

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72763; File No. SR-DTC-2014-08)

August 5, 2014

Self-Regulatory Organizations; The Depository Trust Company; Order Approving Proposed Rule Change to Transfer NIIDS to a Non-Clearing Agency Affiliate

I. Introduction

On June 5, 2014, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change SR-DTC-2014-08 (“Proposed Rule Change”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ (“Act”) and Rule 19b-4 thereunder.² The Proposed Rule Change was published for comment in the Federal Register on June 25, 2014.³ The Commission did not receive any comments on the Proposed Rule Change. This order approves the Proposed Rule Change.

II. Description

DTC filed the Proposed Rule Change to amend its Operational Arrangements⁴ to transfer its New Issue Information Dissemination Service (“NIIDS”) to a non-clearing agency affiliate (“NIIDS Disseminator”).

The Commission approved DTC’s establishment of NIIDS in 2008.⁵ NIIDS collects information (“NIIDS Data Elements”) regarding the reporting, comparison, confirmation, and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 72432 (June 19, 2014); 79 FR 36116 (June 25, 2014) (SR-DTC-2014-08).

⁴ DTC Operational Arrangements, available at <http://www.dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/Underwriting/operational-arrangements.pdf>.

settlement of new issues in municipal securities (“New Issue”) from the lead underwriter or other authorized representative of a New Issue (“Dissemination Agent”) and then makes that information available to information vendors and other users (“Subscribers”) upon authorization by the Dissemination Agent.

Currently, when a Dissemination Agent provides authorization, DTC disseminates the applicable NIIDS Data Elements directly to Subscribers. Under the Proposed Rule Change, the Dissemination Agents will continue to electronically input NIIDS Data Elements into DTC’s underwriting system for New Issue Processing but DTC will make NIIDS Data Elements available to the NIIDS Disseminator, which will then deal directly with Subscribers.

Additionally, because DTC will be a conduit of the NIIDS Data Elements and related information, and because DTC does not confirm the validity 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 data 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.

⁵ Securities Exchange Act Release No. 57768 (May 2, 2008); 73 FR 26181 (May 8, 2008) (SR-DTC-2007-10).

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

III. Discussion

Section 19(b)(2)(C) of the Act⁶ 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 rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act⁷ requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.

The Commission finds that the Proposed Rule Change is consistent with the requirements of the Act because transferring NIIDS from DTC to the NIIDS Disseminator will promote the prompt and accurate clearance and settlement of securities transactions by providing for a more efficient allocation of DTC's resources.

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 with the requirements of Section 17A of the Act⁸ and the rules and regulations thereunder.

⁶ 15 U.S.C. 78s(b)(2)(C).

⁷ 15 U.S.C. 78q-1(b)(3)(F).

⁸ 15 U.S.C. 78q-1.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that proposed rule change SR-DTC-2014-08 be, and hereby is, APPROVED.⁹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

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Deputy Secretary

⁹ In approving the Proposed Rule Change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁰ 17 CFR 200.30-3(a)(12).