SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106927; File No. SR-DTC-2026-012]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Partial Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Partial Amendment No. 1, to Modernize the Direct Registration System

November 18, 2026.

On September 29, 2026, the Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-DTC-2026-012, 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 Deposits Guide[3] and the Fee Guide[4] in connection with DTC's modernization of its Direct Registration Service ("DRS").[5] The proposed rule change was published for comment in the *Federal Register* on October 5, 2026.[6] The Commission has received comments regarding the substance of the changes proposed in the proposed rule change.[7]

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

2 17 CFR 240.19b-4.

3 The Deposits Guide is a Procedure of DTC *available at* www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf. DTC's Procedures are binding on DTC and each Participant in the same manner that they are bound by the DTC Rules.

4 The DTC Fee Guide is *available at* www.dtcc.com/~/media/Files/Downloads/legal/fee-guides/DTC-Fee-Schedule.pdf.

5 Each capitalized term not otherwise defined herein has its respective meaning as set forth the Rules, By-Laws and Organization Certificate of DTC (the "Rules"), *available at* http://www.dtcc.com/ legal/rules-and-procedures.aspx.

6 *See* Securities Exchange Act Release No. 106552 (Sep. 30, 2026), 91 FR 63327 (Oct. 5, 2026) (File No. SR-DTC-2026-012) ("Notice of Filing").

7 Comments on the proposed rule changes are *available at* https://www.sec.gov/rules-regulations/public-comments/sr-dtc-2026-012.

On November 6, 2026, DTC filed Partial Amendment No. 1 to the proposed rule change to postpone the implementation date of the proposed rule change until no later than June 30, 2027, with specific implementation date announced by Important Notice at least 14 days in advance.[8] Partial Amendment No. 1 does not substantively change the proposed rule change. The proposed rule change, as modified by Partial Amendment No. 1, is hereinafter referred to as the "Proposed Rule Change." The Commission is publishing this notice to solicit comments on Partial Amendment No. 1 from interested persons, and for the reasons discussed below, the Commission is approving the Proposed Rule Change, on an accelerated basis.

I. BACKGROUND

DTC serves as a central securities depository[9] and operates a securities settlement system. DTC's activities include holding securities in physical or dematerialized form, maintaining securities accounts for Participants, providing central safekeeping and asset services, transfers and pledges of securities, and settling transactions by book entry (free of payment or delivery-versus-payment),[10] as well as processing instructions for corporate action offers, elections, solicitations, or tabulations.

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8 DTC submitted a courtesy copy of Partial Amendment No. 1 to the proposed rule change through the Commission's electronic public comment letter mechanism. Accordingly, Partial Amendment No. 1 to the proposed rule change has been publicly available on the Commission's website since November 6, 2026 *available at* https://www.sec.gov/rules-regulations/public-comments/sr-dtc-2026-012.

9 A "central securities depository" means a securities depository who: (1) acts as a custodian of securities in connections with a system for the central handling of securities whereby all securities of a particular class or series of any issuer deposited within the system are treated as fungible and may be transferred, loaned, or pledged by bookkeeping entry without physical delivery of securities certificates; or, (2) otherwise permits or facilitates the settlement of securities transactions or the hypothecation or lending of securities without physical delivery of securities certificates. *See* 17 CFR 240.17ad-22(a) (referencing the definition of "securities depository" described in Section 3(a)(23)(A) of the Act, 15 U.S.C. 78c(a)(23)(A)).

10 "Delivery Versus Payment" means a Delivery against a settlement debit to the Account of the Receiver. *See* Rule 1, *supra* note 5 (definition of "Delivery Versus Payment"). *See also* The Depository Trust Company, Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures (Mar. 2023) ("Disclosure Framework"), at 18, *available at* https://www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/DTC_Disclosure_Framework.pdf.

DRS is a DTC service that allows investors to hold DRS-eligible securities ("DRS Securities")[11] in two ways. Investors may hold them indirectly through DTC's book-entry holding model, commonly called holding in "street name." Alternatively, they may hold them directly on the books of the issuer's transfer agent, if that transfer agent is a DTC DRS Agent ("DRS Agent"),[12] commonly called direct registration. DRS allows investors to move DRS Securities between the two holding structures without the issuance of a paper certificate. DRS transfers are processed through three types of instructions: DRS Profile Deposit Requests, DRS Deliver Orders, and DRS Withdrawal by Transfer instructions.

DRS Profile Deposit Requests. A DRS Profile Deposit Request is used to move DRS Securities from an investor's account at a DRS Agent, where the shares are registered in the investor's name, to a Participant's account at DTC, where the shares are registered in the name of DTC's nominee, Cede & Co. ("Cede"), *i.e.*, to move from direct registration to holding in street name.[13] To initiate the transfer, the Participant must submit a DRS Profile Deposit Request to DTC, which the DRS Agent must then approve.[14] Upon the DRS Agent's approval, the shares are re-registered to Cede and moved from the DRS Agent to DTC, which credits the shares to the Participant's account.[15] If the DRS Agent rejects the request, the transaction status is updated

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11 "DRS Securities" are securities accepted by DTC as Eligible Securities pursuant to DTC Rule 5 and made eligible for, and participating in, DRS through the FAST Program. *See* DTC Rule 5, Section 1, *supra* note 5.

12 A "DRS Agent" means a transfer agent that participates in DRS or a transfer agent that participates in the direct registration service of the Transferee. *See* Rule 32(A), *supra* note 5 (definition of "DRS Agent").

13 *See* Notice of Filing at 63328, *supra* note 6.

14 *Id.*

15 *Id.*

with the reason for the rejection, and the Participant is notified. DRS Profile Deposits must be covered by Profile Surety[16] in order to be processed by DTC.[17]

DRS Deliver Orders. Alternatively, an investor may transfer DRS Securities to its account with a Participant by instructing the DRS Agent directly.[18] The DRS Agent then creates a DRS Deliver Order without a DRS Profile Deposit Request, which is completed through DTC's standard Deliver Order process.[19] The receiving Participant is not required to approve or accept the DRS Deliver Order but may reject it after receipt.[20]

DRS Withdrawal by Transfer. A DRS Withdrawal by Transfer instruction, which can only be initiated by the Participant, moves shares in the opposite direction, *i.e.*, from holding in street name to direct registration.[21] An investor seeking to move shares out of Cede's name and into the investor's account at the DRS Agent must therefore request the withdrawal through its Participant.[22] The Participant then submits the instruction, requesting that the shares be removed from their free position at DTC and credited, in the investor's name, to the investor's account at the DRS Agent.[23] If the DRS Agent approves the request, the shares are moved out of Cede's

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16 The Profile Surety Program is a DTC-administered program under which a Participant submitting a DRS Profile Deposit Request must obtain a surety bond supporting the Participant's indemnity relating to the instruction. The indemnity covers, among other things, the Participant's representations that it has authority and consent for the instruction and that the information provided is accurate and complete. A Participant may obtain the surety bond from the surety provider selected by DTC to administer the program or from another qualifying surety provider selected by the Participant, provided that the bond satisfies DTC's requirements. *See* Securities Exchange Act Release No. 42704 (Apr. 19, 2000), 65 FR 24242 (Apr. 25, 2000) (SR-DTC-00-04) (establishing Profile and the related screen-based indemnities); *also see* Securities Exchange Act Release No. 43586 (Nov. 17, 2000), 65 FR 70745 (Nov. 27, 2000) (SR-DTC-00-09) (establishing the Profile Indemnity Surety Program).

17 *See* Notice of Filing at 63327, *supra* note 6.

18 *See* Notice of Filing at 63328, *supra* note 6.

19 *Id.*

20 *Id.*

21 *Id.*

22 *Id.*

23 *Id.*

name and into the investor's name and credited to the investor's DRS account on the DRS Agent's books.[24] If the DRS Agent rejects the request, the Participant is notified, and the transaction status is updated with the reason for the rejection.[25]

Currently, Participants and DRS Agents submit, review, approve, and complete DRS transfers through multiple steps and manual operational processes.[26] They also rely on a combination of legacy applications, including the Participant Terminal System ("PTS") and the Participant Browser Service ("PBS") functions, as well as CCF batch-file processing. According to DTC, these processes can extend transaction processing timeframes and increase operational complexity.[27]

Certain fees that DRS Agents impose on Participants in connection with DRS transactions ("pass-through fees") are currently collected through DTC's centralized billing service ("Centralized Billing").[28] These include fees associated with completed Deposits and Withdrawal at Custodian ("DWAC") transactions and fees associated with incomplete DRS Profile Deposit Requests that DRS Agents reject.[29] DTC assesses a five-percent collection charge in connection with this existing service.[30] All other DRS Agent pass-through fees are collected and remitted outside DTC, with DRS Agents invoicing Participants directly.[31]

II. DESCRIPTION OF THE PROPOSED RULE CHANGE

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24 *Id.*

25 *Id.*

26 *Id.*

27 *Id*.

28 *See* Securities Exchange Act Release No. 53679 (Apr. 19, 2006), 71 FR 24770 (Apr. 26, 2006) (SR-DTC-2006-05) (establishing Centralized Billing as the method to automate and streamline the billing and collection of fees associated with DRS transactions).

29 *See* Notice of Filing at 63328, *supra* note 6.

30 *See* Notice of Filing at 63329, *supra* note 6.

31 *See* Notice of Filing at 63328, *supra* note 6.

The Proposed Rule Change would amend the Deposits Guide and the Fee Guide in connection with DTC's modernization of DRS. According to DTC, the modernization is designed to support a more automated and streamlined DRS transaction lifecycle, reducing transaction processing times from days to minutes.[32] DTC acknowledges, however, that DRS processing would continue to rely on actions and timelines outside its control.[33] For example, once an instruction is submitted into the DRS workflow, it would remain subject to applicable validations and to any action required of the DRS Agent.[34] Accordingly, the modernization is designed to reduce processing latency at DTC, but it would not eliminate the actions DRS Agents must take to complete a transfer.[35]

Specifically, the Proposed Rule Change would update the Deposits Guide to (i) add a DRS section describing the availability of DRS through DTC's Securities Processing Application ("SPA") via the DTCC Portal, as well as through an application programming interface ("API") or message queue ("MQ") based messaging; (ii) describe the processing of DRS Profile Deposit Requests, DRS Deliver Orders, and DRS Withdrawal by Transfer instructions; (iii) document the existing requirement that DRS Profile Deposits require Profile Surety to be processed by DTC; (iv) describe pass-through fees, as defined below, and the use of DTC's Centralized Billing to collect and remit such fees, including an associated DTC charge for applicable DRS Profile Deposit Requests; (v) describe the assignment of Transaction Status values in SPA and maintenance of an audit trail of status changes, including where to get additional information on DRS functionality; and (vi) provide a navigation table for SPA functionality.

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32 *Id.*

33 *See* Notice of Filing at 63329, *supra* note 6.

34 *Id.*

35 *Id.*

The Proposed Rule Change would update the Fee Guide to (i) expand DTC's existing Centralized Billing service for DRS transactions to require DRS Agents' use of Centralized Billing when an agent elects to impose a fee in connection with a DRS transaction (i.e., a pass-through fee), and (ii) establish a DTC charge for when DTC collects and remits a pass-through fee in connection with certain DRS Profile Deposit Request transactions.

A. Amendments to the Deposits Guide

The Proposed Rule Change would amend the Deposits Guide to add a new section titled "Direct Registration System (DRS)" (the "DRS Section"). The DRS Section would describe how Participants and DRS Agents would access and process DRS transfers following the modernization. DRS transfer processing would be available through DTC's SPA via the DTCC Portal, with users provisioned for SPA access through their firm's designated Super Access Coordinator. Machine-to-machine processing would be available through an API or MQ based messaging, which DTC states would provide a real-time processing solution and allow firms to automate the input and output of transaction instructions.[36] DTC states that these access methods would enable Participants and DRS Agents to submit, review, approve, reject, and monitor DRS transfer instructions more efficiently and effectively.[37] The DRS Section would also identify the processing methods available for DRS transactions after implementation.

The DRS Section would further describe the processing of each type of DRS instruction: DRS Profile Deposit Requests; DRS Deliver Orders; and DRS Withdrawal by Transfer instructions. The DRS Section would explain that a Participant could initiate a DRS Profile Deposit Request to have shares held in an investor's name at a DRS Agent registered in Cede's

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36 *Id.*

37 *See* Notice of Filing at 63328, *supra* note 6.

name moved to the Participant's account at DTC. Upon approval by the DRS Agent, SPA would automatically create the related Deliver Order to credit the DRS Securities to the Participant's account at DTC, eliminating the separate step the DRS Agent currently must take to initiate the Deliver Order.[38] If the DRS Agent rejects the request, the Participant would be notified, and the Transaction Status would be updated to reflect the rejection and its reason. Alternatively, an investor could still instruct its DRS Agent directly to transfer DRS Securities to the investor's account with a Participant, in which case the DRS Agent would continue to create a Deliver Order without a DRS Profile Deposit Request.

The DRS Section would also explain that a Participant could submit a DRS Withdrawal by Transfer instruction requesting the DRS Agent approve the removal of shares from the Participant's free position at DTC, their re-registration in the investor's name, and credited to the investor's account at the DRS Agent. As with a DRS Profile Deposit Request, a rejection would be reflected in the Transaction Status, along with its reason, and the Participant would be notified.

The DRS Section would also document the existing requirement that DRS Profile Deposits be covered by Profile Surety to be processed by DTC. DTC states that the Proposed Rule Change would not alter the scope of transactions subject to this requirement.[39]

In addition, the DRS Section would describe DRS Agent pass-through fees and their collection and remittance through Centralized Billing.[40] DTC states that, at the request of

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38 *See* Notice of Filing at 63329, *supra* note 6.

39 *Id.*

40 Pass-through fees are fees that a DRS Agent imposes and determines in connection with a DRS transaction and that the applicable Participant pays; they are not fees charged by DTC. *See* Notice of Filing at 63329, *supra* note 6. *See also* Securities Exchange Act Release No. 51870 (June 17, 2005), 70 FR 36678 (June 24, 2005) (SR-DTC-2005-03) (approving DTC's collection from Participants of fees and charges for services provided by other entities).

Participants and DRS Agents, Centralized Billing would be expanded to support the collection of applicable fees associated with approved DRS Profile Deposit Requests, completed DRS Deliver Orders, and DRS Withdrawal by Transfer instructions that DRS Agents approve or reject.[41] A DRS Agent would remain free to decide whether to impose a pass-through fee. If it elects to do so, however, collection and remittance of the fee through Centralized Billing would be mandatory for both the DRS Agent and the Participant. DTC states that this requirement would eliminate the current bifurcated process, under which some fees are collected through DTC while others are invoiced and paid outside DTC.[42] The DRS Section further describes how pass-through fees collected through Centralized Billing would be reflected in the Participant's monthly invoice and would also be available in daily billing reports.

DTC states that Participants would continue to pay the standard DTC fees set forth in the Fee Guide for the underlying deposit or withdrawal transaction, and DTC would not assess any additional fee for the use of DRS in connection with the expanded Centralized Billing functionality.[43] DTC further states that they currently assess a five-percent collection charge under its existing DRS Centralized Billing service, and it would apply that same charge when it collects and remits a pass-through fee in connection with certain DRS Profile Deposit transactions.[44] DTC also states that the expansion would not increase the percentage of the existing collection charge.[45]

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41 *See* Notice of Filing at 63328-63329, *supra* note 6.

42 *See* Notice of Filing at 63329, *supra* note 6.

43 *Id.*

44 *Id. See also* DTC Fee Guide at 14, *supra* note 4.

45 *See* Notice of Filing at 63329, *supra* note 6.

The DRS Section would also describe the Transaction Status values and audit-trail information available through SPA. SPA would assign each instruction a Transaction Status indicating its disposition within its lifecycle and would maintain an audit trail of status changes. DTC states this functionality would apply to instructions submitted or acted upon through the DTCC Portal, API, or MQ-based messaging, except that certain Transaction Status values associated with maker/checker functionality would apply only to transactions processed through the DTCC Portal.[46] DTC explains that the maker/checker control is specific to manual transaction input through the DTCC Portal and does not apply to API or MQ-based messaging.[47] Finally, the DRS Section would include a navigation table identifying the applicable SPA Portal navigation paths, and it would direct users to DTCC Learning for the SPA function user guide and MQ specifications and to the DTCC API Marketplace for API information.

Although not associated with any change to rule text, DTC states that the modernization would also retire certain PTS and PBS functions that currently support DRS processing, as well as CCF batch-file processing as an operational method for certain DRS transactions.[48] Participants and DRS Agents that currently use the applicable PTS or PBS functions would instead use SPA via the DTCC Portal, while those that currently use CCF batch-file processing would instead process DRS transactions through SPA via the DTCC Portal, API, or MQ-based messaging. DTC states that retiring these methods would eliminate legacy DRS processing in favor of the more automated processing methods described above.[49]

B. Amendments to the Fee Guide

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46 *See* Notice of Filing at 63328 n. 17, *supra* note 6.

47 *See* Notice of Filing at 63332, *supra* note 6.

48 *See* Notice of Filing at 63328, *supra* note 6.

49 *Id.*

The Proposed Rule Change would add six items to the Fee Guide to implement the expansion of Centralized Billing for DRS transactions. Four of the entries would support DTC's collection of pass-through fees imposed by DRS Agents and paid by Participants. Two of these, "DRS Profile Deposit Participant Initiated Fee Collection" and "DRS Profile Deposit Manual Movement Fee Collection," would cover pass-through fees associated with DRS Profile Deposits. The other two, "DRS Withdrawal by Transfer Fee Collection – Approval" and "DRS Withdrawal by Transfer Fee Collection – Rejection," would cover pass-through fees associated with the approval or rejection of electronic DRS Withdrawal by Transfer instructions. DTC states that these entries would facilitate its collection and remittance of fees established by the applicable DRS Agent but would not establish the amount of those fees.[50] Because each DRS Agent, rather than DTC, would determine the underlying fee, the amount of each pass-through fee would vary.[51]

The remaining two entries, "DRS Profile Deposit Participant Initiated Movement Collection Charges LPA" and "DRS Profile Deposit Participant Manual Movement Collection Charges LPA," would reflect DTC's collection charges for processing pass-through fees in connection with DRS Profile Deposits. For purposes of these entries, "LPA" refers to the limited participant account of the applicable DRS Agent. DTC states that these charges would compensate it for providing centralized collection and remittance functionality.[52] As noted above, each charge would equal five percent of the pass-through fee collected and would be deducted from the amount DTC remits to the DRS Agent.[53]

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50 *See* Notice of Filing at 63330, *supra* note 6.

51 *Id.*

52 *Id.*

53 *See also id.*

III. DESCRIPTION OF PARTIAL AMENDMENT NO. 1

In Partial Amendment No. 1, DTC proposed to amend the implementation timeframe of the proposal.[54] In its original filing with the Commission, DTC previously stated that the Proposed Rule Change would be effective on November 13, 2026 and if DTC was unable to implement on that date, it would be implemented no later than January 2027.[55] Pursuant to Partial Amendment No. 1, the Proposed Rule Change would be effective no later than June 30, 2027.

IV. DISCUSSION AND COMMISSION FINDINGS

Section 19(b)(2)(C) of the Act[56] directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and 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 Act and the rules and regulations thereunder applicable to DTC. In particular, the Commission finds that the Proposed Rule Change is consistent with Sections 17A(b)(3)(F), 17A(b)(3)(D), and 17A(b)(3)(I) of the Act[57] and Rule 17ad-22(e)(21)[58] as described in detail below.

A. Consistency with Section 17A(b)(3)(F) of the Act

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54 Partial Amendment No. 1, *supra* note 8. Upon approval, DTC states that they would add a legend to the Fee Guide and the Deposits Guide stating that the changes have been approved by the Commission but not yet implemented, identifying the implementation date and file number of the proposed rule change, and noting that the legend would be removed automatically upon implementation.

55 *See* Notice of Filing at 63330, *supra* note 6.

56 15 U.S.C. 78s(b)(2)(C).

57 15 U.S.C. 78q-1(b)(3)(F), (D), and I.

58 17 CFR 240.17ad-22(e)(21).

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.[59]

As described above in Section I, DRS transfers currently depend on a mix of legacy applications, scheduled batch-file transmissions, and manual steps. For example, a DRS Agent must take separate actions to initiate a Deliver Order after approving a DRS Profile Deposit Request. Each additional manual step and reliance on manually scheduled file transmission introduces an opportunity for delay and error between the time an investor seeks to move DRS Securities and the time the transfer is completed. As described above in Section II.A, by making DRS available through SPA via the DTCC Portal and through API and MQ-based messaging, the Proposed Rule Change would give Participants and DRS Agents a means to submit, review, approve, reject, and monitor DRS instructions on a more automated basis. In addition, the automatic creation of the related Deliver Order upon a DRS Agent's approval of a DRS Profile Deposit Request would remove a step from the transfer lifecycle entirely. Together, these changes should shorten the time required to complete DRS transfers and reduce the risk of errors associated with manual and batch-based processing.

As DTC acknowledges,[60] the processes in the Proposed Rule Change would not eliminate actions required of DRS Agents, and the timing of a DRS transfer would continue to depend, in part, on the DRS Agent's review and processing of transfer requests submitted by its customers. Similarly, the amendments in the Proposed Rule Change would not eliminate the actions required of Participants, and the timing of a DRS transfer would continue to depend, in part, on the

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59 15 U.S.C. 78q-1(b)(3)(F).

60 *See* Notice of Filing at 63329, *supra* note 6.

Participant's review and processing of transfer requests submitted by its customers. Nonetheless, reducing processing latency within DTC's own systems should help DRS transfers settle more promptly once the DRS Agent has acted.

The Transaction Status and audit-trail functionality should likewise support more accurate processing. Assigning each instruction a status that reflects its disposition throughout its lifecycle, and maintaining a record of status changes, would give Participants and DRS Agents clearer visibility into where an instruction stands and why an instruction was rejected. This visibility should help users identify and resolve problems more quickly. The fact that certain maker/checker status values would apply only to transactions processed through the DTCC Portal does not detract from this benefit, because the maker/checker control relates specifically to manual input through the Portal.

Additionally, the retirement of certain PTS and PBS functions and of CCF batch-file processing for certain DRS transactions would consolidate DRS processing onto the modernized access methods. Maintaining parallel legacy processing channels alongside the new infrastructure would perpetuate the operational complexity that the modernization is designed to address. Consolidating processing onto a single set of automated methods should therefore reduce operational risk. By reducing that risk and eliminating the delays associated with legacy and batch-based processing, the retirement of these methods should help ensure that DRS transfers are completed more promptly and accurately, thereby promoting the prompt and accurate clearance and settlement of securities transactions.

Finally, documenting in the Deposits Guide the processing of each DRS instruction type, the existing Profile Surety requirement, and the available access methods and technical resources should give Participants and DRS Agents a clear, centralized reference for how DRS operates.

Clearer procedures should reduce the likelihood of processing errors. By helping Participants and DRS Agents submit and act on DRS instructions correctly, the documentation should reduce rejections and the need for resubmissions that could delay completion of DRS transfers, thereby promoting the prompt and accurate clearance and settlement of securities transactions.

One commenter makes several recommendations relating to the speed and operations of DRS processing.[61] First, the commenter states that the Proposed Rule Change contains no processing standard, operating hours, or reporting that would allow market participants or the Commission to determine whether DTC's objective of reducing processing times "from days to minutes" is achieved.[62] The commenter therefore recommends that DTC: publish target processing times and operating hours for the DRS steps within its control; periodically report actual DRS processing times, broken out by stage (*i.e.*, Participant submission, DTC validation, DRS Agent action, and completion); and extend comparable modernization and standards to DWAC processing, which are not addressed in the Proposed Rule Change.[63]

In response, DTC states that these comments raise broader business and operational considerations that would need to be evaluated through DTC's established stakeholder engagement and governance processes, and are otherwise beyond the scope of the Proposed Rule Change which does not establish public service-level commitments or propose the additional product and processing enhancements proposed by the commenter (including related to DWAC processing).[64]

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61 *See* Securitize Letter.

62 *Id.* at 4.

63 *Id.* at 5.

64 *See* DTC Response at 2 (describing DTC's industry engagement and consideration of business suggestions and stating that any such considerations must account for the views and priorities of the representative stakeholders and ultimately remain subject to DTC's internal governance and then approval by the Commission as a proposed rule change).

The Commission shall approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the Exchange Act and the rules thereunder.[65] The absence of a commitment to publish target processing times and operating hours for DRS steps; periodically report actual DRS processing times; and extend comparable modernization and standards to DWAC processing does not render the Proposed Rule Change inconsistent with the Exchange Act or the rules thereunder. However, despite the lack of published timeframes or actual reporting, the Transaction Status and audit-trail functionality would give Participants and DRS Agents visibility into the status of each individual instruction as it moves through its lifecycle, which should allow market participants to better understand where delays, if any, are occurring in the DRS process.

Second, the commenter states that DTC should address the Participant initiation step and ensure an efficient return path to street name. The commenter states that only a Participant may initiate a DRS Withdrawal by Transfer instruction, and that the Proposed Rule Change sets no expectation for how promptly a Participant must submit that instruction once its customer requests it.[66] The commenter recommends that DTC either (i) establish such an expectation or (ii) explain whether a DRS Agent could initiate a withdrawal on the investor's documented authorization, subject to confirmation by the Participant.[67] In response, DTC states that the Proposed Rule Change is limited to modernizing DTC's existing DRS processing.[68] DTC states that these comments raise broader business and operational considerations that would need to be

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65 15 U.S.C. 78s(b)(2)(C)(I).

66 *See* Securitize Letter at 5.

67 *Id.* at 6 (with respect to (i), stating that such an expectation would not be novel, citing FINRA Rule 11870, which the commenter characterizes as already setting specific deadlines for broker-dealers to process customer account transfers).

68 *See* DTC Response Letter at 2.

evaluated through DTC's established stakeholder engagement and governance processes, and are otherwise beyond the scope of the Proposed Rule Change which does not prescribe how Participants receive or process instructions from their customers or propose the additional product and processing enhancements proposed by the commenter (including the ability for a DRS Agent to initiate a withdrawal on the investor's documented authorization).[69]

The Proposed Rule Change does not alter the existing requirement that a DRS Withdrawal by Transfer instruction be initiated by a Participant. It also does not purport to govern the arrangements between Participants and their customers. The commenter's suggestion that DRS Agents be permitted to initiate withdrawals would represent a change to the structure of DRS that is not part of the Proposed Rule Change. In support of its recommendation that DTC establish an expectation for prompt Participant submission of customer-requested withdrawal instructions, the commenter points to FINRA Rule 11870, which sets specific deadlines for broker-dealers to process customer account transfers.[70] However, that requirement is imposed by FINRA, the self-regulatory organization responsible for regulating the conduct of its broker-dealer members toward their customers, not by a clearing agency.

The Commission shall approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the Exchange Act and the rules thereunder.[71] The absence of such requirements on Participants does not render the Proposed Rule Change inconsistent with the Exchange Act or the rules thereunder. Nonetheless, as stated

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69 *Id.* (describing DTC's industry engagement and consideration of business suggestions and stating that any such considerations must account for the views and priorities of the representative stakeholders and ultimately remain subject to DTC's internal governance and then approval by the Commission as a proposed rule change).

70 *See* Securitize Letter at 6.

71 15 U.S.C. 78s(b)(2)(C)(I).

above, the Transaction Status and audit-trail functionality would give Participants and DRS Agents visibility into the status of each individual instruction as it moves through its lifecycle, which should allow market participants to better understand where delays, if any, are occurring in the DRS process.

For these reasons, the Commission finds that the Proposed Rule Change should promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.[72]

B. Consistency with Section 17A(b)(3)(D) of the Act

Section 17A(b)(3)(D) of the Act requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.[73]

As described above in Section II, the Proposed Rule Change would add four Fee Guide entries through which DTC would collect pass-through fees on behalf of DRS Agents. These entries would not establish the amount of any pass-through fee, and DTC would not increase the fees determined by DRS Agents. Instead, DTC would act as a collection and remittance mechanism for amounts that a DRS Agent elects to impose. A pass-through fee would be collected only from a Participant whose DRS transaction gives rise to that fee. Allocating the fee to the Participant that initiates or receives the relevant transaction ties the cost directly to the activity that generates it. The Commission therefore finds that the pass-through fee entries provide for an equitable allocation of fees.

Additionally, as described above in Section II.B, the Proposed Rule Change would also add two Fee Guide entries reflecting a five-percent DTC collection charge for pass-through fees

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72 15 U.S.C. 78q-1(b)(3)(F).

73 15 U.S.C. 78q-1(b)(3)(D).

collected in connection with certain DRS Profile Deposit transactions. The Commission understands that this charge is not a new charge.[74] DTC already applies the same percentage under its existing DRS Centralized Billing service, and the Proposed Rule Change would extend that existing rate to additional transactions without increasing it.

This collection charge would apply only when DTC performs the collection and remittance function. It would be calculated on a uniform basis as a percentage of the applicable DRS Agent fee, and it would be deducted from the amount remitted to the DRS Agent. Further, the charge is calculated consistently, matches the rate already in place for comparable services, and compensates DTC for a service it provides.

For these reasons, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(D) of the Exchange Act.

C. Consistency with Section 17A(b)(3)(I) of the Act

Section 17A(b)(3)(I) of the Exchange Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.[75]

DTC acknowledges that the Proposed Rule Change could impose a burden on competition in two respects. First, Participants and DRS Agents that currently use the PTS and PBS functions or CCF batch-file processing being retired would need to transition to SPA, API, or MQ-based messaging, and some firms may incur costs to implement, test, and maintain connectivity or to modify existing systems and operational processes.[76] Second, firms may incur

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74 *See* Notice of Filing at 63329, *supra* note 6. *See also* Securities Exchange Act Release No. 51870, 70 FR 36678.

75 15 U.S.C. 78q-1(b)(3)(I).

76 *See* Notice of Filing at 63331, *supra* note 6.

costs to adapt existing billing and payment processes to use Centralized Billing for applicable pass-through fees.[77]

The Commission finds that any such burden is necessary and appropriate in furtherance of the purposes of the Act. The transition requirements would apply to all current users of the retired processing methods, and the same replacement access methods would be available to all similarly situated users. Likewise, the requirement to use Centralized Billing would apply uniformly to any DRS Agent that elects to impose a pass-through fee and to the Participants that pay it, and it would not impose any new fees on DRS Agents apart from what currently applies (*i.e.*, the collection charge). Moreover, any such burden is necessary and appropriate to achieve the purposes of Section 17A(b)(3)(F) of the Act. As discussed above, retiring the legacy PTS and PBS functions and CCF batch-file processing, and consolidating DRS processing onto SPA, API, and MQ-based messaging, would reduce manual steps, processing latency, and operational risk, and would thereby promote the prompt and accurate clearance and settlement of securities transactions. Those benefits could not be fully realized if DTC were required to maintain legacy processing channels alongside the modernized system. Similarly, consolidating the collection and remittance of pass-through fees into a single mechanism would eliminate the bifurcated billing process. This would allow Participants and DRS Agents to rely on the same modernized infrastructure for all aspects of a DRS transaction.

One commenter, whose affiliates include a registered transfer agent that records ownership using blockchain technology, states that DRS is the electronic path by which investors holding securities in street name can convert their positions into direct-registration tokens.[78] The

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77 *See* Notice of Filing at 63332, *supra* note 6.

78 *See* Securitize Letter at 3.

commenter contrasts this model with DTCC Tokenization Services,[79] under which, according to the commenter, a Participant's security entitlement may be tokenized within DTC without transfer agent involvement.[80] The commenter states that the Proposed Rule Change does not address DTCC Tokenization Services.[81] As a result, according to the commenter, an investor whose position has been tokenized by DTC and who wishes to hold it in direct registration would need to submit a detokenization instruction followed by a separate DRS withdrawal.[82] The commenter therefore recommends that DTC provide an "Instant Burn-and-Notify" capability.[83] The commenter further recommends that this integration be available no later than the commercial launch of DTCC Tokenization Services.[84] Alternatively, the commenter recommends that the Commission require DTC to publish an "aggressive" timeline for the integration or commit to a follow-on filing within three months.[85] In the commenter's view, the recommended improvements are necessary to place the two tokenization models on "competitively balanced footing," consistent with Section 17A of the Exchange Act.[86] However, the commenter states that its recommendations should not delay implementation of the Proposed Rule Change.[87]

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79 The DTCC Tokenization Service is a service offered by DTCC that allows DTC participants to elect to have their security entitlements to DTC-held securities recorded using distributed ledger technology, rather than exclusively through DTC's current centralized ledger. *See In re Depository Trust & Clearing Corporation*, SEC No-Action Letter, Dec. 22, 2025 ("DTC No-Action Latter").

80 *Id.*

81 *Id.* at 2.

82 *Id.* at 4.

83 *Id.* This capability would consist of a single instruction that detokenizes a position and initiates the DRS withdrawal, together with a real-time completion message delivered through the Proposal's API and MQ channels on which a DRS Agent could rely to register the investor.

84 *Id.* at 6.

85 *Id.*

86 *Id.* at 6-7.

87 *Id.*

In response, DTC states that the Proposed Rule Change does not propose to modify or interoperate with DTCC Tokenization Services.[88] DTC also states that the commenter's suggestions were not part of the changes developed and proposed and would require considerable internal and external input.[89] DTC states that it may consider such suggestions through its established working groups, advisory councils, and other stakeholder fora.[90] DTC adds that its consideration must account for the views and priorities of representative stakeholders and remains subject to DTC's internal governance.[91]

The Commission has considered the commenter's concerns and DTC's response and does not find the Proposed Rule Change imposes a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. As noted above, the Commission's role under Section 19(b)(2)(C) of the Exchange Act is to determine whether the proposed rule change, as filed, is consistent with the Exchange Act and the rules and regulations thereunder. DTCC Tokenization Services is not the subject of the Proposed Rule Change, and the Proposed Rule Change would not alter the terms on which that service operates. In the DTCC Tokenization Service, registered ownership of the tokenized securities must remain with Cede, and a user of the DTCC Tokenization Service would not be able to transfer a tokenized entitlement to a DRS Agent via DRS.[92] The commenter's recommendations concern the relationship between DRS and the DTCC Tokenization Services, which is a separate DTC service, and, particularly, the absence of an additional integrated capability. The fact that DTC

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88 *See* DTC Response Letter at 2.

89 *Id.*

90 *Id.*

91 *Id.*

92 DTC No-Action Letter, *supra* note 79, at 7-8.

did not include such capability in the Proposed Rule Change does not render the proposal inconsistent with Section 17A(b)(3)(I) of the Exchange Act.

To the contrary, the Proposed Rule Change would reduce processing latency for all DRS transfers and make real-time API and MQ-based messaging available to all Participants and DRS Agents. These improvements should benefit any investor seeking to move securities between street name and direct registration. The commenter itself states that the modernization would directly benefit investors who choose to hold securities in their own names and that the Commission should not delay implementation of the Proposed Rule Change to consider this.[93]

In addition, the commenter encourages the Commission to condition approval on DTC's commitment to ensure that the return path from direct registration to street name, through either a DRS Profile Deposit or a DRS Deliver Order, is as efficient as the path out of street name.[94] According to the commenter, investors are unlikely to move securities into direct registration, including in the form of direct-registration tokens, if returning those securities to a broker-dealer is slow or uncertain.[95] In the commenter's view, both return paths should therefore benefit fully from the modernized processing, so that investors can move freely between direct registration and street name in either direction.[96]

With respect to the return path to street name, the Commission understands that the Proposed Rule Change already applies to both DRS Profile Deposit Requests and DRS Deliver Orders. Both instruction types would be available through SPA, API, and MQ-based messaging and would be subject to the Transaction Status and audit-trail functionality. In addition, the

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93 *See* Securitize Letter at 1-2.

94 *See* Securitize Letter at 5-6.

95 *See* Securitize Letter at 6.

96 *Id.*

automatic creation of Deliver Orders upon a DRS Agent's approval of a DRS Profile Deposit Request is designed specifically to streamline movement from direct registration into a Participant's account at DTC. The modernization therefore addresses movement in both directions.

For these reasons, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(I) of the Exchange Act.

D. Consistency with Rule 17ad-22(e)(21)

Rule 17ad-22(e)(21) under the Act requires, in part, that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves.[97]

The Proposed Rule Change should improve the efficiency and effectiveness of DRS in several respects. Replacing legacy user interfaces and scheduled batch transmissions with SPA, API, and MQ-based messaging, as described above in Section I and II, would give Participants and DRS Agents the ability to automate the processing of DRS transactions. Automating the creation of Deliver Orders would eliminate a redundant step in the DRS Profile Deposit process. The Transaction Status and audit-trail functionality would allow users to track instructions without resorting to manual inquiry.

The expansion of Centralized Billing should also make DRS more efficient. Under the current arrangement, some pass-through fees are collected through DTC while others are invoiced and paid separately between DRS Agents and Participants. This bifurcated arrangement requires firms to maintain two sets of billing and payment processes for fees arising from the

97 17 CFR 240.17ad-22(e)(21).

same service. Requiring that all applicable pass-through fees be collected and remitted through Centralized Billing would consolidate these processes into a single mechanism and reflect fees in Participants' existing monthly invoices and daily billing reports.

The Commission understands, based upon DTC's representation, that DRS modernization was requested by Participants and DRS Agents,[98] which further supports the conclusion that the change is designed to meet the requirements of DTC's participants.

For these reasons, the Commission finds that the Proposed Rule Change is consistent with Rule 17ad-22(e)(21) under the Exchange Act.

V. SOLICITATION OF COMMENTS ON PARTIAL AMENDMENT NO. 1 TO THE PROPOSED RULE CHANGE

Interested persons are invited to submit written data, views, and arguments concerning whether Partial Amendment No. 1 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-regulations/self-regulatory-organization-rulemaking); or
- Send an email to rule-comments@sec.gov. Please include file number SR-DTC-2026-012 on the subject line.

Paper Comments:

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

98 *See* Notice of Filing at 63328-63329, *supra* note 6.

All submissions should refer to file number SR-DTC -2026-012. This file number should be included on the subject line if email 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-regulations/self-regulatory-organization-rulemaking). Copies of the filing also 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-2026-012 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

VI. ACCELERATED APPROVAL OF THE PROPOSED RULE CHANGE, AS MODIFIED BY PARTIAL AMENDMENT NO. 1

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,[99] to approve the proposed rule change prior to the 30th day after the date of publication of Partial Amendment No. 1 in the *Federal Register*. As noted above, Partial Amendment No. 1 delays the implementation timeframe of the proposal from November 6, 2026 to no later than June 30, 2027.[100] The Commission believes that the Partial Amendment is consistent with the Act because it does not raise any regulatory issues and would provide more time before the proposal would go into effect.

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99 15 U.S.C. §78s(b)(2).

100 Partial Amendment No. 1, *supra* note 8.

For the reasons discussed above, the Commission finds that Partial Amendment No. 1 is reasonably designed to protect investors and the public interest, and consistent with the requirements of the Act. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,[101] to approve the proposed rule change, as modified by Partial Amendment No. 1, on an accelerated basis.

VII. CONCLUSION

On the basis of the foregoing, the Commission finds that the Proposed Rule Change, as modified by Partial Amendment No. 1, is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A of the Act[102] and the rules and regulations promulgated thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act[103] that Proposed Rule Change SR-DTC-2026-012 be, and hereby is, APPROVED.[104]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[105]

Vanessa A. Countryman,

Secretary.

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101 15 U.S.C. §78s(b)(2).

102 15 U.S.C. 78q-1.

103 15 U.S.C. 78s(b)(2).

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

105 17 CFR 200.30-3(a)(12).