SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65831; File No. SR-DTC-2011-08)

November 28, 2011

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Enhance Risk Management Controls Associated with the Receiver Authorized Delivery Function

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)[1] and Rule 19b-4[2] thereunder, notice is hereby given that on November 16, 2011, 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

The proposed rule change would enhance the risk management controls associated with DTC’s Receiver Authorized Delivery (“RAD”) function.

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.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b-4.

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

(1) The RAD function enables each Participant to control and review a Deliver Order ("DO")[3] or a Payment Order ("PO")[4] that is directed to its account by another Participant before its account is updated. The RAD function was built in 1990 to route money market instrument ("MMI") transactions for receiver approval. In 1996, there was a conversion for all transactions to settle in same-day funds subject to the net debit cap control[5] and collateral controls[6]. Any DO that obligated a Participant to pay $15 million or more and any PO that obligated a Participant to pay $1 million or more became subject to RAD. In order to minimize blockage, DTC excluded from RAD any DO under $15 million and any PO under $1 million. Transactions in such lower amounts were directed to the account of the receiving Participant without the RAD filter. For such lower amounts, the receiving Participant has the ability on the same day as the original

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[3] A Deliver Order is the term used to define an instruction initiating the book-entry transfer of a security from one DTC Participant, as delivering Participant, to another DTC Participant, as receiving Participant.

[4] A Payment Order is the term used to define an instruction initiating a transaction in which a Participant charges another Participant for changes in value for outstanding stock loans or option contract premiums. Payment orders involve no securities, only money.

[5] The net debit cap control is designed so that DTC may complete settlement even if a Participant fails to settle. Before completing a transaction in which a Participant is the receiver, DTC calculates the effect the transaction would have on such Participant's account and determines whether any resulting net debit balance would exceed the Participant's net debit cap. Any transaction that would cause the net debit balance to exceed the Participant's net debit cap is placed on a pending (recycling) queue until another transaction creates sufficient credit in such Participant's account so that the net debit cap will not be exceeded.

[6] An example of a collateral control is the Collateral Monitor ("CM"). DTC tracks collateral in a Participant's account through the Collateral Monitor. At all times, the CM reflects the amount by which the collateral value in the account exceeds the net debit balance in the account. When processing a transaction, DTC verifies that the CM of neither the deliverer nor the receiver will not become negative when the transaction completes. If the transaction would cause either party to have a negative CM, the transaction will recycle until the deficient account has sufficient collateral to proceed or until the applicable cutoff occurs.

delivery to instruct a matched reclaim[7] transaction not subject to the original delivering Participant's collateral monitor and net debit cap controls.

With this rule filing, DTC is proposing the following revisions to RAD:

(i) DTC will expand RAD to include Omgeo Institutional Delivery ("ID") transactions in excess of $15 million at the receiving Participant's election. If no election is made, these transactions will be processed for receipt in the same manner as they currently are processed. (Currently, ID transactions are not routed to RAD and are not subject to matched reclaim.) The change will reduce the receiving Participant's risk relating to ID transactions.

(ii) Participants will be able to elect to have all free MMI deliveries bypass RAD on a counterparty by counterparty basis. Currently, all free money market instrument ("MMI") deliveries are routed to RAD for receiver approval.[8] The change will help facilitate customer account transfers.

(iii) DTC will be able, in its discretion, to apply RAD to all DOs and POs initiated by a "Wind-Down Participant"[9] regardless of value. A receiving Participant will have the option to raise its RAD limit in accordance with its own transaction management objectives (but not to reinstitute matched reclaims in lieu of RAD). DTC views this improvement as a means for Participants, bilaterally, and DTC,

[7] A "reclaim" is a separate DO or PO that a receiving Participant may use to return a DO or PO (typically received in error).

[8] A receiver that authorizes a free MMI transaction is deemed to have made an agreement with the deliverer that it will make payment outside of DTC in accordance with the agreement of the parties outside DTC. DTC does not monitor or enforce compliance with such agreements. Participants must enforce these agreements themselves.

[9] DTC Rule 32 defines a "Wind-Down Participant" and provides for actions that may be taken with respect to such a Participant.

multilaterally, to manage liquidity and credit risk in a Wind-Down scenario and to eliminate the risk of matched reclaims to a Wind-Down Participant.

(iv) DTC will exclude from RAD certain receives or deliveries (e.g., the OCC Market Loan program[10] account) because these are effectively matched and/or approved by other mechanisms.

DTC also seeks to conform the language of its existing procedures pertaining to processing of reclaims to its practices:

(v) Receiving Participants may, only on the same day as the original delivery, instruct a matched reclaim transaction. Any such matched reclaim of a DO with a settlement value of less than $15 million and a PO with a value less than $1 million may be processed without reference to the collateral monitor and net debit cap controls for the original delivering Participant.[11]

DTC has discussed these changes with selected Participants and with its Settlement Advisory Board which agreed that these enhancements should reduce risk.

These changes will be reflected in revisions to the existing DTC Settlement Services Guide, set forth in the attached Exhibit 5.[12]

(2) The proposed rule change is consistent with the requirements of the Act, and the rules and regulations thereunder applicable to DTC as well as the CPSS/IOSCO

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[10] For more information about the OCC's Market Loan Program, see Securities Exchange Release Act No. 34-59298 (January 26, 2009) 74 FR 5692 (January 30, 2009) [SR-DTC-2008-15].

[11] For more information regarding this change, see Securities Exchange Release Act No. 34-48121 (July 2, 2003) 68 FR 41030 (July 2, 2003) [SR-DTC-2003-06].

[12] The text of the proposed rule change is available on DTC's Website at http://www.dtcc.com/legal/rule_filings/dtc/2011.php.

Recommendations for Securities Settlement Systems applicable to DTC. The proposed change is designed to facilitate the prompt and accurate settlement of securities transactions by promoting efficiencies and reducing risk in the system.

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.

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

Within 45 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 90 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 shall: (a) by order approve or disapprove such 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-2011-08 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 submissions should refer to File Number SR-DTC-2011-08. 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, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at DTC's principal office and on DTC's website at www.dtc.org. 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-2011-08 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.[13]

Kevin M. O'Neill
Deputy Secretary

[13] 17 CFR 200.30-3(a)(12).