

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64864; File No. SR-DTC-2011-06)

July 12, 2011

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Amend Rules Relating to the Early Redemption of Certificates of Deposit

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder² notice is hereby given that on July 1, 2011, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II 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 the Substance of the Proposed Rule Change

The purpose of DTC’s proposed rule change is to amend its Redemption Service Guide as it relates to the early redemption of certain Certificates of Deposit held at DTC.³

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 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/2010/dtc/2011-06.pdf.

below. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.⁴

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

Recently, several issuers of Certificates of Deposit ("CDs") have contacted DTC in an attempt to redeem or call their CDs prior to the maturity date. The master certificate of these CDs did not expressly specify that they were callable or subject to redemption. In some instances, the issuer offered to pay DTC participants the principal plus interest through the date of maturity. In other instances, the issuer offered to pay principal plus interest only through the date of redemption. Because the master certificates did not expressly indicate the CDs could be redeemed early, a number of DTC participants expressed their concerns that the CDs had been sold to investors without disclosing the possibility of early redemption.

Over the past several months, DTC has worked with the industry, including the Retail Fixed Income Committee of The Securities Industry and Financial Markets Association ("SIFMA"), to better understand the issues related to the early termination of CDs that do not contain express early termination provisions. As a result of these consultations, DTC is now proposing to amend its Redemption Service Guide to state that DTC will not process early redemptions or calls on CDs unless (i) there is an explicit provision in the master certificate that permits early termination by the issuer and specifies the payment to be made in connection therewith or (ii) written consent to an early redemption in a form designed by DTC is obtained by the issuer from all of the holders of the CD. Furthermore, in the event that an issuer sends such payment to DTC in contravention of the proposed rule, DTC will return the payment to the issuer, less any costs associated with facilitating the attempted redemption and return of funds.

⁴ The Commission has modified the text of the summaries prepared by DTC.

The proposed rule change is consistent with the requirements of the Act, as amended, ("Act") and the rules and regulations thereunder applicable to DTC because it clarifies the terms and conditions under which DTC will permit the early redemption of certain CDs and thus facilitates the prompt and accurate clearance and settlement of transactions involving these CDs.

(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 or received. DTC will notify the Commission of any written comments received by DTC.

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

Within forty-five days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2011-06 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.

All submission should refer to File Number SR-DTC-2011-06. 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 DTC and on DTC's website at

http://www.dtcc.com/downloads/legal/rule_filings/2011/dtc/2011-06.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-2011-06 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.⁵

Cathy H. Ahn
Deputy Secretary

⁵ 17 CFR 200.30-3(a)(12).