

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69597; File No. SR-DTC-2013-06)

May 16, 2013

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise Its Fees Related to Certain Corporate Action Events

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 May 3, 2013, 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)(ii)³ of the Act and Rule 19b-4(f)(2)⁴ 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 persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

As more fully discussed below, the proposed rule change is to modify DTC’s Fee Schedule, to include revising, consolidating, and adding certain fees associated with corporate action events.⁵

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ A schedule of the fee changes that are the subject of this notice is included in Exhibit 5 of the proposed rule change filing, available on the Commission’s website under File No. SR-DTC-2013-06, Additional Materials, at <http://sec.gov/rules/sro/dtc.shtml>.

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 below. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.⁶

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is for DTC to revise its Fee Schedule⁷ related to certain services it provides associated with corporate action events, as discussed below.

Currently, DTC charges its Participants fees for different event types and processes associated with corporate actions. DTC's Fee Schedule includes 60 different fees related to corporate actions.⁸

Pursuant to the proposed rule change, DTC is reducing the number of fees associated with corporate actions and grouping such fees into five categories based on transaction type: Allocations, Elections, Voluntary Corporate Action Event Handling, Treasury Shares Adjustments, and Coupon Processing. As such, the total number of fees relating to corporate actions is reduced from 60 to 16.

⁶ The Commission has modified the text of the summaries prepared by DTC.

⁷ See Guide to the 2013 DTC Fee Schedule, <http://dtcc.com/products/documentation/dtcfeeguide.pdf>.

⁸ Id.

Additionally, DTC states that it is modifying the fee structure associated with the processing of corporate action events to align the fee with the appropriate level of risk and operational cost associated with the event. For example, DTC is reducing fees related to events with more automation and less complexity, since such events present less risk in processing. Examples of such events include those that require payments for principal and interest, redemptions, and cash and stock dividends.

Similarly, DTC is increasing fees for events that it believes present more risk and require manual intervention, such as mandatory and voluntary corporate events. DTC believes those events are considered riskier because they have greater complexity, and they require enhanced due diligence by DTC to ascertain exact event details, client entitlements, and payment calculations.

DTC is also introducing a new fee related to consent-only processing of reorganization events.⁹ Currently, DTC Participants mail instructions on Consent-Only Events¹⁰ directly to the balloting agents, which are traditionally delivered via a hard-copy letter of transmittal. However, recently, balloting agents and Participants have requested that DTC provide Participants with the ability to submit their elections on Consent-Only Events through PTOp. In an effort to streamline the process associated with Consent-Only Events, DTC agreed to allow Participants

⁹ DTC collects reorganization activity information through its Participant Tender Offer Program (“PTOP”) function. Examples of reorganization activity that DTC processes through PTOp include voluntary corporate actions, tenders and exchanges, and cash conversions. See Release No. 34-62119 (May 18, 2010), 75 FR 29374 (May 25, 2010) (for more information regarding events that DTC processes through PTOp).

¹⁰ Increasingly, there are reorganization events that only require DTC Participants to make an election with respect to the event without surrendering securities (“Consent-Only Events”). Examples of Consent-Only Events include changes in the board of directors of an issuer and interest rate modifications to indentures.

to submit such elections through PTO. Accordingly, DTC will now charge balloting agents a processing fee for such submissions.

DTC is also implementing a new late notification of corporate events fee in the event that an agent does not comply with certain operational arrangements that require the agent to notify DTC no fewer than 10 days in advance of expiration of a corporate action event.¹¹

Additionally, DTC is eliminating announcement-related fees and introducing a voluntary event handling fee.¹² Voluntary corporate actions will carry a handling fee because of the effort involved in DTC reviewing offering materials, confirming terms with issuers and agents, and then processing the event in DTC's system.

DTC is also increasing fees associated with the proxy record date meeting, in order to align the fees with the operational cost of handling those events.

DTC believes that the fee revisions discussed above are consistent with DTC's overall service pricing philosophy – to align service fees with the underlying costs and to discourage manual and exception processing.

Implementation Timeframe

The effective date for fee changes contained in the proposed rule change, as outlined above, is July 1, 2013.

2. Statutory Basis

¹¹ A late notification shortens the window of time for DTC Participants to contact their clients to make an election on an event. A late notification also requires additional DTC resources to review and announce both the event at issue and the other events that must be reprioritized accordingly.

¹² Under this revised corporate actions fee structure, DTC intends to charge a fee relating to the allocation required by the effectiveness of an event, rather than its announcement.

DTC believes that the proposed rule change is consistent with the requirements of the Act, as amended, specifically Section 17A(b)(3)(D),¹³ and the rules and regulations thereunder applicable to DTC because the change clarifies and updates DTC's Fee Schedule to align fees with the costs of services provided, thus providing for the equitable allocation of reasonable fees among DTC's Members.

(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

The forgoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁴ and Rule 19b-4(f)(2)¹⁵ thereunder. At any time within 60 days of the filing of the proposed 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

¹³ 15 U.S.C. 78q-1(b)(3)(D).

¹⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁵ 17 CFR 240.19b-4(f)(2).

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 No. SR-DTC-2013-06 on the subject line.

Paper Comments:

- Send 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-2013-06. 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 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/legal/rule_filings/dtc/2013.php.

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-2013-06 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.¹⁶

Kevin M. O'Neill
Deputy Secretary

¹⁶ 17 CFR 200.30-3(a)(12).