

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63245; File No. SR-DTC-2010-12)

November 4, 2010

Self-Regulatory Organizations; The Depository Trust Company; Order Approving Proposed Rule Change To Automate the Approval Process In Providing Trustee Access to the Security Position Report Service

I. Introduction

On September 14, 2010, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change SR-DTC-2010-12 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”).¹ Notice of the proposal was published in the Federal Register on September 29, 2010.² The Commission received no comment letters in response to the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description

DTC’s Security Position Report (“SPR”) service provides valuable information on the record date holdings of an issuer's security in DTC Participant accounts. An SPR provides information needed to contact shareholders about corporate-related events such as annual meetings. DTC currently provides SPRs to issuers, trustees, and authorized third parties.

DTC’s Proxy area receives requests for SPR services access and reviews such requests to ensure that only appropriate parties receive access. The current review process to approve a trustee’s access to the SPR service for a security is done manually, and the process is therefore subject to error. Currently, the SPR system sends an e-mail to the DTC Proxy mailbox notifying the Proxy staff that a trustee has added a CUSIP to its eligible issues list. Any trustee can add a

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 62990 (September 24, 2010), 75 FR 60158.

CUSIP to its eligible issues list. The CUSIP will show “unauthorized” until reviewed and approved by the DTC Proxy staff. DTC Proxy staff requires that the trustee provide to it one of the following: Trust agreement, Annual Report, 10K, 10Q, SEC filing, or any other document deemed necessary and appropriate to prove that the trustee is in fact the trustee for the CUSIP and therefore is entitled to access to SPRs for the CUSIP. Generally, it takes two or more days for a decision on access requests because of the manual process associated with the review of trustee information.

To increase the efficiency by which DTC provides trustees with access to the SPR service, DTC is seeking to collect trustee data at the point of eligibility of the issue. This will allow DTC to store and maintain trustee data on the Entity Master File and the Security Master File (“Master Files”). DTC will then have the ability to automate the validation using the information stored on the Master Files in response to a trustee’s request for SPR access.

Initially, DTC will populate and update the trustee field on the Master Files through DTC’s Participant Terminal System. Ultimately and as set forth below this information will be supplied by underwriters at the time of issue eligibility through DTC’s UW (underwriting) Source System. This change requires DTC to update the UW Source System to designate trustee data as a mandatory field at the time of eligibility. In order to provide the time it may take for underwriters to update their systems to supply the information required by this new mandatory field, DTC plans to implement the change to the UW Source System in the fourth quarter of 2011. In the event of a change in trustee, DTC will require that the new and the prior trustees both update the trustee information using Form 17Ad-16, which is used today to update transfer agent changes. By automating the trustee authorization process, DTC will increase the

efficiency of the SPR system and will reduce the risk of error associated with the manual processing of trustee data.

III. Discussion

Section 19(b) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to protect investors and the public interest.³ The Commission believes that DTC's rule change is consistent with this requirement because by replacing the current manual process for approving a trustee's access to DTC's SPR service for an issue with an automated approval process, DTC will be able to reduce the number of errors associated with manual processing and thereby better protect investors' confidential information.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder. In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation.

³ 15 U.S.C. 78q-1(b)(3)(F).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DTC-2010-12) be and hereby is approved.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁴

Florence E. Harmon
Deputy Secretary

⁴ 17 CFR 200.30-3(a)(12).