

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53970; File No. SR-DTC-2006-08)

June 12, 2006

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Establish a Mechanism by Which It Will Collect and Pass-Through Fees Owed by Participants to American Depository Receipt Agents for Certain Issues and to Collect a Charge for this Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on April 28, 2006, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) and on May 2, 2006, amended² the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2)⁴ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the rule change from interested parties.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The purpose of the rule change is to allow for the establishment of a mechanism by which DTC will collect and pass-through fees owed by its participants to American Depository Receipt (“ADR”) agents for certain issues, and to implement a charge for this service.

¹ 15 U.S.C. 78s(b)(1).

² The amendment attached the comment letter from the Securities Operations Division of the Securities Industry Association that DTC had inadvertently omitted. Details of that comment letter are set forth later in this Notice.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.⁵

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Typically, an ADR agent is authorized under its agreement with the issuer to impose a custody fee on holders of the issue. A common practice for collection of this fee is for the ADR agent to subtract the amount of the fee from the gross dividend payable to the ADR holders. This practice is effectuated by DTC announcing to participants both the gross dividend rate and the net dividend rate after deduction of the ADR custody fee, the ADR agent paying DTC the net dividend, and DTC allocating the net dividend to participants. However, a number of ADR issues do not pay periodic dividends, which prevents the associated fees from being collected through the above-described mechanism.

Pursuant to discussions with industry representatives and in order to facilitate a more efficient ADR fee collection process, DTC is proposing to introduce a mechanism by which it will collect from participants and will pass through to ADR agents custody fees for issues that do not pay periodic dividends as such fees are reported to DTC by the ADR agents. DTC has discussed this proposal with three divisions of the Securities Industry Association ("SIA"), the Corporate Actions Division, Dividends Division, and Securities Operations Divisions ("SOD").

⁵ The Commission has modified the text of the summaries prepared by DTC.

The SOD Regulatory and Clearance Committee prepared and sent to DTC a memorandum on DTC's proposal. The memorandum concluded that DTC should collect such fees through its normal monthly billing process.⁶

In order to cover costs incurred in collecting fees associated with ADR issues that do not pay periodic dividends, DTC will implement a collection charge equal to three percent (3%) of the ADR agent fee amount collected from each participant up to a maximum of \$4,000. DTC will not retain a charge a collection fee if its computed collection charge is less than \$50. This collection fee will appear in the DTC fee schedule as follows:

Service	Current Fee	Proposed Fee	Per
Collection of ADR agent fees for issues not paying periodic dividends	N/A	Scaled fee (3% of ADR agent fee); maximum of \$4,000; \$0 if computed charge is less than \$50	Per CUSIP, per participant position

DTC believes the proposed rule change is consistent with Section 17A of the Act,⁷ as amended, because it updates its fee schedule. As such, it provides for the equitable allocation of fees among its participants and aligns fees for services with the associated cost to deliver the service.

(B) Self-Regulatory Organization'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.

⁶ Memorandum from Albert Howell, Chairman, Regulatory & Clearance Committee, Securities Operations Division, Securities Industry Association, to William Hodash, Managing Director, The Depository Trust and Clearing Company (March 7, 2006).

⁷ 15 U.S.C. 78q-1.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

A written memorandum supporting the proposed rule change was submitted by the Regulatory & Clearance Committee of the Securities Operations Division of the Securities Industry Association. No other written comments were solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act⁸ and Rule 19b-4(f)(2)⁹ thereunder because the rule establishes a due, fee, or other charge. At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate 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

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2006-08 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-DTC-2006-08. 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 Web site (<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 inspection and copying in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549. Copies of such filings also will be available for inspection and copying at the principal office of DTC and on DTC's Web site at <https://login.dtcc.com/dtcorg/>. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer

to File Number SR-DTC-2006-08 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Nancy M. Morris
Secretary

¹⁰ 17 CFR 200.30-3(a)(12).