

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-81305; File No. SR-DTC-2017-015)

August 3, 2017

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Establish the Effective Date of the Settlement Cycle Rule Changes

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 July 31, 2017, 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 by the clearing agency. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder.<sup>4</sup> 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

DTC is filing this proposed rule change to (i) establish September 5, 2017 as the effective date (“Effective Date”) of the settlement cycle rule changes (“T2 Changes”) submitted pursuant to rule filing SR-DTC-2016-013 (“Prior Rule Filing”),<sup>5</sup> (ii) incorporate the T2 Changes into the DTC Settlement Service Guide (“Settlement

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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).

<sup>5</sup> See Securities Exchange Act Release No. 79304 (November 14, 2016), 81 FR 81825 (November 18, 2016) (SR-DTC-2016-013).

Guide”)<sup>6</sup> and DTC Distributions Service Guide (“Distributions Guide”)<sup>7</sup> (collectively, “Guides”) as of the Effective Date, and (iii) amend the legends (“Legends”) on the respective cover pages of the Guides in order to include the Effective Date and self-eliminating language for the Legends, and remove the Legends’ current reference to DTC making a subsequent rule filing with the Commission, as this proposal is that subsequent rule filing.<sup>8</sup>

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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<sup>6</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Settlement.pdf>.

<sup>7</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Distributions-Service-Guide-FINAL-January-2017.pdf>.

<sup>8</sup> Capitalized terms not otherwise defined herein have the respective meanings set forth in the DTC Rules, By-laws and Organization Certificate, available at [http://www.dtcc.com/~media/Files/Downloads/legal/rules/dtc\\_rules.pdf](http://www.dtcc.com/~media/Files/Downloads/legal/rules/dtc_rules.pdf).

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

1. Purpose

The Prior Rule Filing<sup>9</sup> was filed by DTC pursuant to Section 19(b)(3)(A) of the Act,<sup>10</sup> and was effective upon filing with the Commission.

The purpose of the Prior Rule Filing was to amend the Guides to make technical revisions related to the anticipated industry-wide move to a shorter standard settlement cycle from the third business day after the trade date ("T+3") to the second business day after the trade date ("T+2"). Although the Prior Rule Filing<sup>11</sup> became effective pursuant to Section 19(b)(3)(A) of the Act, the Prior Rule Filing<sup>12</sup> stated that the T2 Changes would not become effective and would not be implemented until an effective date is established by a subsequent proposed rule change to be submitted by DTC under Rule 19b-4 of the Act.<sup>13</sup>

DTC is filing this proposed rule change to (i) establish the Effective Date for the T2 Changes, which is also the compliance date for the Commission's amendment to Rule 15c6-1(a) under the Act,<sup>14</sup> (ii) incorporate the T2 Changes into the Guides as of the

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<sup>9</sup> Supra note 5.

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> Supra note 5.

<sup>12</sup> Id.

<sup>13</sup> 17 CFR 240.19b-4.

<sup>14</sup> The Commission adopted an amendment to the Settlement Cycle Rule (Rule 15c6-1(a)) under the Act to shorten the standard settlement cycle for most broker-dealer transactions from T+3 to T+2. See Amendment to Securities Transaction Settlement Cycle, Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564 (March 29, 2017).

Effective Date, and (iii) amend the Legends on the respective cover pages of the Guides in order to include the Effective Date and self-eliminating language for the Legends, and remove the Legends' current reference to DTC making a subsequent rule filing with the Commission, as this proposal is that subsequent rule filing.

## 2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Guides be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>15</sup> The proposed rule change would establish the Effective Date for the T2 Changes and provide DTC participants ("Participants") with an understanding of when the T2 Changes will begin to affect them. Knowing when the T2 Changes will begin to affect Participants would enable them to timely fulfill their obligations to DTC, which would in turn ensure that securities transactions would be promptly and accurately cleared and settled within the industry standard settlement cycle and, by extension, facilitate the prompt and accurate clearance and settlement of securities transactions submitted to DTC for clearing and settlement. Therefore, DTC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act cited above.

### (B) Clearing Agency's Statement on Burden on Competition

DTC does not believe that the proposed rule change to (i) establish the Effective Date for the T2 Changes, (ii) incorporate the T2 Changes into the Guides as of the Effective Date, and (iii) amend the respective Legends on the cover pages of the Guides in order to include the Effective Date and self-eliminating language for the Legends, and

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<sup>15</sup> 15 U.S.C. 78q-1(b)(3)(F).

remove the Legends' current reference to DTC making a subsequent rule filing with the Commission would have any impact, or impose any burden, on competition because the proposed rule change is intended to provide additional clarity in the Guides regarding when the T2 Changes would become effective for Participants. As such, the proposed rule change would not impact a particular category of Participants nor would it impact particular types of Participants' businesses.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

DTC has not received or solicited any written comments relating to this proposal.

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 has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>16</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>17</sup> 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

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:

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<sup>16</sup> 15 U.S.C. 78s(b)(3)(A).

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

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 Number SR-DTC-2017-015 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-DTC-2017-015. 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 20549-1090 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-2017-015 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>18</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).