SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106127; File No. SR-DTC-2026-009]

Self-Regulatory Organizations; The Depository Trust Company; Order Approving Proposed Rule Change to Amend the Redemptions Service Guide and the Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services)

August 13, 2026.

I. INTRODUCTION

On June 15, 2026, the Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-DTC-2026-009, pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder.[2] The Proposed Rule Change would amend the Redemptions Service Guide ("Redemptions Guide") and Operational Arrangements ("OA")[3] to update Payment without Presentation ("PWP"), a DTC process which permits Agents to remit maturity or full call proceeds to DTC without requiring delivery of the associated physical certificate and allows them to rely instead on DTC's book-entry records of entitlements. The Proposed Rule Change was published for comment in the *Federal Register* on July 2, 2026.[4] The Commission has received no comments on the changes proposed.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 Each term not otherwise defined herein has its respective meaning as set forth in the Rules, By-Laws and Organization Certificate of DTC ("Rules"), the Redemptions Service Guide, or the Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services), *available at* www.dtcc.com/legal/rules-and-procedures.

4 *See* Securities Exchange Act Release No. 105794 (Jun. 29, 2026). 91 FR 40642 (Jul. 2, 2026) (File No. SR-DTC-2026-009) ("Notice of Filing").

For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. BACKGROUND

As part of its services as a central securities depository, DTC makes eligible for deposit physical debt certificates, manages custody of such certificates for its Participants, and oversees related processing. DTC also coordinates with Agents to facilitate the redemption and maturity of securities, ensuring the collection and distribution of proceeds. In 2001, the Commission approved a Rule Change wherein an Agent could elect to have DTC destroy the debt security certificate in lieu of physical delivery of the certificate to the Agent provided that thirty days had passed since DTC received the redemption proceeds in full.[5] This process established the PWP option.[6]

Under the current procedure for redeeming a debt security at maturity, DTC submits a physical debt certificate and a Letter of Transmittal ("LT") to the Agent prior to the release of redemption proceeds from the Agent to DTC. After receiving both documents, the Agent releases the funds, and DTC then distributes the funds to Participants and deletes the Participants' positions from DTC's records.

Alternatively, Paying Agents and Issuers currently utilizing DTC's Redemption PWP[7] process for Fast Automated Securities Transfer ("FAST")[8] and Book-Entry-Only ("BEO")[9] issues agree to accept DTC's automated notifications instead of physical Shipment Control List

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5 Securities Exchange Act Release No. 44169 (Apr. 10, 2001), 66 FR 19592 (Apr. 16, 2001) (SR-DTC-99-6).

6 *See* Notice of Filing at 40642, *supra* note 4.

7 *Id. See also* OA at 30, *supra* note 3.

8 *See* OA at 23, *supra* note 3.

9 *See* OA at 9, *supra* note 3.

and Redemption Payment Summary forms for redemption payments. The Agent and Issuer must agree to review relevant details prior to the redemption date and report any discrepancies at the CUSIP level prior to payment. Redemption payments are then remitted to DTC in accordance with the procedures described in the OA.[10]

III. DESCRIPTION OF THE PROPOSED RULE CHANGE

The Proposed Rule Change seeks to amend the Redemptions Guide and the OA to update the PWP process. The Proposed Rule Change would: (i) eliminate the need for a LT or the presentment of certain other physical documents; (ii) include in the Rules that Agents may receive automated notifications; (iii) make participation in the PWP process mandatory, with opt-out permitted only where necessary; (iv) establish retention and destruction protocols for physical certificates; and (v) make clarifying and conforming changes.

A. Updates to The PWP Process

With respect to items (i), (ii) and (iv) above, the Proposed Rule Change would no longer require a physical certificate presentment or related physical documentation for eligible redemption and maturity events. Agents may continue to receive automated notifications that provide information on the relevant security (including CUSIP), payment date, and amount due. These notifications would be sent electronically to Agents prior to the event. An agent must opt-in to receive these notifications and does so by sending an email to the redemptions operations team.

Physical certificates related to these events would no longer be delivered to Agents. Agents would remit proceeds to DTC without receipt of a LT or other physical certificates, then DTC would allocate redemption proceeds to Participants based on its book-entry records and

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10 *See* OA at 29, *supra* note 3.

remove any positions from its records following payment. The associated physical certificates would be segregated and imaged for record retention purposes, retained for at least ninety days following redemption, and then destroyed according to DTC's procedures.

To effectuate these changes, the Proposed Rule Change would update the Redemptions Guide and the OA. The Proposed Rule Change would remove references to DTC presenting physical certificates, letters of instructions or a LT in connection with redemption or maturity events from the Redemptions Guide in the "About Maturities," "About Redemptions," and "Maturities" sections. Article V.A. of the OA would also be updated to delete language referencing the use of physical documentation in connection with redemption or maturity events. The Redemptions and Maturities sections of the Redemptions Guide as well as the Redemption PwP section of the OA would be updated to include that that Agents may opt-in to receive DTC-specific payment details for upcoming redemption payments via automated notification, thus replacing the presentment of physical documents. Language would also be added to the OA to state that securities certificates will be maintained for at least 90 days after the redemption date, after which they will be destroyed.

B. Mandatory Participation and Opt-Out Provisions

With respect to item (iii) above, participation in the PWP process would be mandatory for all eligible fully registered debt securities represented by physical certificates held at DTC and registered under the name Cede & Co. Exceptions to participation are permitted solely to comply with a state statute, court order, or other legal or regulatory obligation, or if the Agent is a governmental entity or authorized representative requiring physical documentation. All opt-out requests must be submitted to DTC in writing and are strictly limited to the applicable securities.

To produce this change, the Proposed Rule Change would add language to the Redemption PwP section of the OA to this effect.

C. Clarifying and Conforming Changes

The Redemption PwP section of the OA would be modified as follows. References to the "paying agent" would be replaced with "Agent," a defined term in the document. The Proposed Rule Change would clarify that either or both the Agent or Issuer may review details prior to the redemption date. The term "BEO" issues would be substituted with "non-FAST" issues to encompass all certificated bond asset types. Also, Securities certificates and LTs would be added to the list of physical documents which would not be provided. Finally, the phrase "or electronic file of expected payments due" would be deleted from the "About Redemptions" section of the Redemptions Guide as the new "automated notification" language provides the same information.

IV. DISCUSSION AND COMMISSION FINDINGS

Section 19(b)(2)(C) of the Act[11] 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 Exchange Act and the rules and regulations thereunder applicable to such organization. After carefully considering the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to DTC. In particular, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act,[12] as described in detail below.

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11 15 U.S.C. 78s(b)(2)(C).

12 15 U.S.C. 78q-1(b)(3)(F).

Section 17A(b)(3)(F) of the Act requires, among other things, that a clearing agency's rules are designed to promote the prompt and accurate clearance and settlement of securities transactions.[13]

As described above in Section III, the Proposed Rule Change: (i) eliminates the need for a LT or the presentment of certain other physical documents; (ii) codifies into the Rules the existing process by which Agents opt-in to receive automated notifications; (iii) makes participation in the PWP process mandatory, with opt-out permitted only where necessary; (iv) establishes retention and destruction protocols for physical certificates; and (v) makes clarifying and conforming changes. Eliminating the need for the presentment of physical documents and its reliance on automated notifications and DTC's book-entry records should streamline the processing of eligible debt securities by reducing delays associated with the handling, transportation and reconciliation of physical certificates. The new process should introduce more efficiency and reliability in the redemption process by simplifying and modernizing the overall processing workflow. In addition, making participation in the PWP process mandatory, with only necessary opt-outs permitted, would allow both greater consistency in application and streamlining of the process for the collection and distribution of proceeds. Furthermore, the changes to the OA and Redemptions Guide improve clarity of the descriptions of PWP and enable DTC to more effectively communicate the new process outlined by the Proposed Rule Changes.

Because these changes should facilitate timely payments for debt securities with less operational risk, the Commission finds that the Proposed Rule Change should promote the

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13 *Id.*

prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.[14]

V. 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 Act[15] and the rules and regulations promulgated thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act[16] that Proposed Rule Change SR-DTC-2026-009 be, and hereby is, APPROVED.[17]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[18]

Sherry R. Haywood,

Assistant Secretary.

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14 15 U.S.C. 78q-1(b)(3)(F).

15 15 U.S.C. 78q-1.

16 15 U.S.C. 78s(b)(2).

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

18 17 CFR 200.30-3(a)(12).