

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72432; File No. SR-DTC-2014-08)

June 19, 2014

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Transfer the NIIDS Service to a Non-Clearing Agency Affiliate

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 June 5, 2014, 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. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to DTC’s Operational Arrangements (“Operational Arrangements”) pursuant to which DTC will transfer its New Issue Information Dissemination System (“NIIDS”) service to a non-clearing agency affiliate of DTC.³

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ As more fully described in this proposed rule change, NIIDS is an information service only and does not relate to the performance of a clearing or settlement function.

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

In 2008, the Commission approved the establishment of the NIIDS service at DTC.⁴ The NIIDS service was designed to improve the process by which information pertaining to the reporting, comparison, confirmation and settlement of trades ("NIIDS Data Elements") with respect to new issues in municipal securities ("New Municipal Issues") might be provided by underwriters thereof to information vendors or other users of such information ("Subscribers").

The NIIDS service originates with making a New Municipal Issue DTC eligible. The lead underwriter or other authorized representative of such New Municipal Issue ("Dissemination Agent") electronically inputs NIIDS Data Elements into DTC's underwriting system, and to the extent it chooses to, the Dissemination Agent may authorize DTC to disseminate⁵ the NIIDS Data Elements as set forth in DTC's Operational Arrangements. At present, when the Dissemination Agent gives such authorization, DTC disseminates the applicable NIIDS Data Elements directly to Subscribers.⁶

⁴ Securities Exchange Act Release No. 57768 (May 2, 2008), 73 FR 26181 (May 8, 2008) (SR-DTC-2007-10).

⁵ DTC's underwriting system with respect to New Municipal Issues offers an authorization indicator where the Dissemination Agent provides its request to and consent for DTC to disseminate the information.

⁶ A Dissemination Agent's authorization to disseminate also includes authorization to disseminate the name and contact information of such Dissemination Agent and the time at which the NIIDS Data Elements were input.

Under the proposed rule change, Dissemination Agents will continue to electronically input NIIDS Data Elements into DTC's underwriting system for purposes of processing the underwriting and closing of New Municipal Issues through DTC; however, the dissemination activities with respect to such information will be transferred by DTC to a non-clearing agency affiliate thereof ("NIIDS Disseminator"). Following the proposed rule change, once DTC has received authorization from the Dissemination Agent to disseminate, DTC will make such information available to the NIIDS Disseminator only. The NIIDS Disseminator may then deal directly with parties wishing to obtain the information, including but not limited to current Subscribers.

Although the NIIDS service originates with data provided to DTC for purposes of processing the underwriting and closing of a New Municipal Issue through DTC, the NIIDS service is strictly a dissemination service (i.e., the dissemination of NIIDS Data Elements (and related information) to Subscribers). Dissemination of such information to Subscribers is not a clearing agency function, and accordingly, the dissemination of the information to appropriate contractual counterparties subscribing for that information might be done by an entity that is not a registered clearing agency.

As DTC will continue to be only a conduit of the information and does not and will not confirm the validity of any of the NIIDS Data Elements, the inputting of NIIDS Data Elements, and the subsequent use thereof, by any party will constitute a waiver of any and all claims (whether direct or indirect) against DTC and its affiliates and an agreement that DTC and its affiliates shall not be liable for any loss or damages in relation to the collection and any subsequent dissemination of NIIDS Data Elements and related information. In addition, any party that inputs NIIDS Data Elements or thereafter uses such NIIDS Data Elements and related

information agrees to indemnify and hold DTC and its affiliates harmless from and against any and all losses, damages, liabilities, costs, judgments, charges, and expenses incurred by such party arising out of or relating to the collection and subsequent dissemination of the NIIDS Data Elements.

The date on which DTC will transfer the NIIDS service will be set forth in a subsequent Important Notice to DTC Participants.

2. Statutory Basis

DTC believes that the proposed rule change is consistent with the requirements of the Act, specifically Section 17A(b)(3)(F),⁷ and the rules and regulations thereunder applicable to DTC, because the NIIDS Service is not a clearing agency function. The transfer of this service will provide for a more efficient allocation of DTC's resources, which will promote the prompt and accurate clearance and settlement of securities transactions in accordance with the Act.

B. Clearing Agency'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. 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 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 up to 90 days (i) as the Commission may designate if it finds such longer

⁷ 15 U.S.C. 78q-1(b)(3)(F).

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 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-2014-08 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-2014-08. 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 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTC's website at <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-2014-08 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.⁸

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).