

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-60394; File No. SR-DTC-2009-13)

July 28, 2009

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change Relating to Municipal Bonds Redemption Process

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on July 15, 2009, 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 primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

DTC proposes to modify the timing when an issuer of certain municipal securities or its agent notifies DTC of a redemption or an advance refunding of such municipal securities.

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 such statements.

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

In early 2008, the Association of Global Custodians (“AGC”) and DTC formed a working group to explore issues associated with redemption announcements. Several meetings

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

were held in 2008 with participation from members of the AGC, The Securities Industry and Financial Markets Association, the agent community, DTC, and DTC's participants.

Among other things, the working group reviewed redemption announcement data for a six month period and discovered that many conventional municipal bond<sup>2</sup> issuers or their agents were notifying DTC of the redemption or refund later than the 30 day Publication Date period as required in DTC's rules. The working group then investigated the ramifications of this and concluded that if DTC were to amend the Publication Date from the current standard of "no fewer than 30 calendar days" prior to the redemption or advance refund to "no fewer than 20 calendar days" prior to the redemption or advance refund for conventional municipal bonds, DTC would still have sufficient time to process the redemption announcement and issuers and their agents would have more time to notify DTC of a redemption thereby making the redemption notification process more efficient. The working group presented this proposal to the American Bankers Association and to the National Association of Bond Lawyers and both organizations approved this recommendation.

Therefore, DTC proposes to amend Part V.A. of its Operational Arrangements to redefine the time frame for an issuer or its agent of a conventional municipal bond to notify DTC of a full or partial redemption or an advance refunding of part of such outstanding securities. Under the proposal, the issuer or agent will have to notify DTC at least two business days prior to the Publication Date, which will be redefined as "no fewer than 20 calendar days nor more than 60 calendar days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow (and, in such cases, final notification must be received no

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<sup>2</sup> A "conventional municipal bond" was defined as "a bond without any derivatives attached to it and no inherent features that would prevent a redemption announcement from being provided in a timely manner."

later than 20 calendar days prior to the refunding date.)” DTC proposes that this new requirement would be effective October 1, 2009.

DTC states that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>3</sup> and the rules and regulations thereunder because it modifies an existing DTC service in order to make the redemption process for municipal bonds more efficient. As such it is a change to an existing service, which will not adversely affect the safeguarding of securities and funds in DTC’s control or custody.

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. DTC will notify the Commission of any written comments received by DTC.

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

Within thirty-five days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve such proposed rule change or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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<sup>3</sup> 15 U.S.C. 78q-1.

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](mailto:rule-comments@sec.gov). Please include File No. SR-DTC-2009-13 on the subject line.

Paper comments:

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

All submissions should refer to File No. SR-DTC-2009-13. 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, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filings also will be available for inspection and copying at DTC's principal office and DTC's Web site at <http://www.dtc.org/impNtc/mor/index.html>. 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 No. SR-DTC-2009-13 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>4</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>4</sup> 17 CFR 200.30-3(a)(12).