

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-76802; File No. SR-DTC-2015-012)

December 30, 2015

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Add a Fee to Be Charged to Transfer Agents of DTC-eligible Issues Subject to a Corporate Action

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 24, 2015, 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 DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(2) thereunder.⁴ 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 persons.

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

The proposed rule change consists of a change to DTC’s Fee Schedule (“Fee Schedule”)⁵ to add a new fee that would be charged to the transfer agent of any DTC-eligible issue when the transfer agent notifies DTC of a corporate action event

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)(2).

⁵ Available at <http://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/dtcfeeguide.pdf?la=en>.

(“Corporate Action”) that requires a new CUSIP to be made DTC-eligible,⁶ as more fully described 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, 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) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The proposed rule change would add a fee to the Fee Schedule that would be charged to the transfer agent of a DTC-eligible security when DTC is notified by the

⁶ Corporate Actions processed by DTC include but are not limited to the restructuring of DTC-eligible securities resulting from mergers, acquisitions, and reverse splits. DTC performs Corporate Actions processing primarily through its Mandatory and Voluntary Reorganization Services by the DTC Reorganization Department (“Reorganization”). Additionally, with respect to any Corporate Action that requires DTC to make a new CUSIP(s) DTC-eligible DTC’s Underwriting Department (“Underwriting”) must also process the eligibility component of the Corporate Action. DTC processes the new CUSIP(s) for eligibility pursuant to the transfer agent’s notification to DTC of the Corporate Action and related instructions and information detailing the issuance of the new CUSIP(s) provided by the transfer agent. See generally, the DTC Operational Arrangements (“OA”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

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

transfer agent to process a Corporate Action with respect to the security that requires DTC to make a new CUSIP eligible for DTC services.

Background

Securities may become eligible for deposit at DTC through initial offerings,⁸ the Older Issue Eligibility Request process,⁹ and Corporate Actions processing.¹⁰ Through ongoing efforts to evaluate its fees and align them with operating costs, DTC has identified that it is not recovering costs that it incurs in connection with making securities eligible for DTC services through its Corporate Actions process.¹¹

Proposal

Pursuant to the proposed rule change, in order to align DTC's fees with the costs it incurs in making securities eligible for DTC services through its processing of Corporate Actions, DTC would implement a new fee, to be known as the Corporate Actions Eligibility Fee ("New Fee"), which would be charged to the transfer agent of any DTC-eligible security when the transfer agent notifies DTC of a Corporate Action that requires DTC to make a new CUSIP eligible for DTC services. The amount of the New

⁸ An initial offering is made eligible for deposit at DTC pursuant to an eligibility request to Underwriting from a sponsoring Participant. See OA, supra note 6, pp. 1–2 (Submission of an Eligibility Request to DTC).

⁹ Older issues (i.e., issues on the secondary market) may be made eligible for deposit pursuant to an Older Issue Eligibility Request of a DTC Participant to Underwriting. See id. [sic] at p. 2.

¹⁰ See supra text accompanying note 6.

¹¹ Eligibility fees for initial offerings and older issues are charged to the Participants that sponsor the issues for DTC eligibility. DTC does not currently charge an eligibility fee with respect to CUSIPS [sic] made eligible in connection with a Corporate Action. See Fee Schedule, supra note 5, at pp. 25–26.

Fee would be \$1,000 per new CUSIP for any security that is made eligible at DTC in connection with a Corporate Action.¹² The New Fee takes into account the allocation of resources required and more manually intensive processing performed by Reorganization and Underwriting in order for DTC to provide the services necessary to make new CUSIPs DTC-eligible when they are issued as a result of Corporate Actions.

Implementation Date

The implementation date of the proposed rule change would be January 1, 2016.

2. Statutory Basis

Section 17A(b)(3)(F)¹³ 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. DTC believes that the proposed rule change is consistent with this provision because the New Fee would offset costs incurred by DTC in its allocation of resources necessary for making CUSIPs eligible in connection with Corporate Actions. The New Fee is designed to facilitate allocation of resources necessary for the continued offering of this service, thus the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions.

¹² For example, in the case of an issue of DTC-eligible common stock under CUSIP W which undergoes a reverse split, with the newly-denominated common stock issued under CUSIP X, the transfer agent for that security would incur a charge of \$1,000 for the processing of the reverse split. If the same issuer subsequently undergoes a reorganization involving the exchange of the common stock under CUSIP X for common and preferred stock under CUSIPs Y and Z, respectively, the transfer agent would be charged \$2,000 in connection with the exchange reflecting the sum of a \$1,000 fee relating to the issuance of CUSIP Y and a \$1,000 fee relating to the issuance of CUSIP Z).

¹³ 15 U.S.C. 78q-1(b)(3)(F).

(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 the proposed rule change equally applies (on a per CUSIP basis) to all issues made eligible for DTC services as the result of a Corporate Action.

(C) Clearing Agency'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 or received. DTC will notify the Commission of any written comments received by DTC. DTC management has discussed its intent to implement the New Fee with members of the Securities Transfer Association at industry meetings.

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) of the Act¹⁴ and paragraph (f) of Rule 19b-4 thereunder.¹⁵ 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.

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2015-012 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-DTC-2015-012. 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, DC 20549 on official business days between the hours of 10:00 a.m.

and 3:00 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

(<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-2015-012 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.¹⁶

Jill M. Peterson
Assistant Secretary

¹⁶ 17 CFR 200.30-3(a)(12).