

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-53463; File No. SR-DTC-2005-22)

March 10, 2006

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise Fee Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on December 22, 2005, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) and on February 22, 2006, amended the proposed rule change 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 parties.

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

The purpose of the proposed rule change is to revise DTC’s fee schedule.

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 these statements.<sup>2</sup>

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

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

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

The purpose of the proposed rule change is to revise fees for certain services provided by DTC.

These changes include:<sup>3</sup>

- (1) Elimination of fees charged for Mainframe Dual Host ("MDH") messaging and computer-to-computer ("CCF") file transfer services. The costs previously covered by these charges will be absorbed into the overall cost structure of the business lines affected (principally DTC Settlement and Asset Services) and will be covered by service fees.<sup>4</sup>
- (2) Decreases to Settlement Services fees as part of DTC's continuing efforts to realign fees with costs.
- (3) Restructuring of fees for Corporate Actions by charging fees per announcement and to compensate for the elimination of CCF charges.
- (4) Increases in Custody and Asset Servicing, Underwriting, and Tax Services to realign fees with costs.

In addition, DTC is implementing certain disincentive fees to discourage activities which increase industry inefficiencies. These disincentive fees include fees for Withdrawals by Transfer, fees related to requirements for physical presentation on corporate action transactions, and fees for late submissions of deposits on restricted securities.

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<sup>3</sup> The specific changes to DTC's fee schedule are attached as an exhibit to the filing.

<sup>4</sup> MDH and CCF are communications platforms used by participants to interact with DTC.

Also, DTC is introducing fees associated with new services. In particular, such fees relate to Canadian Settlement services, SMART/Track for Buy-Ins, and Agency Lender Disclosure.<sup>5</sup> In addition, a new fee is being added for a processing enhancement, known as the Certificate Verification process, to the existing Deposits service which allows participants to submit files through DTC to appropriate transfer agents in order to verify that certificates destined for transfer are valid certificates prior to physical processing of certificates. Such verification provides for a decrease in deposit rejects and for improved transaction turnaround.<sup>6</sup>

These proposed fee revisions are consistent with DTC's overall pricing philosophy to align service fees with underlying costs, to discourage manual and exception processing, and to encourage immobilization and dematerialization of securities. The effective date for these fee adjustments was January 1, 2006.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(D) of the Act<sup>7</sup> and the rules and regulations thereunder applicable

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<sup>5</sup> For further information regarding Canadian Settlement services, see Securities Exchange Act Release No. 52784 (November 16, 2005), 70 FR 70902 (November 23, 2005) [File No. SR-DTC-2005-08]. For further information regarding SMART/Track for Buy-Ins, see Securities Exchange Act Release No. 53032 (December 28, 2005), 71 FR 1457 (January 9, 2006) [File No. SR-DTC-2005-19]. For further information regarding SMART/Track for Agency Lending Disclosure, see Securities Exchange Act Release No. 52104 (July 21, 2005), 70 FR 43730 [File No. SR-DTC-2005-06].

<sup>6</sup> For further information regarding DTC's Deposits service, see Securities Exchange Act Release No. 46391 (August 21, 2002), 67 FR 55050 (August 27, 2002) [File No. SR-DTC-2002-07].

<sup>7</sup> 15 U.S.C. 78q-1.

to DTC because it provides for the equitable allocation of reasonable dues, fees, and other charges among DTC's participants.

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

DTC does not believe that the proposed rule change will have any impact on 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

No written comments relating to the proposed rule change have 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 upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>8</sup> and Rule 19b-4(f)(2)<sup>9</sup> thereunder because the proposed rule change establishes or changes a due, fee, or other charge applicable only to a participant. At any time within sixty days of the filing of the proposed rule 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.<sup>10</sup>

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

<sup>10</sup> For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on February 22, 2006, the date on which the last amendment to the proposed rule change was filed with the Commission. 15 U.S.C. 78s(b)(3)(C).

#### 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-2005-22 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-2005-22. 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. Copies of such filing also will be available for inspection and

copying at the principal office of DTC and on DTC's Web site at

<https://login.dtcc.com/dtcorg/>. 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-2005-22 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>11</sup>

Nancy M. Morris  
Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).