

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-92410; File No. SR-DTC-2021-012)

July 14, 2021

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Consisting of Modifications to the Text of the Rules and the Procedures, of the Service Guide for the DTC Canadian-Link Service and the DTC Operational Arrangements Relating to the Elimination of the Canadian Dollar Settlement Feature of the Canadian-Link Service

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 July 12, 2021, 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 Act³ and Rule 19b-4(f)(4) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(4).

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

The proposed rule change of DTC⁵ consists of modifications to the text of the Rules and the Procedures,⁶ including Rule 30, of the service guide (“Guide”)⁷ for the DTC Canadian-Link Service (“Canadian-Link Service”) and the DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) (“OA”)⁸ relating to the elimination of the Canadian dollar (“CAD”) settlement feature of the Canadian-Link Service, as described below.

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.

⁵ Capitalized terms not defined herein are defined in the Rules, By-Laws, and Organization Certificate of DTC (“Rules”), available at www.dtcc.com/~media/Files/Downloads/legal/rules/dtc_rules.pdf and the Guide.

⁶ Pursuant to the Rules, the term “Procedures” means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27, as amended from time to time. See Rule 1, Section 1, supra note 5. Pursuant to Rule 27, each Participant and DTC is bound by the Procedures and any amendment thereto in the same manner as it is bound by the Rules. See Rule 27 at 97, supra note 5.

⁷ Available at http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Canadian_Dollar_Settlement.pdf.

⁸ Available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

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

1. Purpose

The proposed rule change consists of modifications to the text of the Rules and the Procedures, including Rule 30,⁹ the Guide and the OA relating to the elimination of the CAD settlement feature of the Canadian-Link Service, as described below.

Background

In 2006, DTC established a “northbound” Canadian-Link Service that supports transactions settled in CAD.¹⁰ Rule 30¹¹ describes the operation of the Canadian-Link Service, that permits DTC Participants using the Canadian Link Service (“Canadian-Link Participants”) to (A) settle Delivery Versus Payment (“DVP”) Securities transactions with participants (“CDS Participants”) of The Canadian Depository for Securities Limited (“CDS”) and other Canadian-Link Participants in CAD and (B) transfer CAD to or receive CAD from CDS Participants and other Canadian-Link Participants without any corresponding delivery or receipt of Securities.¹²

The Canadian-Link Service provides Participants with a single depository interface for CAD transactions. The link facilitates Participants' ability to maintain U.S.

⁹ Supra note 5.

¹⁰ See Securities Exchange Act Release No. 52784 (November 16, 2005), 70 FR 70902 (November 23, 2005) (SR-DTC-2005-08).

¹¹ Supra note 5.

¹² The Canadian-Link Service also provides for Cross-Border USD Securities Transactions between Participants and CDS Participants. See Rule 30, Section 1(a)(2), supra note 5. See also Securities Exchange Act Release No. 55239 (February 5, 2007), 72 FR 6797 (February 13, 2007) (SR-DTC-2006-15).

and Canadian Security positions in their DTC accounts for Securities listed in both Canada and the United States (i.e., dually listed). This eliminates the need for Participants to maintain separate positions in an eligible¹³ Security in CDS for CAD settlements and in DTC for USD settlements. It also eliminates the need for Participants to reposition Securities inventory between DTC and CDS in preparation for corporate action events and or transaction processing for dually listed issues.

Transactions between Canadian-Link Participants and CDS Participants are processed through an omnibus account maintained by DTC at CDS (“DTC Omnibus Account”) in accordance with the rules and procedures of CDS. Canadian-Link Participants are able (i) to deliver Securities to or receive Securities from CDS Participants against payment (i.e., DVP) in CAD and (ii) to transfer funds to or receive funds from CDS Participants in CAD without any corresponding delivery or receipt of Securities. Transactions between Canadian-Link Participants and other Canadian-Link Participants are processed through accounts at DTC in accordance with the Rules.

For both transactions (i) between Canadian-Link Participants and CDS Participants processed through the DTC Omnibus Account and (ii) between Canadian-Link Participants and other Canadian-Link Participants processed through accounts at DTC, there is a single end-of-day CAD money settlement between DTC and its Canadian-Link Participants.¹⁴ For the transactions between Canadian-Link Participants

¹³ DTC may determine the Securities that are eligible for the Canadian-Link Service. Some Securities may be eligible for all purposes of the Canadian-Link Service, and some Securities may be eligible only for limited purposes (e.g., clearance and settlement through the facilities of CDS but only custody and asset servicing through the facilities of DTC). See Rule 30, Section 4, supra note 5.

¹⁴ Pursuant to Section 1(h)(15) of Rule 30, the term “Canadian-Link CAD Money Settlement” is defined as the money settlement of Canadian-Link Transactions in

and CDS Participants processed through the DTC Omnibus Account, there is a separate end-of-day CAD money settlement between CDS and DTC.

As with all transactions processed at DTC, DTC maintains risk controls with respect to transactions processed by Canadian-Link Participants, including the Net Debit Cap and Collateral Monitor.¹⁵ With respect to Collateral Monitor, each Canadian-Link Participant has a single Collateral Monitor with respect to transactions processed for such Participant through the Canadian-Link Service and other transactions processed by DTC for such Participant.

Proposed Rule Change

In recent years, activity at DTC in CAD has accounted for less than 0.20 percent of DTC's average daily valued settlement volume. Most of this activity relates to distributions such as principal, interest and dividend payments in Securities held at CDS by DTC on behalf of Participants. While Participants continue to use the Canadian-Link Service for custody purposes to position Securities inventory at CDS through DTC's CDS account and receive related distribution payments, no Participants have effectuated a DVP of Securities through the Canadian-Link Service since 2018. DTC attributes this

CAD Funds between the DTC and Canadian-Link Participants. Rule 30, supra note 5. DTC notes that in a list of defined terms at the beginning of Rule 30, the definition of Canadian-Link CAD Money Settlement is specified to appear in Section 1(a)(15); however, the definition actually appears in Section 1(h)(15) of Rule 30 and not Section 1(a)(15) of Rule 30. Id.

¹⁵ The term "Collateral Monitor" of a Participant, as used with respect to its obligations to the Corporation, means, on any Business Day, the record maintained by the Corporation for the Participant which records, in the manner specified in Procedures, the algebraic sum of (i) the Net Credit or Debit Balance of the Participant and (ii) the aggregate Collateral Value of the Collateral of the Participant. Rule 1, Section 1 at 3, supra note 5.

lack of DVP activity to a lack of demand among its Participants for the DVP aspect of the Canadian-Link Service.

CDS recently communicated to CDS's participants, including DTC, that it will be modernizing its settlement system through an initiative referred to as the Post Trade Modernization ("CDS PTM") Project.¹⁶ For DTC to continue to maintain access to CDS's CAD settlement services, it would have been necessary for DTC to perform systems development in order to be able to continue to use this aspect of the Canadian-Link service. However, the CDS modernization does not adversely impact DTC's ability to hold Securities at CDS on behalf of Participants, receive distributions on behalf of Participants and facilitate Free Deliveries¹⁷ through the link.

Rule 30, Section 2 provides:

The Corporation has entered into various agreements with CDS, and as a participant of CDS has undertaken to abide by the rules, procedures and user guides of CDS (the "Rules and Procedures of CDS"). Such agreements and the Rules and Procedures of CDS, as the same may be amended or supplemented from time to time, are collectively referred to as the "CDS Documents". Notwithstanding anything else contained in this Rule 30 or otherwise in the Rules and Procedures of the Corporation, the Corporation shall offer the Canadian-Link Service only for so long as the

¹⁶ See CDS's website at <https://www.cds.ca/about/post-trade-modernization> for information published by CDS regarding CDS PTM.

¹⁷ Pursuant to Rule 1, the term "Free Delivery" means a Delivery free of any payment by the Receiver through the facilities of the Corporation, as provided in Rule 9(B) and as specified in the Procedures. See supra note 5.

Corporation continues to be a participant of CDS and there have been no changes in the CDS Documents, or actions taken by CDS, which would, in the judgment of the Corporation, prevent or impair the ability of the Corporation to offer the Canadian-Link Service or make it impractical or onerous for the Corporation to do so.

DTC has determined that it would no longer be able to access CDS's CAD settlement service without making necessary system changes consistent with CDS PTM. In DTC's judgement, it would be impractical for DTC to incur the costs to undertake such changes, including incurring development costs, due to the lack of demand by its Participants to use the valued aspect of the Canadian Link Service.

In this regard, because there is no Participant demand for valued CAD Securities transaction and CAD Funds transfer aspect of the Canadian-Link Service, it is DTC's judgement that it would be impractical for DTC to continue to process valued CAD Securities and CAD Funds transfer transactions and, in accordance with its discretion set forth in Rule 30 as described above, DTC has discontinued processing of CAD Securities and CAD Funds transactions through the Canadian-Link Service.¹⁸ DTC proposes to amend the Rules to clarify its Rules in this regard and reflect the elimination of the function of processing of CAD Securities and CAD Funds transactions pursuant to the provisions of Rule

¹⁸ See DTC Important Notice 13639-20 (July 10, 2020). Available at <https://www.dtcc.com/-/media/Files/pdf/2020/7/10/13639-20.pdf>.

30, Section 2.¹⁹ However, because the CDS PTM changes are not expected to materially impact DTC's ability to perform custody and process Free Deliveries at CDS, DTC would continue to maintain its membership, including its Securities account, at CDS, to hold Securities on behalf of DTC Participants at CDS and offer the functionality allowing Participants the ability to process Free Deliveries through the Canadian-Link Service. In addition, DTC would continue to pass distributions paid on Securities held in its DTC account to the applicable Participants in CAD or USD.²⁰

In this regard, DTC proposes to update the text of its Rules to reflect the discontinuance of processing valued CAD Securities transactions and CAD Funds transfers through the Canadian-Link Service.

Proposed Rule Changes

Proposed Changes to Rulebook

Pursuant to the proposed rule change, DTC will delete text in Rule 30 relating to the processing of CAD transactions in the Canadian-Link Service, including as follows.

Defined Terms

Defined terms relating to the description of the processing of CAD transactions in Rule 30 would be deleted, including CAD Funds,²¹ Canadian-Link

¹⁹ Supra note 5.

²⁰ See OA at 23-27, supra note 8.

²¹ Pursuant to Section 1(h)(3) of Rule 30, the term "CAD Funds" are defined as funds denominated in Canadian dollars. See Rule 30, supra note 5.

CAD Money Settlement,²² Canadian-Link CAD Net Debit Cap,²³ Canadian-Link CAD Net Settlement Credit,²⁴ Canadian-Link CAD Settlement Debit,²⁵ Canadian-Link Funds Transactions,²⁶ Canadian-Link Net Debit Cap,²⁷ Canadian-Link Net Settlement Credit,²⁸ Canadian-Link Net Settlement Debit,²⁹ Canadian-Link

²² See supra note 14.

²³ Pursuant to Section 8(a) of Rule 30, the term “Canadian-Link CAD Net Debit Cap” is defined as a limit established by DTC (i) on the negative CAD Funds balance that may, from time to time, be incurred by a Canadian-Link Participant in respect of Canadian-Link Transactions processed for such Participant through the Canadian-Link Service in CAD Funds. See Rule 30, supra note 5.

²⁴ Pursuant to Rule 30, Section 12(b), the term “Canadian-Link CAD Net Settlement Credit” is defined as the net amount of CAD Funds, calculated by DTC by a time on a CDS Business Day set forth in the Procedures, payable by DTC to a Canadian-Link Participant. Id.

²⁵ Pursuant to Rule 30, Section 12(b), the term “Canadian-Link CAD Net Settlement Debit” is defined as the net amount of CAD Funds, calculated by DTC by a time on a CDS Business Day set forth in the Procedures, payable to DTC by a Canadian-Link Participant. Id.

²⁶ Pursuant to Rule 30, Section 1(h)(8), the term “Canadian-Link Funds Transactions” is defined as Cross-Border CAD Funds Transactions and Intra-DTC CAD Funds Transactions, referred to individually or collectively as the context may require. Id.

²⁷ Pursuant to Rule 30, Section 8(a), the term “Canadian-Link Net Debit Cap” is defined as the Canadian-Link CAD Net Debit Cap and Canadian-Link USD Net Debit Cap referred to, individually or collectively as the context may require. This section provides that the Canadian-Link Net Debit Cap of each Canadian-Link Participant shall be determined by a formula (taking into account the volume of Canadian-Link Transactions of each Canadian-Link Participant) that shall be fixed by DTC and set forth in the Procedures. Id.

²⁸ Pursuant to Rule 30, Section 12(b), the term “Canadian-Link Net Settlement Credit” is defined as the Canadian-Link CAD Net Settlement Credit and Canadian-Link USD Net Settlement Credit referred to, individually or collectively as the context may require. Id.

²⁹ Pursuant to Rule 30, Section 12(b), the term “Canadian-Link Net Settlement Debit” is defined as the Canadian-Link CAD Net Settlement Debit and Canadian-

Participants Fund Cash,³⁰ Canadian-Link Required Participants Fund Deposit,³¹
Canadian-Link USD Net Debit Cap,³² Canadian-Link USD Net Settlement
Credit,³³ Canadian-Link USD Net Settlement Debit,³⁴ CDS Payment Exchange,³⁵

Link USD Net Settlement Debit referred to, individually or collectively as the context may require. Id.

- ³⁰ Pursuant to Rule 30, Section 6(c), the term “Canadian-Link Participants Fund Cash” is defined as that portion of the cash in the Participants Fund equal to the aggregate amount of the Canadian-Link Required Participants Fund Deposits of all Canadian-Link Participants. Id.
- ³¹ Pursuant to Rule 30, Section 6(a), the term “Canadian-Link Required Participant Fund Deposit” is defined as an amount each Canadian-Link Participant shall be required to deposit to the Participants Fund (as described in Section 1 of Rule 4) an amount of USD Funds in addition to the amount of USD Funds specified in Section 1(a)(i) of Rule 4. The Canadian-Link Required Participants Fund Deposit shall be in cash. The Canadian-Link Required Participants Fund Deposit of each Canadian-Link Participant shall be determined by a formula (considering the volume of transactions of each Canadian-Link Participant) that shall be fixed by the DTC and set forth in the Procedures. DTC may, from time to time, change the formula for determining the Canadian-Link Required Participants Fund Deposits of Canadian-Link Participants; provided, however, that notice of such change shall be given to each Canadian-Link Participant at least ten Business Days in advance of the effective date thereof. Id.
- ³² Pursuant to Rule 30, Section 8(a), a “Canadian-Link USD Net Debit Cap” is to be established by DTC on the negative USD Funds balance that may, from time to time, be incurred by a Canadian-Link Participant in respect to Canadian-Link Transactions processed for such Participant through the Canadian-Link Service in USD Funds. Id.
- ³³ Pursuant to Rule 30, Section 12(b), the term “Canadian-Link USD Net Settlement Credit” is defined as the net amount of USD Funds calculated by DTC by a time on a CDS Business Day set forth in the Procedures and payable by DTC to a Canadian-Link Participant. Id.
- ³⁴ Pursuant to Rule 30, Section 12(b), the term “Canadian-Link USD Net Settlement Debit” is defined as the net amount of USD Funds calculated by DTC by a time on a CDS Business Day set forth in the Procedures and payable to DTC by a Canadian-Link Participant. Id.
- ³⁵ Pursuant to Rule 30, Section 13(a), “CDS Payment Exchange” is defined as on each CDS Business Day, during a period of time set forth in the Rules and

Canadian-Link Securities Transactions,³⁶ CDS Settlement Recap,³⁷ CDS

Settlement Recap Time,³⁸ Collateral Monitor Conversion Rate,³⁹ Cross-Border

Procedures of CDS, when CDS is required to pay to DTC the amount of its DTC Omnibus Account CAD Net Settlement Credit, id., or DTC is required to pay to CDS the amount of its DTC Omnibus Account CAD Net Settlement Debit, as specified in the CDS Settlement Recap. All such payments to or by DTC are made to or by a Canadian bank acting on behalf of DTC. Id.

³⁶ Pursuant to Rule 30, Section 1(h)(7), “Canadian-Link Securities Transactions” is defined, individually or collectively as the context may require, Cross-Border CAD Securities Transactions, Cross-Border USD Securities Transactions and Intra-DTC CAD Securities Transactions. Id.

³⁷ Pursuant to Rule 30, Section 12(a), provides the definition of “CDS Settlement Recap” as follows: “On each CDS Business Day, by a time set forth in the Rules and Procedures of CDS, CDS calculates and provides to the Corporation a settlement recap (the “CDS Settlement Recap”) with (i) the net amount of CAD Funds payable by CDS to the Corporation (a “DTC Omnibus Account CAD Net Settlement Credit”) or by the Corporation to CDS (a “DTC Omnibus Account CAD Net Settlement Debit”), (ii) the net amount of USD Funds payable by CDS to the Corporation (a “DTC Omnibus Account USD Net Settlement Credit”) or by the Corporation to CDS (a “DTC Omnibus Account USD Net Settlement Debit”) and (iii) other information in respect of the Cross-Border Transactions processed by CDS for the Corporation on such CDS Business Day.” Id.

³⁸ Pursuant to Rule 30, Section 12(a), “CDS Settlement Recap Time” is defined as time when CDS provides the CDS Settlement Recap to DTC. Id.

³⁹ Pursuant to Rule 30, Section 16(b), provides the definition of “Collateral Monitor Conversion Rate” as follows: “If any computation has to be made requiring the conversion of an amount of CAD Funds into an amount of USD Funds for the purpose of calculating the Collateral Monitor of a Canadian-Link Participant pursuant to Section 9 of this Rule 30, the conversion rate for such purpose shall be a rate determined by a formula (taking into account exchange rate fluctuations) that shall be fixed by the Corporation and set forth in the Procedures (the “Collateral Monitor Conversion Rate”).” Id.

CAD Funds Transactions,⁴⁰ Cross-Border CAD Securities Transactions,⁴¹ Cross-Border Net Additions,⁴² Cross-Border USD Securities Transactions,⁴³ DTC Omnibus Account CAD Net Debit Cap,⁴⁴ DTC Omnibus Account CAD Net Settlement Credit,⁴⁵ DTC Omnibus Account CAD Net Settlement Debit,⁴⁶ DTC Omnibus Account Net Debit Cap,⁴⁷ DTC Omnibus Account Net Settlement

⁴⁰ Pursuant to Rule 30, Section 1(a)(4), the term “Cross-Border CAD Funds Transactions” is defined as the transfer of Canadian dollars between Participants of DTC and participants of CDS. Id.

⁴¹ Pursuant to Rule 30, Section 1(a)(1), the term “Cross-Border CAD Securities Transactions” is defined as the settlement of valued transactions (A) in Securities that are Eligible Securities (as described in Section 1 of Rule 5) and in Securities that are not Eligible Securities (B) in Canadian dollars (C) between Participants of the Corporation and participants of CDS (“Cross-Border CAD Securities Transactions”). Id.

⁴² Pursuant to Rule 30, Section 7(b), the term “Cross-Border Net Additions” is defined as any Cross-Border Securities credited to the DTC Omnibus Account. Id.

⁴³ Pursuant to Rule 30, Section 1(a)(2), the term “Cross-Border USD Securities Transactions” is defined as the settlement of valued transactions in (A) Securities that are not Eligible Securities (B) in US dollars (C) between Participants of DTC and participants of CDS. Id.

⁴⁴ Pursuant to Rule 30, Section 8(a), the term “DTC Omnibus Account CAD Net Debit Cap” is defined as a limit established by CDS on the negative CAD Funds balance that may, from time to time, be incurred in the DTC Omnibus Account in respect of Cross-Border Transactions processed for DTC through the facilities of CDS in CAD Funds. Id.

⁴⁵ See supra note 37.

⁴⁶ Id.

⁴⁷ Pursuant to Rule 30, Section 8(a), the terms “DTC Omnibus Account CAD Net Debit Cap” and “DTC Omnibus Account USD Net Debit Cap” are referred to, individually or collectively as the context may require, as the “DTC Omnibus Account Net Debit Cap.” See Rule 30, supra note 5.

Credit,⁴⁸ DTC Omnibus Account Net Settlement Debit,⁴⁹ DTC Omnibus Account USD Net Debit Cap,⁵⁰ DTC Omnibus Account USD Net Settlement Credit,⁵¹ DTC Omnibus Account USD Net Settlement Debit,⁵² DTC Canadian Settlement Bank,⁵³ DTC Settlement Payment Deadline,⁵⁴ DTC Settlement Recap,⁵⁵ DTC

⁴⁸ Pursuant to Rule 30, Section 12(a), the term “DTC Omnibus Account Net Settlement Credit” means the DTC Omnibus Account CAD Net Settlement Credit and DTC Omnibus Account USD Net Settlement Credit, individually or collectively as the context may require. Id.

⁴⁹ Pursuant to Rule 30, Section 12(a), the term “DTC Omnibus Account Net Settlement Debit” means the DTC Omnibus Account CAD Net Settlement Debit and DTC Omnibus Account USD Net Settlement Debit, individually or collectively as the context may require. Id.

⁵⁰ Pursuant to Rule 30, Section 8(a), the term “DTC Omnibus Account USD Net Debit Cap” is defined pursuant to the Rules and Procedures of CDS, as a limit established by CDS (i) on the negative USD Funds balance that may, from time to time, be incurred in the DTC Omnibus Account in respect of Cross-Border Transactions processed for the Corporation through the facilities of CDS in USD Funds. Id.

⁵¹ See supra note 37.

⁵² Id.

⁵³ Pursuant to Rule 30, Section 13(a), the term “DTC Canadian Settlement Bank” is defined as a Canadian bank acting on behalf of DTC for payments relating to CDS paying to DTC the amount of the DTC Omnibus Account CAD Net Settlement Credit, or DTC paying to CDS the amount of its DTC Omnibus Account CAD Net Settlement Debit, as specified in the CDS Settlement Recap. See Rule 30, supra note 5.

⁵⁴ Pursuant to Rule 30, Section 13(b), the term “DTC Settlement Payment Deadline” is defined as on each CDS Business Day, by a time set forth in the Procedures of the Corporation, each Canadian-Link Participant with a Canadian-Link CAD Net Settlement Debit shall pay to the Corporation the amount of its Canadian-Link CAD Net Settlement Debit, as specified in the DTC Settlement Recap. See Rule 30, supra note 5. The time when such payment must be made is referred to as the “DTC Settlement Payment Deadline.” Id.

⁵⁵ Pursuant to Rule 30, Section 12(b), the term “DTC Settlement Recap” is defined as described in the following: “On each CDS Business Day, by a time set forth in

Settlement Recap Time,⁵⁶ Funds,⁵⁷ Intra-DTC CAD Funds Transactions,⁵⁸ Intra-DTC CAD Securities Transactions,⁵⁹ Participant Canadian Settlement Bank,⁶⁰

the Procedures of the Corporation, the Corporation shall calculate and provide to each Canadian-Link Participant a settlement recap (a “DTC Settlement Recap”) with (i) the net amount of CAD Funds payable by the Corporation to such Canadian-Link Participant (a “Canadian-Link CAD Net Settlement Credit”) or by such Canadian-Link Participant to the Corporation (a “Canadian-Link CAD Net Settlement Debit”), (ii) the net amount of USD Funds payable by the Corporation to such Canadian-Link Participant (a “Canadian-Link USD Net Settlement Credit”) or by such Canadian-Link Participant to the Corporation (a “Canadian-Link USD Net Settlement Debit”) and (iii) other information in respect of the Canadian-Link Transactions of such Canadian-Link Participant processed through the Canadian-Link Service on such CDS Business Day, including both Cross-Border Transactions with CDS Participants processed for such Participant through the DTC Omnibus Account and Intra-DTC Transactions with other Canadian-Link Participants processed for such Participant through Accounts with the Corporation.” Id.

⁵⁶ Pursuant to Rule 30, Section 12(b), the term “DTC Settlement Recap Time” means the time when DTC provides the DTC Settlement Recap to Canadian-Link Participants. Id.

⁵⁷ Pursuant to Rule 30, Section 1(h)(5), the term “Funds” is defined as CAD Funds and USD Funds, individually or collectively as the context may require. Id.

⁵⁸ Pursuant to Rule 30, Section 1(a)(5), the term “Intra-DTC CAD Funds Transactions” is defined as the transfer of Canadian dollars between Participants of DTC and other Participants of DTC. Id.

⁵⁹ Pursuant to Rule 30, Section 1(a)(3), the term “Intra-DTC CAD Securities Transactions” is defined as the settlement of valued transactions (A) in Securities that are Eligible Securities (B) in Canadian dollars (C) between Participants of DTC and other Participants of DTC. Id.

⁶⁰ Pursuant to Rule 30, Section 13(d), the term “Participant Canadian Settlement Bank” is defined as a Canadian Bank acting on behalf of a Canadian bank to which all payments of CAD Funds to or by a Canadian-Link Participant shall be made. Id.

Payment Default Conversion Rate,⁶¹ Payment Default Exchange Rate⁶² and USD Funds.⁶³

Cross references to sections of Rule 30 for certain defined terms would be revised to reflect renumbering of the respective referenced sections, as more fully described below. The referenced section for the term (A) “Canadian-Link Participants” would be revised from Section 1(h)(1) to Section 1(e)(1), (B) “Canadian-Link Securities” from Section 1(h)(14) to Section 1(e)(8), (C) “Canadian-Link Transactions” from Section 1(h)(11) to Section 1(e)(5), “CDS Business Day” from Section 11(a) to Section 7(a), (D) “CDS Participants” from Section 1(h)(2) to Section 1(e)(2), (E) “Cross-Border Securities” from Section 1(h)(12) to Section 1(e)(6), (F) “Cross-Border Transactions” from Section 1(h)(9)

⁶¹ Pursuant to Rule 30, Section 16 (c), “Payment Default Conversion Rate” is defined as follows: “ If any computation has to be made requiring the conversion of an amount of CAD Funds into an amount of USD Funds for the purpose of calculating the Gross Settlement Debit of a Canadian-Link Participant pursuant to Section 15 of this Rule 30, the conversion rate for such purpose shall be a rate determined by a formula (taking into account all factors incident to the default of such Participant in the payment of its Canadian-Link CAD Net Settlement Debit) that shall be fixed by the Corporation and set forth in the Procedures (the “Payment Default Conversion Rate”).” Id.

⁶² Pursuant to Rule 30, Section 16(a), the term “Payment Default Exchange Rate” is defined as the exchange rate determined by a formula (taking into account all factors incident to the default of such Participant in the payment of its Canadian-Link CAD Net Settlement Debit) that shall be fixed by DTC and set forth in the Procedures. The exchange rate relates to any amount of USD Funds has to be exchanged for an amount of CAD Funds to pay (or re-fund) a DTC Omnibus Account CAD Net Settlement Debit to CDS in accordance with Section 13 of this Rule 30 because a Canadian-Link Participant failed to pay DTC the amount of its Canadian-Link CAD Net Settlement Debit. Id.

⁶³ Pursuant to Rule 30, Section 1(h)(4), the term “USD Funds” is defined as funds denominated in US dollars. Id.

to Section 1(e)(3), (G) “DTC Business Day” from Section 11(a) to Section 7(a), (I) “Intra-DTC Securities” from Section 1(h)(13) to Section 1(e)(7), and “Intra-DTC Transactions” from Section 1(h)(10) to Section 1(e)(4).

Section 1 – Overview of Canadian Link Service.

Section 1 of Rule 30 describes the scope of services offered by DTC relating to the Canadian-Link Service. Pursuant to the proposed rule change, Section 1 of Rule 30 would be revised to remove references to the processing of CAD Securities and CAD Funds transactions through the Canadian-Link service and provide only for processing of Free Deliveries through the link. These changes include:

- (i) Consolidate subsection (a) of Section 1 by eliminating references to DTC processing of (1) Cross-Border CAD Securities Transactions, (2) Cross-Border USD Securities Transactions, (3) Intra-DTC CAD Securities Transactions, (4) Cross-Border CAD Funds Transactions and (5) Intra-DTC CAD Funds Transactions, and instead refer to processing of Free Deliveries only.
- (ii) Subsection (b) of Section 1 which currently states, among other things, that DTC provides the Canadian-Link Service as a Securities Intermediary for its Participants, and all transactions in Securities and transfers of funds are subject to the Rules and Procedures of the Corporation, including this Rule 30 and the Procedures adopted pursuant to Rule 30, would be amended to delete the reference to “and transfers of funds.” This reference would be deleted as DTC would no longer offer the ability to

process CAD Funds Transactions through the Canadian-Link Service. As indicated above, DTC notes that distributions such as principal, interest and dividend payments relating Securities held at CDS by DTC on behalf of Participants would continue to be processed through DTC's CAD Settling Bank to DTC Participants, pursuant to the applicable provisions of the OA. Processing of such distributions are conducted through DTC's asset servicing functions and are not part of the DVP functionality that DTC proposes to eliminate from its Rules and Procedures.

- (iii) DTC would amend Subsection (c) of Section 1 to change references to "seller" and "purchaser" of Securities to "Deliverer"⁶⁴ and "Receiver,"⁶⁵ respectively, to harmonize the use of terms with DTC's rules related to settlement of Securities Deliveries and receives generally. DTC would also amend the text of this subsection to reflect the proposal that DVP transactions would no longer be processed through the Canadian-Link Service. In this regard, references to settlement in CAD would be deleted, and the text would refer to the crediting and debiting of Securities from a "Deliverer" to a "Receiver." Also, Subsection (d) directly below Subsection (c), which refers to cross-border settlement of

⁶⁴ Pursuant to Rule 1, the term "Deliverer," as used with respect to a Delivery of a Security, means the Person which Delivers the Security. See Rule 1, supra note 5.

⁶⁵ Pursuant to Rule 1, the term "Receiver," as used with respect to a Delivery of a Security, means the Person which receives the Security. Id.

transactions in USD would be deleted in its entirety to reflect the elimination of DVP settlement through the service. Since Subsection (c), as described above, would be written to address the Deliveries and Receives of Securities, generally, Securities transactions previously covered under Subsection (d) would be covered under the proposed revisions to Subsection (c).

- (iv) Subsection (e) of Section 1 describes the processing of CAD Securities Transactions between DTC Participants. DTC proposes to amend Subsection (e) of Section 1 to reflect the elimination of money settlement relating to transactions conducted through the Canadian-Link Service. In this regard, a sentence that describes the debiting and crediting of Securities between Participants and references the term “Intra-DTC CAD Securities Transaction” would be revised to refer to “intra-DTC Securities transaction” instead, to reflect that movements of Securities between Participants would continue to be permitted through the Canadian-Link Service, even though the ability to settle a Securities transaction in CAD would be eliminated. In addition, DTC would change references to “seller” and “purchaser” of Securities to “Deliverer” and “Receiver,” respectively, to harmonize the use of terms with DTC’s rules related to settlement of Securities deliveries and receives generally. DTC would also revise

Subsection (e) so that it would be renumbered as Subsection (d) to reflect the deletion of the current Subsection (d), described above.

- (v) DTC would delete Subsection (f) of Section 1 which states: “A Cross-Border CAD Funds Transaction between a Participant of the Corporation and a participant of CDS is processed through the facilities of CDS.” In addition, DTC would delete Subsection (g) of Section 1 which states: “An Intra-DTC CAD Funds Transaction between a Participant of the Corporation and another Participant of Corporation is processed through Canadian settlement banks acting for the Corporation and such Participants.” Both subsections would be obsolete because of the elimination of CAD processing through the Canadian-Link Service.
- (vi) Subsection (h) of Section 1 would be amended to delete explanations of certain definitions described above, including CAD Funds, USD Funds, Funds, Cross-Border Securities Transactions, Canadian-Link Securities Transactions, Canadian-Link Funds Transactions, and Canadian-Link CAD Money Settlement. Also the definitions of Intra-DTC Transactions, Cross-Border Securities, Cross-Border Transactions and Intra-DTC Securities would be amended to reflect the above-described elimination of money settlement in the Canadian-Link Service so that transactions are not referred to as involving DVP settlement or payment of funds. In this regard, references to the terms “Cross-Border USD

Securities Transactions” and “Cross-Border CAD Securities Transactions” as elements of the definition of “Cross-Border Transactions” would be replaced with an undefined term “Cross-border securities transactions” to reflect that movements of Securities between Canadian-Link Participants and CDS Participants would continue to be permitted through the Canadian-Link Service, even though the ability to settle a Securities transaction versus payment would be eliminated. Further, “Intra-DTC CAD Securities Transactions” and “Intra-DTC CAD Funds Transactions” as elements of the definition of “Intra-DTC Transactions” would be replaced with a reference “Intra-DTC securities transactions,” for the same reason as an identical change to current Subsection (e) of Section 1 (proposed to be renumbered as Subsection (d)), as described above. Also, “Cross-Border CAD Securities Transactions” and “Cross-Border USD Securities Transactions” used as elements of the description of “Cross-Border Securities” would be deleted and replaced with Cross-Border Transactions. Also, “Intra-DTC CAD Securities Transactions,” used as a descriptor relating to Securities underlying an element of the definition of “Intra-DTC Securities,” would be replaced with “Intra-DTC Transactions,” because (i) even though Intra-DTC CAD Securities Transactions would no longer be provided for under Rule 30, intra-DTC Securities transactions could still occur

through the Canadian-Link Service, as described above and (ii) such transactions would be defined as “Intra-DTC Transactions,” as described above. In addition, Subsection (h) would be renumbered as Subsection (e) to conform the numbering of this section with the elimination and renumbering of other subsections as described above. In this regard, the explanations of definitions in subsection (h) are currently set forth in an itemized list numbered from (1) to (15), with each item followed by a semicolon. As a result of the proposed revisions described above, in addition to changes to the text to reflect the substantive changes described above, item numbers (3), (4), (5), (6) (7), (8) and (15) would be deleted and items (9), (10), (11), (12), (13) and (14) would be renumbered respectively as (3), (4), (5), (6), (7) and (8). A semicolon and the word “and” would be deleted from the end of current (14) (to be renumbered as (8)) and replaced with a period because the deletion of (15) would make the newly renumbered (8) the last item of this list. The word “and” would be added to the end of current (13) (to be renumbered as 7) directly after an existing semicolon.

Section 2 – CDS Documents

Section 2 of Rule 30 provides, among other things, that “[E]ach Canadian-Link Participant shall observe and comply with the CDS Documents applicable to the Canadian-Link Service as if such Canadian-Link Participant were a CDS Participant and a direct party to the CDS Documents. Each Canadian-Link Participant acknowledges that the CDS Documents may include grants of security

interests in and liens on Cross-Border Securities and CAD Funds in which such Canadian-Link Participant may have an interest....”

Pursuant to the proposed rule change, DTC proposes to change “CAD Funds” in the preceding sentence to “funds.” As described herein, the term “CAD Funds” would be eliminated pursuant to the proposed rule change. However, CDS may continue to have a security interest in funds owed to DTC for dividends and interest paid on Securities held by DTC at CDS on behalf of Canadian-Link Participants.⁶⁶

Section 4 – Participants Eligible for Canadian-Link Service

Section 4 of Rule 30 provides, among other things that “A Security that is an Eligible Security may or may not be a Canadian-Link Security and may or may not be the subject of Cross-Border CAD Securities Transactions, Cross-Border USD Securities Transactions and/or Intra-DTC Securities Transactions. A Security that is not an Eligible Security may be a Limited-Service Canadian-Link Security, but it may not be a Full-Service Canadian-Link Security and may not be the subject of Intra-DTC CAD Securities Transactions.” Consistent with the proposed changes described above, DTC proposes to amend this section to eliminate references to CAD and USD-related transactions and refer to transactions without reference to Canadian or U.S. currency. In this regard, a reference to “Intra-DTC CAD Securities Transactions” would be revised to “Intra-DTC Transactions” in a sentence describing to the effect, among other

⁶⁶ See Section 5.2.2 of CDS’s rules, available at <https://www.cds.ca/resource/en/311>.

things, that a Limited-Service Canadian-Link Security cannot be included in an intra-DTC Securities transaction.

Section 5 – Canadian-Link Interface and DTC Omnibus Account

Section 5(a) of Rule 10 includes a description of ledgers and accounts that CDS maintains for DTC at CDS that relate to Securities and funds. The funds accounts are denominated in Canadian dollars and US dollars. While the DVP function of the Canadian-Link Service would be discontinued pursuant to the proposed rule change, DTC would continue to receive dividends and interest on Securities held by it at CDS and DTC may owe fees for services to CDS. As a result, DTC would continue to maintain funds accounts for these purposes. While the terms “CAD Funds” and “USD Funds” would be removed from Rule 30 as described herein, DTC proposes to replace these terms as used in Section 5(a) of Rule 30 with “Canadian Dollar funds” and “US dollar funds,” respectively.

Section 5(b) provides that DTC will make the DTC Omnibus Account available for the purpose of processing Cross-Border Transactions between Canadian-Link Participants and CDS Participants. This section states that DTC will act on behalf of Canadian-Link Participants and in accordance with their instructions, but DTC maintains, at all times, control over the Cross-Border Securities and Funds in the DTC Omnibus Account. As described herein, DTC would remove the defined term for “Funds”. However, as described above, DTC would continue to receive funds into its account at CDS in the form of dividends and interest. Therefore, DTC would replace “Funds” as used in Section 5(b) with “funds.”

Section 6 – Canadian-Link Required Participants Fund Deposit

Section 6 of Rule 30 provides that a Participant must make a deposit that is deemed to be included in the Participants Fund with respect to DVP volume conducted by the Participant through the Canadian-Link Service. The section also provides for the investment of such deposits by DTC and the payment of interest for those investments to the applicable Participants. The Participants Fund provides liquidity for DTC to complete settlement in the event a Participant fails to meet its settlement obligation. Section 6 would be deleted in its entirety pursuant to the proposed rule change, because Participants would no longer have a settlement obligation in the Canadian-Link Service due to the elimination of money settlement for Securities transactions conducted through the service. In this regard, DTC would no longer have a settlement obligation with respect to CDS. As a result, there would no longer be a need to maintain such deposits with respect to Canadian-Link activity.

Section 7 – Security for Canadian-Link Transactions

Section 7 of Rule 30 provides DTC with a security interest in Securities settled DVP through the Canadian-Link Service and allows DTC to use such Securities to secure loans for purposes of completing settlement in the event a Participant fails to satisfy its settlement obligation. This Section would be deleted in its entirety pursuant to the proposal, because since Participants would no longer be able to incur a settlement obligation with respect to activity within the Canadian-Link Service, it would no longer necessary for DTC to maintain a security interest in Securities that are the subject of Canadian-Link Transactions.

Section 8 - Canadian-Link Net Debit Caps of Canadian-Link Participants

Section 8 of Rule 30 provides for a limit to be established by DTC (i) on the negative CAD Funds balance that may, from time to time, be incurred by a Canadian-Link Participant in respect of Canadian-Link Transactions processed for such Participant through the Canadian-Link Service in CAD Funds (each a “Canadian-Link CAD Net Debit Cap”) and (ii) on the negative USD Funds balance that may, from time to time, be incurred by a Canadian-Link Participant in respect to Canadian-Link Transactions processed for such Participant through the Canadian-Link Service in USD Funds (each, a “Canadian-Link USD Net Debit Cap”). The Canadian-Link CAD Net Debit Cap and Canadian-Link USD Net Debit Cap are referred to, individually or collectively as the context may require, as the “Canadian-Link Net Debit Cap.” This Section subjects all transactions processed through the Canadian-Link Service to be subject to the Canadian-Link Net Debit Cap. The section further provides that DTC shall not comply with any instruction from a Canadian-Link Participant in respect of any Canadian-Link Transaction that would cause DTC to exceed its DTC Omnibus Account Net Debit Cap or cause such Canadian-Link Participant to exceed its Canadian-Link Net Debit Cap but rather shall pend such Canadian-Link Transaction (subject to the Rules) until such Canadian-Link Transaction may be processed without causing DTC to exceed its DTC Omnibus Account Net Debit Cap or causing such Canadian-Link Participant to exceed its Canadian-Link Net Debit Cap.

Pursuant to the proposed rule change, DTC would delete Section 8 of Rule 30 in its entirety. The maintenance of a Canadian-Link Net Debit Cap would no

longer be necessary as this limit applies to DVP transactions, and DVP transactions would no longer be processed through the Canadian-Link Service.

Section 9 – Collateral Monitor of Canadian-Link Participants

In addition to the Net Debit Cap,⁶⁷ another tool DTC uses in managing credit risk is the Collateral Monitor.⁶⁸ These two controls work together to protect the DTC settlement system in the event of Participant default. The Collateral Monitor requires net debit settlement obligations, as they accrue intraday, to be fully collateralized. Meanwhile, the Net Debit Cap limits the amount of any Participant's net debit settlement obligation to the amount that can be satisfied with DTC liquidity resources. Section 9 of Rule 30 provides for activity conducted by a Participant through the Canadian-Link Service to be included in the Participant's Collateral Monitor. For the same reason as described above with respect to the elimination of Section 8, DTC would delete Section 9 in its entirety, because the elimination of DVP activity would eliminate any credit risk associated with transactions conducted through the Canadian-Link Service, and therefore DTC would no longer require the inclusion of Canadian-Link activity in the Collateral Monitor in managing its credit risk.

Section 10 - Processing Canadian-Link Transactions

Section 10 of Rule 30 provides for the process by which Securities and funds are credited and debited to and from Canadian-Link Participants' accounts for activity instructed by Participants to be processed through the Canadian-Link

⁶⁷ Id.

⁶⁸ Id.

Service. As described above, DTC would continue to process transfers of Securities through the Canadian-Link Service, but it would no longer process DVP and/or CAD Funds activity for transactions conducted through the service. Therefore, pursuant to the proposed rule change, DTC would amend Section 10 to reflect the elimination of processing of funds debits and credits as part of the processing of Canadian-Link Transactions. In this regard, DTC would also revise references in the text of this section to (a) “Canadian-Link Securities Transaction” to “Canadian-Link Transaction,” (b) “Intra-DTC CAD Securities Transaction” to “Intra-DTC Transaction,” and (c) “Cross-Border Securities Transaction” to “Cross-Border Transaction,” because the currently used terms would be deleted from Rule 30, as described above, and the elimination of the processing of funds debits and credits, as described above, would eliminate the need for the use of defined terms relating to transactions processed through the Canadian-Link that distinguish between Securities transactions from funds transactions. Further subsections (C) and (D) of Section 10(a)(1) and Item (iii) of Sections 10(a)(2)(A) and 10(a)(2)(B) would be deleted from Rule 30. Finally, this section would also be renumbered as Section 6 due to the deletion of the original Sections 6, 7, 8 and 9, as described above.

Section 11 – CDS Business Days

Pursuant to the proposed rule change, Section 11 would be renumbered as Section 7.

Section 12 – Settlement Recaps

Section 12 provides the process for the issuance of Settlement Recaps by DTC. Because the money settlement aspect of the Canadian-Link Service would

be eliminated, there would no longer be a need for DTC to issue Settlement Recaps with respect to CAD activity. Therefore, DTC would eliminate Section 12 in its entirety because Settlement Recaps would no longer be issued by DTC, and this Section would become obsolete.

Section 13 – Settlement Payments

Section 13 provides for the processing of settlement payments relating to DVP activity through the Canadian-Link Service. As described above, money settlement would be eliminated pursuant to the proposed rule change. Therefore, DTC would no longer provide for money settlement relating to transactions processed through the Canadian-Link. In this regard, DTC proposes to eliminate Section 13 in its entirety as it would become obsolete.

Section 14 – End of Day Sweep

Section 14 provides for the timing of the movement of Securities between accounts used for the Canadian-Link Service. This section provides that such movements occur at the end of each CDS Business Day after the completion of money settlement. DTC would delete the provision requiring for the completion of money settlement prior to the “sweeping” of Securities in this regard as DTC would no longer be conducting money settlement for the Canadian-Link Service. Also, DTC would renumber this section as Section 8 to reflect the renumbering and deletion of previous sections as described above.

Section 15 – Failure to Make Settlement Payments

Section 15 provides the process to be followed if a Participant fails to make payment with regards to Canadian-Link activity. As described above, DTC proposes to eliminate money settlement with respect to Canadian-Link activity.

In this regard, DTC would delete Section 15 in its entirety as it would become obsolete due to the elimination of settlement payments through this service.

Section 16 – Currency Conversion and Exchange

Section 16 provides the process for the conversion of USD Funds to CAD Funds as necessary for a Participant to complete settlement or satisfy its risk controls relating to the Canadian-Link Service. Since money settlement would no longer occur through this service, such conversions of currency would no longer occur, and this section would become obsolete. Therefore, pursuant to the proposed rule change, DTC would delete Section 16 in its entirety.

Section 17 – Choice of Law and Submission to Jurisdiction

To conform the numbering of sections to reflect the deletion and renumbering of previous sections as described above, Section 17 would be renumbered as Section 9.

Section 18 – Canadian Link Charges

Section 18 provides that Participants must pay to DTC any fees and charges relating to their use of the Canadian-Link Service. These charges include charges relating to the cost to DTC for maintaining liquidity resources to settle Canadian-Link Transactions. As mentioned above, money settlement under this service would be eliminated and therefore it would no longer necessary for DTC to maintain such liquidity resources with respect to activity processed through the Canadian-Link Service. Therefore, text referring to charges relating to the cost of maintaining liquidity resources with respect to the Canadian-Link Service would be obsolete and would be deleted. As a result of these proposed changes, to conform the numbering of the subsections to reflect the deletion of subsection (ii),

the subsections following would be renumbered, (ii), (iii), (iv) and (v). Also, to conform the numbering of sections to reflect the deletion and renumbering of previous sections as described above, Section 18 would be renumbered as Section 10.

Elimination of the Canadian-Link Service Guide

DTC proposes to eliminate the full text of the Guide. The Guide relates to Procedures necessary for the DVP settlement of Canadian-Link Transactions. These Procedures cover all operational aspects of the service as it relates to DVP activity, including DVP transaction processing, risk controls and tracking established to control for failed DVP transactions in the processing of end-of-day sweeps. Due to the elimination of money settlement through the Canadian-Link Service, this Guide would become obsolete.

Proposed changes to the OA

The OA sets forth requirements that a Security must meet to become and remain eligible for DTC services and provides for the orderly processing of such Securities and timely payments to Participants.

Proposed Changes to Text of the OA Relating to Eligibility Requirements/Non-U.S. Denominated Securities

Section I.C.5. of the OA contains provisions relating to the eligibility of Securities denominated in a non-U.S. currencies and processing of distribution payments in non-U.S. currencies. This section currently contains references to CAD settlement through the Canadian-Link Service. To reflect the proposed elimination of money settlement in the Canadian-Link Service, DTC proposes to amend this section to remove references to the availability of Canadian dollar

settlement. Since, as described above, DTC would continue to process distributions in CAD, this section would continue to provide for such distributions in CAD. The proposed rule change would make a grammatical change that does not affect the substance of the section.

Proposed Changes to Dividend and Income Payment Notification Procedures

Section IV of the OA sets forth Dividend and Income Payment Notification Procedures. Subsection B of this section describes currency provisions relating to dividend and income payments, and specifically refers to such payments made in CAD. The text includes mentions of CAD settlement performed through the Canadian-Link Service. It also refers to the service generally as “Canadian dollar settlement.” In order to reflect the proposed elimination of CAD settlement through the Canadian-Link Service, DTC would (i) revise this section to delete provisions referring to or describing CAD settlement and (ii) modify a statement relating to Securities eligible to receive payments in CAD from referencing Securities eligible for Canadian dollar settlement to Securities eligible for the Canadian-Link Service.

Also, the proposed rule change in this regard would cause a defined term for CDS to be deleted as it falls within a paragraph that describes CAD settlement. The proposed rule change moves the defining term for CDS to a sentence that would not be eliminated by the proposal.

Effective Date

The proposed rule change would become effective upon filing with the Commission.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of Securities transactions.⁶⁹ DTC believes that the proposed rule change is consistent with this provision because it would provide enhanced clarity and transparency for participants with respect to services offered by DTC by updating the Rules to remove the ability to access services that Canadian-Link Participants have not recently utilized and are unlikely to utilize in the future.

Therefore, by providing enhanced clarity and transparency in the Rules regarding the services provided by DTC, DTC believes the proposed rule change would promote the prompt and accurate clearance and settlement of Securities transactions, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

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

DTC does not believe that the proposed rule change would have any impact on competition. Participants have not used the Canadian-Link Service for DVP Securities and/or CAD Funds transactions in several years. Also, based on discussions DTC has had with Participants regarding their use of the Canadian-Link Service, DTC believes Participants are unlikely to use the service for this purpose in the future. Therefore, DTC believes that the proposed rule change should have no effect on Participants, other than to remove references to the ability for Participants to conduct DVP transactions through the Canadian-Link Service from the Rules and Procedures, which transactions are unlikely to be conducted by Participants.

⁶⁹ 15 U.S.C. 78q-1(b)(3)(F).

(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)⁷⁰ of the Act and paragraph (f)⁷¹ of Rule 19b-4 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

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 Number SR-DTC-2021-012 on the subject line.

⁷⁰ 15 U.S.C. 78s(b)(3)(A).

⁷¹ 17 CFR 240.19b-4(f).

Paper Comments:

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

All submissions should refer to File Number SR-DTC-2021-012. 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 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information

from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2021-012 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.⁷²

J. Matthew DeLesDernier
Assistant Secretary

⁷² 17 CFR 200.30-3(a)(12).