

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104999; File No. SR-DTC-2026-003]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Reorganizations Service Guide to Provide for the Segregation of a Participant's Shares on which Dissenters' or Appraisal Rights are Asserted

March 16, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 9, 2026, 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.

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

The proposed rule change would amend the Reorganizations Guide to (i) provide for the segregation of a Participant's shares on which dissenters'/appraisal rights have

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).

been asserted through DTC at the request of such Participant and (ii) make clarifying, conforming, and other technical changes, as described below.⁵

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.

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

1. Purpose

The proposed rule change would amend the Reorganizations Guide to (i) provide for the segregation of a Participant's shares on which dissenters'/appraisal rights have been asserted through DTC at the request of such Participant and (ii) make clarifying, conforming, and other technical changes, as described below.

(i) Background

Dissenters'/appraisal rights⁶ are available to many stockholders as a remedy when they object to the terms of proposed corporate actions. Such actions can include, but are

⁵ Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC or the DTC Reorganizations Service Guide ("Reorganizations Guide"), each available at www.dtcc.com/legal/rules-and-procedures.

⁶ Dissenters' rights refer to the statutory protections under state corporate law that permit a shareholder who objects to certain fundamental corporate transactions, such as mergers or consolidations, to refuse the transaction consideration and elect to have their shares purchased by the company. Appraisal rights are the specific remedy within that framework that entitle a

not limited to, a merger or a sale of assets. Typically, dissenters'/appraisal rights with respect to a position in a security are required by statute or regulation to be asserted by, or with the consent of, the record owner of the position in a security. Cede & Co., nominee of DTC, is the record owner of securities credited to the accounts of Participants. Therefore, in order for a beneficial owner to exercise dissenters'/appraisal rights for shares of a security credited to the Account of a Participant at DTC, a beneficial owner would need Cede & Co., as record owner of the shares, to assert those rights or take other action as might be required by statute or regulation.

For corporate action events with dissenters'/appraisal rights, DTC has an established process pursuant to which a Participant, acting on behalf of a beneficial owner, can request that Cede & Co. execute a letter asserting dissenters'/appraisal rights ("Assertion Letter") with respect to shares of the subject security credited to its DTC Account. Specifically, when a Participant wants to exercise dissenters'/appraisal rights for shares of a security credited to its DTC Participant Account, it submits an instruction letter to DTC via a designated web portal referred to as the MyDTCC portal ("MyDTCC") requesting that DTC's nominee, Cede & Co., as holder of record of the shares, execute an Assertion Letter, asserting dissenters'/appraisal rights with respect to the number of shares specified by the Participant.

After Cede & Co. executes the Assertion Letter for the Participant's dissented position, DTC returns the letter to the Participant via MyDTCC. Prior to the effectiveness of the corporate action, DTC will request from the transfer agent a Direct Registration

dissenting shareholder to receive cash equal to the judicially determined fair value of their shares, as established through the appraisal procedures set forth in the applicable statute.

Service⁷ Statement (“DRS Statement”) or physical certificate, as applicable, for the amount of the Participant’s dissented position,⁸ and, once received, will deliver the DRS Statement or physical certificate to the Participant.⁹

Before DTC receives the DRS Statement or physical certificate for a Participant’s dissented position, the Participant may cancel the assertion of dissenters’/appraisal rights for some or all of its dissented position by submitting an instruction letter to DTC, via MyDTCC, requesting that Cede & Co. execute a letter withdrawing the assertion of dissenters’/appraisal rights with respect to a specified number of shares in the dissented position. After Cede & Co. executes the withdrawal letter, DTC returns the letter to the Participant using MyDTCC.

(ii) Proposed Changes

With respect to the assertion of dissenters’/appraisal rights, there is a risk that a Participant may inadvertently deliver the subject shares out of its Account as part of a separate transaction during the period that the DRS Statement or physical stock certificate is being delivered to DTC for onward delivery to the Participant.

To mitigate this risk, DTC proposes to amend the Reorganizations Guide to reflect the segregation of shares subject to dissenters’/appraisal rights. More specifically,

⁷ The Direct Registration Service (DRS) is a system that allows investors to hold securities directly in their own name on the books of the issuer or its transfer agent, rather than in “street name” through a broker or in the form of physical certificates. Instead of receiving certificates, investors receive account statements that evidence ownership.

⁸ Because Cede & Co. is the registered holder of the shares and signs the Assertion Letter, the DRS Statement or physical certificate are made out to “Cede & Co. FBO Beneficial Owner” or “Cede & Co. FBO Dissented Shares.” FBO refers to “for the benefit of.”

⁹ When DTC orders a DRS Statement for dissented shares or a certificate, the transfer agent will draw down DTC’s balance on its books, but DTC will not debit the Participant until it receives the DRS Statement or physical certificate. The Participant will in turn deliver the statement or certificate to the beneficial owner.

DTC will add text to the section of the Reorganizations Guide relating to dissenters'/appraisal rights to state that each time Cede & Co. executes a Participant's requested Assertion Letter, DTC will transfer the Participant's dissented position out of the CUSIP for the issue and into a contra-CUSIP.¹⁰ The text will further provide that the Participant's dissented position will remain credited to the contra-CUSIP position to segregate that position until DTC receives the DRS Statement or physical certificate from the transfer agent for the dissented position and delivers it to the Participant, or the Participant cancels the assertion of dissenters'/appraisal rights. This approach ensures that the applicable position is not delivered out of the Participant's DTC Account through a separate transaction.

In addition, DTC proposes to update the text of the Reorganizations Guide to include a clear description of its current practice for handling a Participant's withdrawal of dissenters'/appraisal rights. More specifically, DTC will add text to state that if a Participant seeks to cancel the assertion of dissenters'/appraisal rights for a specified number of shares in its dissented position, it must complete and submit an instruction letter to DTC via MyDTCC requesting that Cede & Co. execute a letter withdrawing the assertion of dissenters'/appraisal rights with respect to the shares. Once Cede & Co. executes the withdrawal letter, DTC will return it to the Participant via MyDTCC and will then transfer the amount of the shares subject to the withdrawal letter out of the contra-CUSIP and back into the CUSIP for the security.

¹⁰ Contra-CUSIP numbers are generated by DTC and currently used to segregate positions (representing instructions submitted) for voluntary offers and put bond options. The contra-CUSIP includes the first three digits of the issuer number as assigned to the security to be tendered.

The proposed rule change would also make other clarifying, conforming, and technical changes including:

- text describing that the Participant instructs DTC to sign a letter in order to assert dissenters' rights or appraisal rights (i.e., Assertion Letter) would be clarified to state that the Participant instructs DTC to cause Cede & Co., as nominee of DTC, to sign the letter; and
- text stating that DTC will deliver a "Cede" certificate (or in the case of DRS securities, a DRS Statement representing the appropriate quantity of securities to the Participant) would be clarified to (i) state that DTC delivers the certificate or statement to the Participant, (ii) remove the imprecise reference to "Cede" before "certificate" and add clarifying language that the certificate or the DRS Statement, as applicable, is registered to Cede & Co. FBO Beneficial Owner or Cede & Co. FBO Dissented Shares, and (iii) add text to reflect current practice that DTC delivers a stock power from Cede & Co. to the Participant.¹¹

Implementation Timeframe

DTC would implement the proposed rule change by no later than June 1, 2026.

DTC would announce the effective date of the proposed changes by an Important Notice posted to its website.

¹¹ The stock power authorizes a transfer agent to transfer ownership of the shares from the current registered holder to a new one, in this case from Cede & Co. to the beneficial owner.

2. Statutory Basis

DTC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Exchange Act,¹² which, among other things, requires that a clearing agency's rules are designed to protect securities and funds in its custody, control, or for which it is responsible.

By segregating shares subject to dissenters'/appraisal rights into a contra-CUSIP, as outlined above, DTC helps protect the integrity of a Participant's position by ensuring that the shares are not inadvertently transferred out of a Participant's Account before the corresponding DRS Statement or physical certificate is provided to the Participant. Likewise, by providing for reversal of securities back into the CUSIP when Cede & Co. signs a letter for the withdrawal of dissenters'/appraisal rights, the proposed rule change ensures that Participants can change their position and enable the securities for other transactions. These changes are consistent with DTC's obligation to protect securities under its custody or control.

Furthermore, by incorporating procedures that formalize the current process for withdrawing assertion of dissenters'/appraisal rights—as outlined above—DTC enhances transparency and operational certainty for Participants. This clarification ensures that all parties clearly understand the required steps for submission of a withdrawal letter and provides assurance regarding how DTC will process and safeguard these securities while they are under its custody or control.

Finally, the additional clarifying changes described above to (i) note that the Participant instructs Cede & Co., rather than DTC, to sign an Assertion Letter, (ii) clarify

¹² 15 U.S.C. 78q-1(b)(3)(F).

where DTC delivers a DRS Statement or physical certificate, (iii) remove an imprecise reference to “Cede” before “certificate,” (iv) clarify how a certificate or the DRS Statement is registered, and (v) add text to reflect current practice that DTC provides a stock power from Cede & Co. to the Participant (that receives the DRS Statement or physical certificate) are intended to align the Reorganizations Guide with current operational procedures and ensure that the guide accurately reflects the steps taken in the processing of dissenters’/appraisal rights, thereby promoting transparency and consistency for all Participants. By ensuring these operational details are clearly defined, these changes also enhance the safeguarding of securities under DTC’s custody or control by minimizing the risk of misallocation or processing errors.

Therefore, by aligning the Reorganizations Guide with current practices and providing for the segregation of positions subject to the dissenter’s/appraisal rights process, the proposed rule change is consistent with Section 17A(b)(3)(F), cited above, in promoting the protection of securities under DTC’s custody or control.

(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. The rule change simply improves procedures for the segregation and handling of shares subject to dissenters’/appraisal rights and aligns procedures with current practice. These changes will apply uniformly to all Participants, ensuring that no Participant is unfairly disadvantaged or favored. Accordingly, DTC believes the proposal will not impose any burden on competition.

(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.

If any written comments are received, DTC will amend its filing to publicly file such comments as an Exhibit 2 to its filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting written comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at www.sec.gov/rules-regulations/how-submit-comment. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

DTC reserves the right to not respond to any comments received.

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)¹³ of the Act and paragraph (f) of Rule 19b-4 thereunder.¹⁴ At any time within 60 days of

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f).

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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2026-003 on the subject line.

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-2026-003. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection

and copying at the principal office of DTC and on DTCC's website (<https://dtcc.com/legal/sec-rule-filings.aspx>). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-DTC-2026-003 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Sherry R. Haywood,
Assistant Secretary.

¹⁵ 17 CFR 200.30-3(a)(12).