

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-73982; File No. SR-DTC-2014-13)

January 5, 2015

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Fees Charged for Tax Services

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on December 23, 2014, 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 by DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and Rule 19b-4(f)(2)<sup>4</sup> thereunder. The proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to the DTC Fee Schedule (“Fee Schedule”) in order to adjust certain fees related to DTC’s tax services, as more fully described below.<sup>5</sup>

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>5</sup> Each term not otherwise defined herein has the respective meaning set forth in DTC’s rules (the “Rules”).

II. Clearing Agency'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) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Pursuant to the proposed rule change DTC would revise certain fees for the: (i) DTC TaxRelief<sup>SM</sup> Service,<sup>6</sup> and (ii) DTC U.S. Tax Withholding Service, as more fully described below.

DTC TaxRelief<sup>SM</sup> Service Fee Increase

The DTC TaxRelief<sup>SM</sup> Service enables investors to preclude overwithholding on income payments in various foreign jurisdictions. The current fee structure for this service is not aligned with the costs to DTC of providing this service as it relates to processing of Canadian securities due to associated volumes and the resources necessary for such processing.

Therefore, to better align fees with the costs associated with delivering this aspect of this service to Participants, DTC proposes to increase the fee per final election (including post-payable) processed for foreign withholding tax relief for Canadian

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<sup>6</sup> DTC TaxRelief<sup>SM</sup> is a service mark of DTC.

securities from 0.625% of tax relief secured to 0.700% of tax relief secured, with the minimum fee per final election increased from \$32.00 to \$38.00.<sup>7</sup>

#### U.S. Tax Withholding Service

The U.S. Tax Withholding Service provides for withholding of U.S. tax on payments to foreign Participants of DTC. As applicable law has become increasingly complex, the cost of DTC's offering of this service is not aligned with fees charged. Accordingly, pursuant to the proposed change, to better align the Fee Schedule with the costs associated with providing this service to Participants, DTC would amend the Fee Schedule for the U.S. Tax Withholding Service as follows:

1. The fee charged for withholding instructions per each Elective Dividend Service ("EDS") election for a transaction processed by the U.S. Tax Withholding Service would increase from \$1.80 to \$2.50.
2. The monthly fee per account would increase from \$150 to \$250.
3. DTC would begin charging U.S. branches of foreign banks ("U.S. Branches") the above monthly fee of \$250 per account. Currently U.S. Branches are not charged the monthly fee for this service.<sup>8</sup>
4. The annual minimum fee charged to Participants for use of the U.S. Tax Withholding Service would increase from \$5,000 to \$7,500. For example, if an account is charged \$7,000 in fees for use of the service during a calendar year,

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<sup>7</sup> As applicable, the existing maximum fee and/or surcharge per final election as set forth in the Fee Schedule would continue to remain in effect for Canadian securities. Current fees for non-Canadian securities would remain unchanged.

<sup>8</sup> U.S. Branches utilize this service for tax reporting purposes only rather than full tax withholding. However, imposition of the monthly minimum charge is necessary in light of associated costs incurred by DTC in this regard.

then the account would be charged an additional \$500 to reach the annual minimum amount of \$7,500. However, the existing annual minimum charge does not apply to U.S. Branches and this would remain the case. In addition, the Fee Schedule would be clarified to reflect that this fee does not apply to U.S. Branches.

The fee changes set forth above would be incorporated into the Fee Schedule which is available at [www.dtcc.com](http://www.dtcc.com).

#### Implementation Date

The proposed fee changes would take effect on January 2, 2015.

#### 2. Statutory Basis

The proposed rule change would align DTC's fees for the services described above with the costs of delivering applicable services, and the charges would apply equally in accordance with Participants' use of DTC services. Therefore, DTC believes the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC, in particular Section 17A(b)(3)(D) of the Act,<sup>9</sup> which requires that DTC's Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Participants.

#### (B) Clearing Agency's Statement on Burden on Competition

DTC does not believe that the proposed rule change would have any impact, or impose any burden, on competition.

#### (C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

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<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(D).

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>10</sup> of the Act and paragraph (f) of Rule 19b-4<sup>11</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2014-13 on the subject line.

Paper Comments:

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f).

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

All submissions should refer to File Number SR-DTC-2014-13. 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 website (<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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website at <http://dtcc.com/legal/sec-rule-filings.aspx>. 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-2014-13 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>12</sup>

Brent J. Fields  
Secretary

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