

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-68114; File No. SR-DTC-2012-08)

October 26, 2012

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Update Its Corporate Actions Service in Order to Introduce a New Standard to Communicate Certain Corporate Actions Information to Participants

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that on October 16, 2012, 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. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii)<sup>3</sup> of the Act and Rule 19b-4(f)(4)(i)<sup>4</sup> thereunder, so that the proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

As discussed below, this rule change updates DTC’s standards for communicating information related to distribution events by publishing the data in industry-standard International Organization for Standardization (“ISO”) 20022 format for the entire lifecycle of the event. Additionally, DTC will be replacing corporate actions functions

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

<sup>2</sup> 17 CFR 240.19b-4.

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

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

on its Participant Terminal System (PTS)/Participant Browser Service (PBS) applications with a new browser user interface related to the processing of distribution events.

II. Self-Regulatory Organization's Statement of 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.<sup>5</sup>

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

When significant events occur in the life of a security, they are typically announced to shareholders and others in a press release or a Commission filing. DTC handles essential aspects of processing distribution events<sup>6</sup> by routinely receiving and distributing information to its Participants using its proprietary computer to computer facility ("CCF") files. In order to reduce risk, improve transparency and increase efficiency in the announcing and processing of distribution events, DTC is updating its standards for communicating information related to these events by publishing the data in

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<sup>5</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>6</sup> The lifecycle of a distribution event includes an announcement of the event, a record date entitlement assigned to each Participant entitled to a distribution, a potential instruction given from the Participant as to how to handle an optional distribution, an allocation of a credit to the Participant and a post allocation communication to those Participants involved in the distribution.

industry-standard ISO 20022 format for the entire lifecycle of the event.<sup>7</sup> DTC will also be replacing corporate actions functions on its PTS/PBS applications with a new browser user interface related to the processing of distribution events.

Participants that have volunteered to participate in a pilot program will receive ISO 20022 messages across the entire life cycle of distribution events (announcement, entitlements, instructions and allocations) for testing purposes. The pilot program will be two-tiered in nature, where testing will initially begin with DTC e-mailing sample ISO 20022 messages containing test data and then gradually move to messages that are generated systemically in order for Participants to conduct a parallel production test. The Participants who are participating in the pilot will continue to receive all distribution event data via CCF files in order to run their proprietary production systems. The pilot program will run until the second quarter of 2014. Following the termination of the pilot program, Participants will have the option to rely on the ISO 20022 distribution event information to process daily activity in their production environments. However, DTC will continue to support its legacy proprietary CCF files for distribution event information until 2015.

Additionally, DTC will be replacing corporate actions functions on its PTS/PBS applications with a new browser user interface related to the processing of distribution events. The interface will incorporate the entire lifecycle of a distribution event into one platform with a unique corporate action identifier per event that follows the event through

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<sup>7</sup> The ISO 20022 format allows for a greater number of data elements from their equivalent CCF formats, and the new real-time messaging protocols allow for more frequent updates and access to messages intraday as opposed to many of the end-of-day batch CCF files.

its lifecycle.<sup>8</sup> DTC's proprietary codes and acronyms will be replaced with market standard language. For example, a cash dividend payment in the market that DTC identifies and communicates as an "08" function code in PTS/PBS and via CCF file will now be identified as a "Cash Dividend" event. Participants will also be able to customize information on certain screens on the interface and have flexible search methods. Testing of the interface will take place in 2013 and use of the new user interface for processing of distribution events will be mandatory for all DTC Participants beginning in the second quarter of 2014. DTC will offer training to all customers at least six months prior to implementation. To assist with the transition, DTC will continue to support PTS/PBS functionality for customers via an inquiry-only view for at least six months after the use of the new interface becomes mandatory.

DTC believes that the proposed rule change is consistent with the requirements of the Act, and the rules and regulations thereunder, because it modifies a DTC service in order to make the process for notifying Participants of distribution events more efficient.

(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

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

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<sup>8</sup> This contrasts with the current announcements processed through PTS/PBS in which there are multiple function codes associated with an event's lifecycle.

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

The forgoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>9</sup> and Rule 19b-4(f)(4)(i)<sup>10</sup> thereunder because it effects a change in an existing service of DTC that does not significantly affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and does not significantly affect the respective rights or obligations of DTC or persons using this service. 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.

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 No. SR-DTC-2012-08 on the subject line.

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 17 CFR 240.19b-4(f)(4)(i).

Paper Comments:

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

All submissions should refer to File Number SR-DTC-2012-08. 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 Room, 100 F Street, NE, Washington, D.C. 20549 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 DTC and on DTC's website at [http://www.dtcc.com/downloads/legal/rule\\_filings/2012/dtc/SR-DTC-2012-08.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2012/dtc/SR-DTC-2012-08.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-2012-08 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>11</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).