

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-50279; File No. SR-DTC-2004-08)

August 27, 2004

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Investor's Voluntary Redemptions and Sales Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on August 2, 2004, The Depository Trust Company ("DTC") filed a proposed rule change with the Securities and Exchange Commission ("Commission") 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**

The proposed rule change will enhance DTC's Investor's Voluntary Redemptions and Sales ("IVORS") service to allow for the communication and processing of unit investment trust ("UIT") rollover instructions.

**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.<sup>2</sup>

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

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

Prior to this rule change, DTC participants holding expired UITs could only redeem such assets for cash or receive securities by book-entry and sell back to the UIT's sponsor in exchange for a cash payment.<sup>3</sup> The flow of instructions and confirmations typically occurs outside DTC using faxes or e-mails between the participant and the sponsor or sponsor's agent. Settlement of the transaction was usually accomplished by the submission of deposit/withdrawal at custodian ("DWAC") instructions. This process was very manual and labor intensive and exposed participants, agents, and sponsors to risk and expense.

Under this proposed rule change, DTC will enhance its IVORS service to allow participants to rollover their current UIT into any of up to ten new UITs that the transfer agent or sponsor may have designated as being eligible for the rollover. Under the new procedures, the UIT transfer agent or sponsor will announce the details of an eligible UIT rollover using IVORS. Once announced, DTC will create a new communication code that will include the deadline for submitting rollover instructions thereby enabling participants to submit rollover instructions to their current UIT.

As with the current IVORS redemption function, prior to the transaction settlement date of the transaction, the transfer agent or sponsor enters the settlement details into IVORS. In the case of rollovers, these details will include the redemption price of the surrendered UIT, any accrued dividends that are payable, the purchase price of the new UIT, and any concession fee that may be payable. On settlement date, IVORS processes the necessary entries to debit the

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<sup>2</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>3</sup> Upon maturity (and in some cases earlier), most UITs allow a shareholder to take the redemption value of their holding and roll it over into a new series of UITs. These instructions are submitted prior to the deadline established by the transfer agent or sponsor.

surrendered UITs and credit participants with the new UITs and any associated cash-in-lieu or other payments. All of this is accomplished within the IVORS system, eliminating the need to process faxed instructions and DWAC entries.

DTC's proposed rule is designed to eliminate unnecessary certificate movements, reduce and simplify cash movements, and synchronize the decisions of all parties involved in the rollover of UITs. The proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and the regulations thereunder applicable to DTC in that it promotes efficiencies in the prompt and accurate clearance and settlement of securities transactions.

**B. Self-Regulatory Organization's Statement on Burden on Competition**

DTC does not believe that the proposed rule change will impose any burden on competition.

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

DTC has not solicited nor received written comments on the proposed rule change. DTC will inform the Commission of any written comments it receives.

**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)(iii)<sup>4</sup> of the Act and Rule 19b-4(f)(4)<sup>5</sup> thereunder because it effects a change in an existing service of DTC that does not adversely affect the safeguarding of securities or funds in DTC's control or for which DTC is responsible and does not significantly affect DTC's or its participants' respective rights or obligations. At any time within 60 days of the filing of such proposed rule

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<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>5</sup> 17 CFR 240.19b-4(f)(4).

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
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2004-08 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

All submissions should refer to File Number SR-DTC-2004-08. 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, 450 Fifth

Street, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at DTC's principal office and on DTC's Web site at [www.dtc.org](http://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-2004-08 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.<sup>6</sup>

Margaret H. McFarland  
Deputy Secretary

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<sup>6</sup> 17 CFR 200.30-3(a)(12).