

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53503; SR-DTC-2006-01)

March 16, 2006

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Participant Exchange System

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on January 19, 2006, 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 primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Under the proposed rule change, DTC will disable its Participant Exchange (“PEX”) buy-in functionality for the National Securities Clearing Corporation’s (“NSCC”) Continuous Net Settlement (“CNS”) buy-ins on or about February 10, 2006.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

¹ 15 U.S.C. 78s(b)(1).

Between 2003 and 2005, DTC made several rule filings to establish and enhance its SMART/Track service.² In rule filing SR-DTC-2005-19, DTC added the SMART/Track for Buy-Ins service that provides automated communication, warehousing, and tracking of various types of buy-in related notices.³ As part of that filing, DTC announced that the SMART/Track for Buy-Ins service would replace the buy-in functionality of DTC's PEX platform.

Under this proposed rule change, DTC will disable the PEX functionality for NSCC's CNS buy-ins on or about February 10, 2006.⁴ Accordingly, DTC participants and NSCC CNS users must register for the SMART/Track for Buy-Ins service. DTC has been assisting its participants and CNS users in this regard.

The PEX buy-in functionality for buy-ins other than NSCC CNS buy-ins (i.e. NYSE, AMEX, NASD, and NSCC Balance Order buy-ins) and for Municipal Securities Rulemaking Board closeouts will remain active until the final phase of SMART/Track for Buy-Ins is implemented, which is currently anticipated to happen in June 2006. When that happens, all PEX buy-in functionality will be disabled pursuant to a rule filing that DTC will file at that

² Securities Exchange Act Release Nos. 50029 (July 15, 2004), 69 FR 43870 (July 22, 2004) (Universal Hub, Stock Loan notification service); 50887 (Dec. 20, 2004), 69 FR 77802 (Dec. 28, 2004) (Corporate Action Liability Notification Service); 52104 (July 21, 2005), 70 FR 43730 (July 28, 2005) (SMART/Track for Agency Lending Disclosure); and 53032 (Dec. 28, 2005), 71 FR 1457 (Jan. 9, 2006) (SMART/Track for Buy-Ins) [SR-DTC-2005-19].

³ Securities Exchange Act Release No. 53032 supra note 2.

⁴ DTC and NSCC have notified their respective participants of this action. DTC Important Notice B#9049-06 (Jan. 19, 2006) available online at <http://www.dtc.org/impNtc/ope/ope_9049-06.pdf>; NSCC Important Notice A#6189 (Jan. 19, 2006), available online at <<http://www.nsc.com/impnot/notices/notice2006/a6189.pdf>>.

time.⁵ DTC and NSCC will notify their participants of the exact date of such termination through Important Notices.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁶ and the rules and regulations thereunder because it is consistent with DTC's obligation to safeguard securities and funds in its custody or control.

B. Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change will have any impact or impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

DTC has not solicited or received written comments relating to the proposed rule change. DTC will notify the Commission of any written comments it receives.

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)(iii)⁷ of the Act and Rule 19b-4(f)(4)⁸ thereunder because it effects a change in an existing service of DTC that does not adversely affect the safeguarding of securities or funds in DTC's control or for which DTC is responsible and does not significantly affect DTC's or its participants' respective rights or obligations. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the

⁵ PEX will remain a DTC service for other functions not related to buy-ins.

⁶ 15 U.S.C. 78q-1.

⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

⁸ 17 CFR 240.19b-4(f)(4).

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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-DTC-2006-01 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-1090.

All submissions should refer to File No. SR-DTC-2006-01. This file number should be included on the subject line if e-mail 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 Web site (<http://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 inspection and copying in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549. Copies of

such filing also will be available for inspection and copying at DTC's principal office and on DTC's Web site at <<http://www.dtc.org/impNtc/mor/index.html>>. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submission should refer to File No. SR-DTC-2006-01 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Nancy M. Morris
Secretary

⁹ 17 CFR 200.30-3(a)(12).