

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-65993; File No. SR-DTC-2011-11)

December 16, 2011

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rules Relating to Update DTC's Custody Service Guide

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 7, 2011, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I and II below, which items have been prepared primarily by DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act and Rule 19b-4(f)(4) thereunder so that the proposed rule change was effective upon filing with the Commission.<sup>2</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The purpose of this proposed rule change is to update DTC's Custody Service Guide in order to streamline the document and to mitigate certain risks associated with custody processes.<sup>3</sup>

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(iii) and 17 CFR 240.19b-4(f)(4).

<sup>3</sup> The text of the proposed rule change is attached as Exhibit 5 to DTC's filing, which is available at [www.dtcc.com/downloads/legal/rule\\_filings/2011/dtc/2011-11.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2011/dtc/2011-11.pdf).

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 these statements.<sup>4</sup>

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(1) Purpose

DTC's custody service enables DTC participants to deposit securities with DTC for safe-keeping. Certificates deposited through the custody service ("Custody Issue") are held by DTC but remain registered in the name of the participant's customer or in the name of the participant (*i.e.*, the securities are not registered in DTC's nominee name, Cede & Co.). Therefore, a security deposited through the custody service is not eligible for DTC's book-entry services, but may be eligible for other depository services, unless the depositing participant directs DTC to transfer the position originally credited to the participant's custody free account to the participant's general free account.

DTC is proposing to update its Custody Service Guide in order to streamline the document and to address certain risks associated with various aspects of its custody processes. Specifically, DTC is proposing, among other technical changes, to clarify its rules relating to imaging requests and required methods of notification in order to provide a more concise and coherent description of the procedures. In order to mitigate risks associated with the use of Medallion Signature Guarantee stamps, Attorney Release stamps, and Tax waiver/Cede & Co.

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<sup>4</sup> The Commission has modified the text of the summaries prepared by DTC.

Assignment stamps, DTC is also proposing to update its procedures regarding the process used at DTC to safeguard the use and storage of such stamps.<sup>5</sup> Finally, DTC is proposing to remove the detailed narrative describing its branch deposit services because the description of this service and participants' compliance obligations are currently described in DTC's Deposit Service Guide.<sup>6</sup>

(2) Statutory Basis

The proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC because the proposed revisions to the procedures associated with DTC's custody service should facilitate the prompt and accurate clearance and settlement of securities transactions by reducing the costs, inefficiencies and risks associated with the physical safekeeping of securities. In so doing, these revisions should in turn also enhance the use of DTC's existing services.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change would impose any burden on competition.

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

Written comments relating to the proposed rule change have not been solicited DTC. DTC will notify the Commission of any written comments received by DTC.

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<sup>5</sup> When processing certificates in connection with its custody services, DTC may use a participant's Medallion Signature Guarantee stamp, Attorney Release stamp, Tax waiver/Cede & Co. Assignment stamp, or any combination of these stamps to facilitate making negotiable a participant's securities for transfer or sale in accordance with the participant's instructions.

<sup>6</sup> The language DTC is proposing to eliminate from the Custody Service Guide continues to be included in the Deposits Service Guide.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>7</sup> and Rule 19b-4(f)(4)<sup>8</sup> thereunder because it is a change in an existing service that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency and does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. At any time within sixty days of the filing of such 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.

### 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 (<http://www.sec.gov/rules/sro.shtml>) or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2011-11 on the subject line.

#### Paper Comments:

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

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>8</sup> 17 CFR 240.19b-4(f)(4).

All submission should refer to File Number SR-DTC-2011-11. 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 website (<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 website viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-1090, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of NSCC and on NSCC's website at [http://www.dtcc.com/downloads/legal/rule\\_filings/2011/dtc/2011-11.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2011/dtc/2011-11.pdf). 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 submissions should refer to File Number SR-DTC-2011-11 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).