

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63320; File No. SR-DTC-2010-15)

November 16, 2010

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Amend Rules Relating to the Requirement to Maintain a Balance Certificate in the Fast Automated Securities Transfer Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder² notice is hereby given that on November 5, 2010, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared primarily by DTC.³ 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 the Substance of the Proposed Rule Change

The purpose of this proposed rule change is to amend DTC’s rules relating to its Fast Automated Securities Transfer (“FAST”) program to eliminate the requirement for certain transfer agents to custody a balance certificate.

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 17 CFR 240.19b-4.

³ The text of the proposed rule change is attached as Exhibit 5 to DTC’s filing, which is available at www.dtcc.com/downloads/legal/rule_filings/2010/dtc/2010-15.pdf.

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

Under DTC's FAST program, DTC leaves securities in the form of balance certificates in the custody of the transfer agent participating in FAST ("FAST transfer agents").⁵ The balance certificates are registered in the name of DTC's nominee, Cede & Co. and evidence the record ownership by Cede & Co. of each issue for which the FAST transfer agent acts as transfer agent. The balance certificate agreement is executed by each FAST transfer agent and DTC and sets forth the rights and obligations of FAST transfer agents and DTC. As additional securities are deposited or withdrawn from DTC, the FAST transfer agent adjusts the denomination of the balance certificate as appropriate and electronically confirms these changes with DTC.

Recently, FAST transfer agents have requested that DTC remove the requirement for FAST transfer agents to custody a balance certificate because the transfer agent electronically confirms the balance with DTC on a daily basis. As a result, DTC is proposing to remove the

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

⁵ FAST reduces the movement of certificates between DTC and the transfer agent, thereby reducing the costs and risks associated with the creation, movement, and storing of certificates. For a description of DTC's current rules relating to FAST, see Securities Exchange Act Release Nos. 34-13342 (March 8, 1977) (File No. SR-DTC-76-3); 34-14997 (July 26, 1978) (File No. SR-DTC-78-11); 34-21401 (October 16, 1984) (File No. SR DTC-84-8); 34-31941 (March 3, 1993) (SR-DTC-92-15); and 34-46956 (December 2, 2002) (File No. SR-DTC 2002-15). In addition, DTC has filed a proposed rule change with the SEC to update the requirements relating to its FAST and DRS programs (See Securities Exchange Act Release No. 34-57362 (February 20, 2008) (File No. SR-DTC-2006-16)).

requirement that FAST transfer agents maintain a balance certificate for certain issuers that are participating in the direct registration system (“DRS”).⁶

An issuer that participates in DRS has agreed to allow investors to hold their securities position in book-entry form on the records of the issuer’s transfer agent instead of in certificated form. With DRS, shares can be electronically transferred between a DRS Limited Participant (i.e., a transfer agent participating in DRS) and DTC participants (i.e., broker-dealers or banks). DRS provides investors with an alternate approach to holding their securities either in certificated form or in "street" name.⁷ As additional securities are deposited or withdrawn from DTC, the DRS Limited Participant adjusts the denomination of the balance certificate as appropriate and electronically confirms these changes with DTC.

Since issuers that participate in DRS have acknowledged that the use of electronic registration of securities is a valid method to evidence ownership of their issued securities and since electronic registration should reduce the costs and risks associated with the creation, storage, and replacement of balance certificates, DTC proposes to remove the requirement that FAST transfer agents maintain a balance certificate for those exchange listed issues that are DRS eligible and participating in DRS. However, DTC also proposes to continue to reserve its rights to draw down from the FAST balance and to receive in lieu of a DRS or electronic position a certificate to be registered in DTC's nominee name of Cede & Co. and to reflect any number of

⁶ DRS allows registered owners to hold their assets on the records of the transfer agent in book-entry form rather than in certificated form. Securities on deposit at DTC are considered “DRS eligible” if the issuer’s by-laws permit the issuance of book entry shares and the CUSIP number has been designated as FAST eligible by DTC. “Participating in DRS” means that the issuer and its transfer agent have complied with DTC’s requirements to participate in the DRS program and actually allow investors to hold shares in DRS.

⁷ Street name generally describes securities held in the name of a broker-dealer or another nominee, such as a clearing agency, instead of the broker-dealer’s customer.

shares up to and including the total amount of shares outstanding due DTC from those FAST transfer agents.

The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended, ("Act") and the rules and regulations thereunder applicable to DTC because it should allow DTC to better safeguard the securities which are in DTC's custody or control or for which it is responsible by reducing the inherent risks associated with the transfer and maintenance of physical certificates.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change would 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 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 forty-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 or disapprove the proposed rule change or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2010-15 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 submission should refer to File Number SR-DTC-2010-15. 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 Web site viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-1090, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of DTC and on DTC's Web site at

http://www.dtcc.com/downloads/legal/rule_filings/2010/nsc/2010-11.pdf. 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-2010-15 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.⁸

Florence E. Harmon
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).