

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55098; File No. SR-DTC-2006-19)

January 12, 2007

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating To Enhancements To Its SMART/Track For Corporate Action Liability Notification Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on December 5, 2006, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) a 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)(iii) of the Act² and Rule 19b-4(f)(4) thereunder³ so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The proposed rule change would enhance DTC’s SMART/Track for Corporate Action Liability Notification Service.

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(3)(A)(iii).

³ 17 CFR 240.19b-4(f)(4).

below. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.⁴

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

In 2004, DTC submitted rule filing SR-DTC-2004-11 that established the SMART/Track for Corporate Action Liability Notification Service for the transmission of liability notices between counterparties.⁵ The purpose of this filing is to propose an enhancement to the Corporate Action Liability Notification Service by creating a link between SMART/Track and the National Securities Clearing Corporation's ("NSCC") Continuous Net Settlement ("CNS") system. The link will enable participants to utilize the SMART/Track interface to notify CNS of their intention to participate in a voluntary corporate event for a security that is being processed in CNS.

Participants currently notify CNS that they plan to participate in a voluntary corporate action event for a security being processed in CNS using the "CNSR" function of DTC's Participant Terminal System ("PTS"). The proposed enhancement will enable DTC participants to create and transmit a CNS liability notice, as well as search or view liability notices, directly from the SMART/Track home page on the web. The link will provide participants with a central point of access for creating, transmitting, and tracking all of their voluntary corporate action liability notices through SMART/Track.

Once all CNS participants have registered for the SMART/Track for Corporate Action Liability Notification Service, DTC will disable the CNSR function on PTS, and SMART/Track

⁴ The Commission has modified the text of the summaries prepared by DTC.

⁵ Securities Exchange Act Release No. 50887 (December 20, 2004), 69 FR 77802 (December 28, 2004).

will be the only way for participants to notify CNS that they plan to participate in a voluntary corporate action event for a security being processed in CNS.

The proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder applicable to DTC because it will promote important disclosures relating to corporate action liability notices between participant counterparties. The proposed rule change will be implemented consistently with the safeguarding of securities and funds in the custody or control of DTC because DTC will be acting as a notification 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.

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

Written comments relating to the proposed rule change have not yet been solicited or received.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act⁶ and Rule 19b-4(f)(4)⁷ thereunder because the proposed rule effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and (ii) does not significantly affect the respective rights or obligations of DTC or persons using the service. At any time within sixty days of the filing of the proposed rule change, the Commission may

⁶ 15 U.S.C. 78s(b)(3)(A)(iii).

⁷ 17 CFR 240.19b-4(f)(4).

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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2006-19 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-2006-19. 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>). The text of the proposed rule change is available at DTC, the Commission's Public Reference Room, and www.dtc.org. 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-2006-19 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.⁸

Florence E. Harmon
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).