

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-67707; File No. SR-DTC-2012-06)

August 22, 2012

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Make Updates to its Custody Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that on August 13, 2012, 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)<sup>3</sup> of the Act and Rule 19b-4(f)(4)(i)<sup>4</sup> thereunder, so that the proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties

I. Self-Regulatory Organization’s Statement of Terms of Substance of the Proposed Rule Change

The purpose of the proposed rule change is to update the DTC Custody Guide with respect to which assets are eligible to be held for Custody Safekeeping and to make other administrative changes and clarifications.

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

In its filing with the Commission, DTC included statements concerning the purpose and

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

<sup>2</sup> 17 CFR 240.19b-4.

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

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

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.

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

The Custody Service enables Participants that hold securities which are not presently eligible for book-entry services at DTC to deposit those securities with DTC for safe-keeping and certain limited depository services. Certificates deposited through the Custody Service are held by DTC in customer or Participant name and are not transferred into DTC's nominee name. With this rule filing, DTC is making the following updates to the Custody Guide:

- Clarifying which assets are eligible to be held for Custody Safekeeping by noting DTC's Custody Service will hold certain "Non-Standard" type assets, fully disclosed, for safekeeping only. These assets include, but are not limited to, Option Agreements and Warrant to Purchase. DTC does not accept any liability should such assets be lost, stolen or destroyed. Depositing participants assume full liability as well as responsibility for replacement of lost, stolen or destroyed fully disclosed "Non-Standard" assets;
- Modifying the timeframe within which DTC must receive settlement delivery instructions from Participants in order to meet industry cutoff times;
- Removing duplicative language and language regarding the funds only settlement system and the dividend settlement system since such systems

were incorporated into the Envelope Settlement Service<sup>5</sup>; and

- Making clarifications regarding the description of custody services, the vault, inputs and methods of notification.

DTC believes that the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, applicable to DTC in that it promotes efficiencies in the prompt and accurate clearance and settlement of securities transactions by enhancing the utilization of DTC's existing services. Moreover, the proposed rule change reduces the costs, inefficiencies and risks associated with the physical safe-keeping of securities by clarifying the procedures associated with the Custody Service.

**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**

The foregoing rule change was filed pursuant to Section 19(b)(3)(A)<sup>6</sup> of the Act and Rule

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<sup>5</sup> For more information regarding this changes, see Securities Exchange Act Release No. 34-65032 (August 4, 2011), 76 FR 49511 (August 10, 2011) [File No. SR-NSCC-2011-04].

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

19b-4(f)(4)(i)<sup>7</sup> thereunder and thus became effective upon filing because it is effecting a change in an existing service of DTC that does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and does not significantly affect the respective rights or obligations of DTC or persons using the service. At any time within sixty days of the filing of such rule change, the Commission summarily may temporarily suspend 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-2012-06 on the subject line.

##### Paper comments

- Send in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C., 20549-1090.

All submissions should refer to File Number SR-DTC-2012-06. This file number should be included on the subject line if e-mail is used. To help the Commission process and review

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<sup>7</sup> 17 CFR 240.19b-4(f)(4)(i).

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 filings will also be available for inspection and copying at the principal office of DTC and on DTC's website at [http://dtcc.com/downloads/legal/rule\\_filings/2012/dtc/SR-DTC-2012-06.pdf](http://dtcc.com/downloads/legal/rule_filings/2012/dtc/SR-DTC-2012-06.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-2012-06 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>8</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(12).