⁹ Through NIIDS, underwriters or other authorized representatives (“Dissemination Agents”) are able to distribute NIIDS Data Elements to data vendors or other users of such information, as required by the MSRB.¹⁰

DTC collects NIIDS Data Elements about New Muni Issues from Dissemination Agents in electronic format through DTC’s underwriting system as part of DTC’s New Muni Issue underwriting process. Those NIIDS Data Elements are then disseminated to market participants that subscribed to such information (“NIIDS Subscribers”).

2014 Filing

Prior to 2014, DTC was responsible for disseminating NIIDS Data Elements to NIIDS Subscribers upon approval to do so by the Dissemination Agent. The 2014 Filing was a rule change by DTC to transfer the dissemination process from DTC to a non-clearing agency affiliate (i.e., the “NIIDS Disseminator”).¹¹ The impetus for moving the dissemination process was in anticipation of further business opportunities for the NIIDS Disseminator. However, such opportunities did not materialize, and the dissemination process was never transferred from DTC to the NIIDS Disseminator. Because the transfer

⁹ NIIDS Data Elements are needed for trade reporting, trade matching and to set up trade confirmation for certain municipal securities.

¹⁰ MSRB Rule G-34(a)(ii)(C).

¹¹ Securities Exchange Act Release No. 72763 (Aug. 5, 2014), 79 FR 46886 (Aug. 11, 2014) (SR-DTC-2014-08).

never occurred, the OA was never updated to reflect the proposed changes from the 2014 Filing.

Since the OA was never updated and because DTC will remain the disseminator of NIIDS Data Elements, DTC is now proposing to correct the record and unwind the 2014 Filing with this rule filing.

Updated NIIDS Description

In addition to unwinding the 2014 Filing, this proposed rule change will delete the current NIIDS description in the OA and replace that language with a more concise, clear, and accurate description of the NIIDS dissemination process. The proposed language would not change the way NIIDS works; rather, the new description would simply provide a more thorough and precise explanation of NIIDS. Specifically, the proposed rule language would (1) provide an improved introduction and explanation of the purpose of NIIDS, how NIIDS is integrated into DTC’s underwriting system (i.e., UW SOURCE), and give a clearer overview of NIIDS’s role and its regulatory context; (2) explain the specific process that the Dissemination Agent must follow to successfully disseminate NIIDS Data Elements, outline the steps involved, and emphasize, for clarity, that failure to enter the required data or select the dissemination function would prevent the information from being disseminated; (3) clarify the role and importance of NIIDS Data Elements by defining them and distinguishing them from the DTC eligibility process; (4) correct grammatical and technical errors (e.g., the term “New Issue Identification Dissemination System” would be replaced by the correct term “New Issue Information Dissemination Service”); and (5) provide an updated legal disclaimer, which specifies that DTC functions solely as a conduit for NIIDS, disclaims responsibility for

validating the accuracy or completeness of NIIDS Data Elements and limits liability for any faults, errors or damages arising from the use of NIIDS. In order to provide a disclaimer that is more precise, accurate and more aligned to DTC's current disclaimer language, the updated disclaimer is broader, more detailed, and explicitly addresses data faults, warranties and limits liability for various damages, including the adequacy, quality, accuracy, completeness, or timeliness of information made available through NIIDS.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires that the rules of the clearing agency be designed, inter alia, to promote the prompt and accurate clearance and settlement of securities transactions.¹² DTC believes that the proposed rule change is consistent with the Section 17A(b)(3)(F) of the Act.

¹² 15 U.S.C. 78q-1(b)(3)(F).

As described above, the proposed rule change will (i) correct DTC’s filing record by unwinding the 2014 Filing, and (ii) remove the current description of NIIDS in the OA and replace it with an update description that more clearly and accurately describes the service, including an updated and clearer liability disclaimer. By unwinding the 2014 Filing and updating and correcting the description of NIIDS in the OA, the proposed rule change clarifies for Participants, NIIDS Subscribers, and other interested parties in NIIDS how the service works, which, in turn, better enables the timely and accurate reporting of NIIDS Data Elements and their use in associated transactions. Therefore, DTC believes that the proposed rule change would help promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F) of the Act, cited above.

(B) Clearing Agency’s Statement on Burden on Competition

DTC does not believe that the proposed rule change would have any impact or impose any burden on competition because, as described above, the proposed rule change simply corrects DTC’s filing record with respect to the dissemination of NIIDS Data Elements, and more clearly describes NIIDS, without making any actual changes to the service.

(C) Clearing Agency’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

DTC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting written comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4,

the Securities and Exchange Commission (“Commission”) does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission’s instructions on *How to Submit Comments*, available at www.sec.gov/regulatory-actions/how-to-submit-comments. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission’s Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

DTC reserves the right to not respond to any comments received.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)¹³ of the Act and paragraph (f)¹⁴ of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-DTC-2024-015 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to file number SR-DTC-2024-015. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10 a.m. and 3

p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website (www.dtcc.com/legal/sec-rule-filings). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-DTC-2024-015 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

J. Matthew DeLesDernier,

Deputy Secretary.

¹⁵ 17 CFR 200.30-3(a)(12).