

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-61877; File No. SR-DTC-2010-06)

April 8, 2010

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Elective Dividends Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on March 22, 2010, 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) of the Act<sup>2</sup> and Rule 19b-4(f)(4)<sup>3</sup> thereunder so that the proposal 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. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change will provide various technical updates to DTC’s Elective Dividend service.

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.

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

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>3</sup> 17 CFR 240.19b-4(f)(4).

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

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

In 1991, DTC filed a rule change with the Commission to establish the Elective Dividends ("EDS") function.<sup>4</sup> The EDS function allows participants to use DTC's Participant Terminal System ("PTS") or Participant Browser System ("PBS") instead of hard copy for their instructions concerning distributions on certain issues of securities.

At the request of its participants, DTC has created an automated election instruction approval process accessible through PBS ("EDS approval process").<sup>5</sup> The EDS approval process will provide participants with a streamlined, electronic means of internally reviewing and approving election instructions and will be used for the following EDS services: Cash-in Lieu/Round Up, Dividend Reinvestment Program, Foreign Currency Payments, Optional Dividend Distribution, and TaxRelief. Participants that chose to use the EDS approval process will be required to assign an administrator in their firm to enable or disable the EDS approval process at the firm. The EDS approval process will have three basic entitlements to allow for the creation and approval of instructions: (i) creator, which allows the user to only create instructions, (ii) approver, which allows the user to approve instructions created by others and (iii) creator/approver, which allows the user to create its own instructions that are automatically approved. Once an instruction is created, it will appear with a status of "Pending" for the approver to approve or reject. Once approved, the instruction becomes an approved election that

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<sup>4</sup> Securities Exchange Release Act No. 29814 (Oct. 11, 1991), 56 FR 55563 (Oct. 21, 1991).

<sup>5</sup> When the EDS approval process is enabled for a given service, a participant will be required to create and update its instructions in PBS for that service; PTS may not be used.

will appear in the election window and will be processed in the same way that DTC currently processes such elections.<sup>6</sup>

Additionally, DTC is making technical updates to its procedures in order to properly reflect DTC contact information and the input methods available to participants.

DTC states that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>7</sup> and the rules and regulations thereunder because it promotes efficiencies in the clearance and settlement of securities transactions by providing participants with a streamlined, electronic means of internally reviewing and approving election instructions.

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

DTC has not solicited or received written comments relating to the proposed rule change. DTC will notify the Commission of any written comments it receives.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>8</sup> and Rule 19b-4(f)(4)<sup>9</sup> thereunder because the proposed rule change

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<sup>6</sup> If left unapproved, the instruction will remain pending until the cutoff date. If the instruction is pending on the cutoff date, it will be deleted from the EDS system at the end of the day, and the instruction will revert to the last approved election or if one does not exist, to the default for the event.

<sup>7</sup> 15 U.S.C. 78q-1.

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(4).

effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in DTC's custody or control or for which it is responsible and (ii) does not significantly affect the respective rights of DTC or persons using the service. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate 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-2010-06 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 submissions should refer to File No. SR-DTC-2010-06. 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 Web site (<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 Web site 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 such filings also will be available for inspection and copying at DTC's principal office and DTC's Web site at <<http://www.dtc.org/impNtc/mor/index.html>>. 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 No. SR-DTC-2010-06 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.<sup>10</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).