Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2024 - * 002
Amendment No. (req. for Amendments *)

Filing by The Depository Trust Company

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☐ Section 19(b)(3)(A) * ☑ Section 19(b)(3)(B) * ☐

Pilot ☐ Extension of Time Period for Commission Action * ☐ Date Expires *

Rule

☐ 19b-4(f)(1) ☑ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Amend the DTC Corporate Actions Distributions Service Guide and the DTC Settlement Service Guide

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * [redacted] Last Name * [redacted]

Title * [redacted]

E-mail * RuleFilingAdmin@dtcc.com

Telephone * [redacted] Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, The Depository Trust Company has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 03/20/2024

By [redacted]
(Name *)

(Title *)
[redacted]

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Date: 2024.03.20 11:59:54 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add Remove View Narrative - Settlement Service Guide (	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View Exhibit 1A - Settlement Service Guide	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2- Notices, Written Comments, Transcripts, Other Communications Add Remove View	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. ☐ Exhibit Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add Remove View	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. ☐ Exhibit Sent As Paper Document
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View Exhibit 5 - Settlement Service Guide C	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change.

(a) The proposed rule change of The Depository Trust Company ("DTC")[1] is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

The proposed rule change was approved by the Businesses, Technology and Operations Committee of the Board of Directors of DTC at a meeting duly called and held on December 19, 2023.

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

(a) Purpose

The proposed rule change would amend the DTC Corporate Actions Distributions Service Guide ("Distributions Guide")[2] and the DTC Settlement Service Guide ("Settlement Guide")[3] (collectively, "Guides")[4] to make technical revisions to the Guides in anticipation of the U.S. market transition to a shortened standard settlement cycle from the current two business days after trade date ("T+2") to one business day after trade date ("T+1"), as described below. The proposed rule changes to the Guides would become effective on May 28, 2024.[5]

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1 Each capitalized term not otherwise defined herein has its respective meaning as set forth the Rules, By-Laws and Organization Certificate of DTC (the "Rules"), available at www.dtcc.com/legal/rules-and-procedures.

2 Available at www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Service-Guide-Distributions.pdf.

3 Available at www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf.

4 The Guides are Procedures of DTC. Pursuant to the Rules, the term "Procedures" means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27, as amended from time to time. See Rule 1, Section 1, supra note 1. They are binding on DTC and each Participant in the same manner that they are bound by the Rules. See Rule 27, supra note 1.

5 DTC will post a version of the relevant sections of the respective Guides reflecting the changes as they would appear upon the effectiveness of the subsequent proposed rule

The standard settlement cycle for certain securities was last changed in 2017, when the U.S. Securities and Exchange Commission ("Commission") adopted the current version of Rule 15c6-1(a)[6] under the Securities Exchange Act of 1934, as amended ("Act"), which (subject to certain exceptions) prohibits any broker-dealer from entering into a contract for the purchase or sale of a security that provides for payment and delivery later than two business days after the trade date, unless otherwise expressly agreed to by the parties at the time of the transaction.[7] The implementation of this change moved the length of the settlement cycle from three business days after trade date (T+3) to T+2.

To further reduce market and counterparty risk, decrease clearing capital requirements, reduce liquidity demands, and strengthen and modernize securities settlement in the U.S. financial markets, the financial services industry, in coordination with its regulators, has been working on shortening the standard settlement cycle from T+2 to T+1. In connection therewith, the Commission has adopted a rule change to shorten the standard settlement cycle from T+2 to T+1, with a compliance date of May 28, 2024.[8]

Effect on DTC

DTC provides depository and book-entry services pursuant to its Rules and Procedures, including, but not limited to, its service guides and Operational Arrangements.[9] DTC services include custody of securities certificates and other instruments, and settlement and asset services for types of eligible securities including, among others, equities, warrants, rights, corporate debt and notes, municipal bonds, government securities, asset-backed securities, depositary receipts and money market instruments.

DTC, through its nominee, Cede & Co., is the registered holder of securities on the books of the issuer or its transfer agent; that is, DTC is the direct holder of legal title to the securities on the books of the issuer. DTC receives distributions, dividends, and corporate actions from the issuer and passes them to its Participants.

DTC processes transactions for settlement, subject to its risk controls, on the same day it receives them. Distributions on securities held at DTC on behalf of its Participants pass through

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change mentioned above and will include a note on the cover page of the Guides to advise Participants of these changes.

6 17 CFR 240.15c6-1.

7 See Securities Exchange Act Release No. 80295 (Mar. 22, 2017), 82 FR 15564 (Mar. 29, 2017).

8 See Securities Exchange Act Release No. 96930 (Feb. 15, 2023), 88 FR 13872 (Mar. 6, 2023) (S7-05-22) (Shortening the Securities Transaction Settlement Cycle).

9 Available at www.dtcc.com/legal/rules-and-procedures.

DTC and are credited to the accounts of Participants on the same day that they are paid to DTC. As a result, DTC's Rules and Procedures are not generally affected by the industry's move to T+1.

However, certain provisions in the Distributions Guide and Settlement Guide relating to distributions on securities held at DTC and settlement timeframes are based on a presumption that transactions settle on a two-day settlement cycle (i.e., T+2). This would change as the securities industry switches to a standard T+1, as noted above. Therefore, DTC proposes to make the below described changes.

Distributions Guide Changes

DTC would modify the Distributions Guide text relating to (i) the DTC interim accounting process and (ii) the impact of the shortened settlement cycle on the timing of the allocation of stock distributions.

Interim Accounting Process

Interim accounting is an important part of the entitlement and allocation process relating to distributions. During the interim accounting period, DTC facilitates the entitlements and allocation process systematically for both the buyer and seller of a transaction conducted in the marketplace and submitted to NSCC's Continuous Net Settlement service ("CNS").[10] The interim accounting period is defined as the time period during which a trade settling has income or a due bill attached to it.[11] The interim accounting period (also referred to as the due bill

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10 Securities movements for transactions processed through CNS occur free of payment at DTC. See DTC Settlement Service Guide, available at www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf, at 15.

11 In the absence of DTC's interim accounting process, trades scheduled to settle after the record date "with distribution" (those that entitle the receiver to the distribution) would have a due bill or income payment attached to detail the entitlement and associated obligations between the seller and buyer relating to the distribution. The distribution entitlement would then need to be handled between the seller and the buyer of the security outside of DTC's Distributions Service.

period) is determined in accordance with market rules[12] and currently extends for the time from the record date[13] plus one day up to the ex-date plus one day.[14]

In order to prepare for the migration to T+1 settlement, DTC would modify the interim accounting process to account for the shortened period. In this regard, DTC would revise the Distributions Guide to state that the interim accounting period would reflect the anticipated due bill period that would be recognized by the industry, in light of the T+1 settlement cycle, such that the interim accounting period would extend from the record date plus one day up to the due bill redemption date (typically ex-date for equities and payable date minus one day for debt). Proposed changes to the text of the Distributions Guide relating to the interim accounting period would be reflected in the text of the subsections of the Interim Accounting section of the Distributions Guide.

“Overview” Subsection

The subsection titled “Overview” provides a general description of the Interim Accounting process. The proposed rule change would make a technical change to remove a typo from a sentence that provides a general description for when the interim accounting process relating to a distribution begins and ends. The same sentence would also be revised to reflect a timing change to the interim account period necessitated by the shortening of the settlement cycle.

“Reasons for Interim Accounting” Subsection

The subsection titled “Reasons for Interim Accounting” describes that normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. The subsection provides examples of common reasons when this does not occur. One of these is where an exchange declares a late or irregular ex-date for an equity issue. The Distributions Guide describes that for equity issues, there are times when the listed exchange would declare an ex-date that is not one business day prior to the record date (e.g., an ex-date that equals payable date plus one day). The Distributions Guide also states that at such times, a buyer is entitled to the distribution when the registered holder of an equity issue sells the security prior to the ex-date.

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12 E.g., New York Stock Exchange (“NYSE”) Rules 255-259, available at www.nyse.com/publicdocs/nyse/regulation/nyse/NYSE_Rules.pdf.

13 The record date is the date when an investor must be on the issuer’s books as a shareholder to receive a distribution.

14 The ex-date is determined in accordance with the applicable market procedures. E.g., NYSE Listed Company Manual, Section 703.03 (part 2) (Stock Split/Stock Rights/Stock Dividend Listing Process), available at www.nysemanual.nyse.com/lcm/Help/mapContent.asp?sec=lcm-sections&title=sx-ruling-nyse-policymanual_703.02(part2)&id=chp_1_8_3_4.

The proposed rule change would amend text in the "Reasons for Interim Accounting" section to revise the description of the timing relating to an exchange's declaration of a late or irregular ex-date for an equity issue. In this regard, the text would be revised to describe that there are times for equity issues when the listed exchange would declare an ex-date that is not "equal to" the record date, rather than declaring an ex-date that is "one business day prior to" the record date, as described above.

"Without DTC's Interim Accounting" Subsection

The subsection titled "Without DTC's Interim Accounting" would be revised to correct a typographical error by removing an errant comma.

"Interim Accounting Usage" Subsection

Activation of DTC's Interim Accounting process depends on the type of distribution. The "Interim Accounting Usage" subsection within the Distributions Guide provides a table that describes the conditions under which interim accounting occurs for types of distributions. The proposed rule change would revise this table to adjust timeframes relating to activation of Interim Accounting for certain types of distributions to account for the shortening of the settlement cycle:

For	Interim accounting is used[a]
Cash dividends	When the ex-date is not equal to record date ~~**– 1 business days**~~, and DTC is aware of the ex-date prior to the payable date. In this case, the interim period runs from record date +1 through close of business on ex-date~~**+1**~~.
Stock distributions	A stock distribution with an ex-date that is not equal to record date~~**–1**~~. In this case, the interim period runs from record date +1 through close of business on ex-date ~~**+1**~~. Note: Stock splits are allocated to your general free and pledged accounts on the business day following the close of the due bill period. Shares allocated to the pledged account automatically become additional collateral for the loan.
Rights	When the ex-date is not equal to record date~~**–1**~~, and there is adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date. In this case, the interim period runs from record date +1 through close of business on ex-date ~~**+1**~~. Note: If there is not adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date, DTC will credit your account based on your record date position. You must settle due bills outside DTC's Distribution event processing service.
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Supplemental due bills	For special large cash dividends, when the ex-date is the day after the announced payable date. In this case: The interim period runs from record date +1 through payable date −1 Allocation is made on payable date, and Interim accounting starts again on the payable date and continues on a daily basis through ex-date ~~**+1**~~. Allocation is made on the business day following the day of delivery by crediting the money settlement account of the receiver and debiting the money settlement account of the deliverer.

[a] Bold, strike-through text indicates a deletion.

"Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange" Subsection

Occasionally, there is an unscheduled closing of one or more stock exchanges (e.g., a National Day of Mourning, an event causing significant market disruption or regional impact, etc.). During an unscheduled closing, a listed exchange would typically move ex-dates that were scheduled for that date to the next business day that the exchange is open, which is usually the record date. Such a move is necessary because ex-dates must occur on a business day that the listed exchange is open.[15]

When there is an unscheduled closing of a stock exchange and an ex-date is moved, DTC does not apply the interim accounting process described above.[16] This is because it is DTC's general understanding that when there is an unscheduled closure, the intent is for the last day of trading with a due bill to be the business day prior to the unscheduled closure because there should not be any executed trades in the security on the day of closure.[17]

Pursuant to the proposed rule change, DTC would modify the text of the section of the Distributions Guide that describes DTC's process in this regard to reflect the effect of the shortened period on interim accounting (i.e., that it is not applied) between trade date and settlement date by modifying an example included within the text. The text change would revise references to certain dates, including sample calendar dates for a hypothetical ex-date and unscheduled closure date, as well as text describing how the ex-date falls in relation to a hypothetical record date depending on standard practice under the timing set forth in the example, as well as in the event an exchange changes the ex-date due to an unscheduled closure.

"Allocations" Subsection

DTC would adjust descriptions relating to stock distributions in the section of the Distributions Guide titled Allocations relating to the date on which certain stock distributions, the timing for which are tied to the settlement cycle, are allocated. Specifically, the table would be revised for affected distribution types, as follows to account for the shortening of the settlement cycle:

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[15] See, e.g., FINRA Rule 11140 – Transactions in Securities "Ex-Dividend," "Ex-Rights" or "Ex-Warrants" available at www.finra.org/rules-guidance/rulebooks/finra-rules/11140.

[16] See Securities Exchange Act Release No. 90747 (Dec. 21, 2020), 85 FR 85249 (Dec. 29, 2020) (SR-DTC-2020-019).

[17] Id.

For this type of distribution[a]	**Allocation normally occurs**[b]
Stock dividends with a late ex-date	On the payable date or ex-date +~~**2**~~***1***, whichever comes later.
Stock splits, with ex-distribution beginning on the business day following the payable date	For the split shares on ex-date +~~**2**~~***1***.
Stock spinoffs to a DTC-eligible security	On the payable date, or ex-date +~~**2**~~***1***, whichever comes later.

[a] Stock distribution types unaffected by the proposed rule change are not shown.
[b] Bold, strike-through text indicates a deletion. Bold, italicized text indicates an addition.

Settlement Guide Changes

Moving settlement to the end of trade date would compress certain activities and processes required to achieve settlement on T+1. In the current T+2 settlement environment, DTC processes certain transactions for settlement during the day on settlement date and other transactions the night before settlement date (‘‘S–1’’) during the so called ‘‘night cycle,’’ which begins at 8:30 p.m. on S–1.

Processing transactions during the night cycle allows for earlier settlement of certain transactions that are included in the night cycle, thereby reducing counterparty risk and, with respect to transactions that are cleared through NSCC, enables such transactions to be removed from members’ marginable portfolios, which in turn reduces such members’ NSCC margin requirements. DTC uses a process called the ‘‘Night Batch Process’’ to control the order of processing of transactions in the night cycle. During the Night Batch Process, DTC evaluates each participant’s available positions, transaction priority and risk management controls, and identifies the transaction processing order that optimizes the number of transactions processed for settlement. The Night Batch Process allows DTC to run multiple processing scenarios until it identifies an optimal processing scenario.

At approximately 8:30 p.m. on S–1, DTC subjects all transactions eligible for processing to the Night Batch Process, which is run in an ‘‘offline’’ batch that is not visible to Participants, allowing DTC to run multiple processing scenarios until the optimal processing scenario is identified. The results of the Night Batch Process are incorporated back into DTC’s core processing environment on a transaction-by-transaction basis. Changing from settling on a standard T+2 to a T+1 basis would require DTC and Participants to initiate and complete certain settlement-related processes sooner relative to the time a trade is executed. This would require changes to certain timeframes for settlement activities that occur on S–1.

In this regard, DTC would modify provisions of the Settlement Guide relating to certain settlement processing timeframes to accommodate the move to T+1.

First, cutoffs in the settlement processing schedule relating to authorization and exemption ("ANE") of institutional transactions would be changed from 6:30 p.m. to 10:45 p.m. The order of where this item appears in the list of settlement processing timeframes would also be adjusted to reflect that it would occur later in the settlement processing schedule than certain items for which timeframes are not changing. This change accommodates a change to the institutional processing affirmation cutoff by the matching utility, DTCC ITP Matching (US) LLC ("ITP"),[18] to 9 p.m. on T from 11:30 a.m. on T+1. This change would allow time for affirmed trades processed by ITP to be input into DTC for timely settlement processing upon the transition to T+1. A second stated time for the cutoff for ANE for 7:30 p.m. on S-1 would be removed as it relates to certain operational transaction input processes that are no longer used.

The start of the night cycle would be moved to a later time to accommodate the above-mentioned adjustment relating to night cycle processing. This adjustment would allow additional time for input of transactions into DTC's night cycle. As mentioned above, the Night Batch Process starts at approximately 8:30 p.m. ET on the business day prior to settlement date. Pursuant to the proposed rule change, the start of the Night Batch Process would be moved to 11:30 p.m. on S–1.

Considering the proposed time for the start of the Night Batch Process, the final cutoff for submission of Deliveries to the Night Cycle, or Night Deliver Orders would be moved from 8 p.m. to 11 p.m. on S–1.

Second, the section of the Settlement Guide relating to the ID Net Service, which is designed to facilitate more streamlined processing of certain transactions between brokers and custodians, would be modified to change the time a matching utility (such as ITP) must submit affirmed transactions for them to be ID Net eligible. Like the change relating to the processing of ANE described above, this change accommodates a change to the affirmation cutoff by ITP described above. Currently, the Settlement Guide requires such affirmed transactions to be submitted to DTC no later than 11:30 a.m. on S–1. The proposed rule change would modify this deadline to become 9 p.m. on S–1.

Finally, the section of the Settlement Guide relating to the Night Batch Process would be revised to reflect the above-described change on the timing of the start of the Night Batch Process, which would be modified from the current time of 8 p.m. on S–1 to 11:30 p.m. on S–1.

Implementation Date

The proposed rule changes to the Guides would take effect on May 28, 2024.

(b) Statutory Basis

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[18] DTC also processes book-entry transfers for institutional trades of its Participants, affirmed and matched by an applicable settlement matching service, including its affiliate, ITP.

Section 17A(b)(3)(F) of the Act[19] requires that the rules of the clearing agency be designed, inter alia, to promote the prompt and accurate clearance and settlement of securities transactions. DTC believes that the proposed rule change is consistent with this provision because it would allow settlement transactions and distributions to continue to be processed when the U.S. market standard settlement cycle is shortened. Thus, by allowing processing of transactions in settlement and the Distributions Service in accordance with standard U.S. settlement timeframes (including when the standard settlement cycle is shortened), the proposed rule changes would promote the prompt and accurate clearance and settlement of securities transactions.

4. Self-Regulatory Organization's Statement on Burden on Competition.

DTC does not believe that the proposed rule change would have any impact on competition because the proposed rule change consists of conforming and technical changes to the texts of the Guides that would correspond with the industry's transition to a T+1 settlement cycle.

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

DTC has not received or solicited any written comments relating to this proposal. If any written comments are received, they would be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at www.sec.gov/regulatory-actions/how-to-submit-comments. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

DTC reserves the right to not respond to any comments received.

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19 15 U.S.C. 78q-1(b)(3)(F).

6. Extension of Time Period for Commission Action.

DTC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D).

(a) This filing is made pursuant to Section 19(b)(3)(A) of the Act[20] and subparagraph (f)(4) under the Securities Exchange Act Rule 19b-4.[21]

(b) The proposed rule change effects a change in an existing service of a registered clearing agency that (A) does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible; and (B) does not significantly affect the respective rights or obligations of the clearing agency or persons using the service because the proposed rule change makes conforming and technical changes necessary to conform the text of the Guides with respect to the industry's move from a T+2 to a T+1 settlement cycle. Therefore, the proposed rule change does not adversely affect DTC's safeguarding of securities or funds, or significantly affect the rights or obligations of DTC or its Participants.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission.

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act.

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act.

Not applicable.

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20 15 U.S.C. 78s(b)(3)(A).

21 17 CFR 240.19b-4(f)(4).

11. Exhibits.

Exhibit 1 – Not applicable

Exhibit 1A – Notice of proposed rule change for publication in the Federal Register

Exhibit 2 – Not applicable

Exhibit 3 – Not applicable

Exhibit 4 – Not applicable

Exhibit 5– Text of proposed rule change

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_________]; File No. SR-DTC-2024-002)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the DTC Corporate Actions Distributions Service Guide and the DTC Settlement Service Guide

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on March __, 2024, 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 the clearing agency. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b-4(f)(4) thereunder.[4] 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 Corporate Actions Distributions Service Guide ("Distributions Guide")[5] and the DTC Settlement Service

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 15 U.S.C. 78s(b)(3)(A).

4 17 CFR 240.19b-4(f)(4).

5 Available at www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Service-Guide-Distributions.pdf.

Guide ("Settlement Guide")[6] (collectively, "Guides")[7] to make technical revisions to the Guides in anticipation of the U.S. market transition to a shortened standard settlement cycle from the current two business days after trade date ("T+2") to one business day after trade date ("T+1"), as described in greater detail below.[8]

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

In its filing with the Commission, the clearing agency 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. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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6 Available at www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf.

7 The Guides are Procedures of DTC. Pursuant to the Rules, the term "Procedures" means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27, as amended from time to time. See Rule 1, Section 1, infra note 8. They are binding on DTC and each Participant in the same manner that they are bound by the Rules. See Rule 27, infra note 8.

8 Each capitalized term not otherwise defined herein has its respective meaning as set forth the Rules, By-Laws and Organization Certificate of DTC (the "Rules"), available at www.dtcc.com/legal/rules-and-procedures.

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

1. Purpose

The proposed rule change would amend the DTC Corporate Actions Distributions Service Guide ("Distributions Guide")[9] and the DTC Settlement Service Guide ("Settlement Guide")[10] (collectively, "Guides")[11] to make technical revisions to the Guides in anticipation of the U.S. market transition to a shortened standard settlement cycle from the current two business days after trade date ("T+2") to one business day after trade date ("T+1"), as described below. The proposed rule changes to the Guides would become effective on May 28, 2024.[12]

The standard settlement cycle for certain securities was last changed in 2017, when the Commission adopted the current version of Rule 15c6-1(a)[13] under the Act, which (subject to certain exceptions) prohibits any broker-dealer from entering into a contract for the purchase or sale of a security that provides for payment and delivery later than two business days after the trade date, unless otherwise expressly agreed to by the

[9] Supra note 5.

[10] Supra note 6.

[11] Supra note 7.

[12] DTC will post a version of the relevant sections of the respective Guides reflecting the changes as they would appear upon the effectiveness of the subsequent proposed rule change mentioned above and will include a note on the cover page of the Guides to advise Participants of these changes.

[13] 17 CFR 240.15c6-1.

parties at the time of the transaction.[14] The implementation of this change moved the length of the settlement cycle from three business days after trade date (T+3) to T+2.

To further reduce market and counterparty risk, decrease clearing capital requirements, reduce liquidity demands, and strengthen and modernize securities settlement in the U.S. financial markets, the financial services industry, in coordination with its regulators, has been working on shortening the standard settlement cycle from T+2 to T+1. In connection therewith, the Commission has adopted a rule change to shorten the standard settlement cycle from T+2 to T+1, with a compliance date of May 28, 2024.[15]

Effect on DTC

DTC provides depository and book-entry services pursuant to its Rules and Procedures, including, but not limited to, its service guides and Operational Arrangements.[16] DTC services include custody of securities certificates and other instruments, and settlement and asset services for types of eligible securities including, among others, equities, warrants, rights, corporate debt and notes, municipal bonds, government securities, asset-backed securities, depositary receipts and money market instruments.

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14 See Securities Exchange Act Release No. 80295 (Mar. 22, 2017), 82 FR 15564 (Mar. 29, 2017).

15 See Securities Exchange Act Release No. 96930 (Feb. 15, 2023), 88 FR 13872 (Mar. 6, 2023) (S7-05-22) (Shortening the Securities Transaction Settlement Cycle).

16 Available at www.dtcc.com/legal/rules-and-procedures.

DTC, through its nominee, Cede & Co., is the registered holder of securities on the books of the issuer or its transfer agent; that is, DTC is the direct holder of legal title to the securities on the books of the issuer. DTC receives distributions, dividends, and corporate actions from the issuer and passes them to its Participants.

DTC processes transactions for settlement, subject to its risk controls, on the same day it receives them. Distributions on securities held at DTC on behalf of its Participants pass through DTC and are credited to the accounts of Participants on the same day that they are paid to DTC. As a result, DTC's Rules and Procedures are not generally affected by the industry's move to T+1.

However, certain provisions in the Distributions Guide and Settlement Guide relating to distributions on securities held at DTC and settlement timeframes are based on a presumption that transactions settle on a two-day settlement cycle (i.e., T+2). This would change as the securities industry switches to a standard T+1, as noted above. Therefore, DTC proposes to make the below described changes.

Distributions Guide Changes

DTC would modify the Distributions Guide text relating to (i) the DTC interim accounting process and (ii) the impact of the shortened settlement cycle on the timing of the allocation of stock distributions.

Interim Accounting Process

Interim accounting is an important part of the entitlement and allocation process relating to distributions. During the interim accounting period, DTC facilitates the entitlements and allocation process systematically for both the buyer and seller of a transaction conducted in the marketplace and submitted to NSCC's Continuous Net

Settlement service ("CNS").[17] The interim accounting period is defined as the time period during which a trade settling has income or a due bill attached to it.[18] The interim accounting period (also referred to as the due bill period) is determined in accordance with market rules[19] and currently extends for the time from the record date[20] plus one day up to the ex-date plus one day.[21]

In order to prepare for the migration to T+1 settlement, DTC would modify the interim accounting process to account for the shortened period. In this regard, DTC would revise the Distributions Guide to state that the interim accounting period would reflect the anticipated due bill period that would be recognized by the industry, in light of the T+1 settlement cycle, such that the interim accounting period would extend from the record date plus one day up to the due bill redemption date (typically ex-date for equities

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17 Securities movements for transactions processed through CNS occur free of payment at DTC. See DTC Settlement Service Guide, available at www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf, at 15.

18 In the absence of DTC's interim accounting process, trades scheduled to settle after the record date "with distribution" (those that entitle the receiver to the distribution) would have a due bill or income payment attached to detail the entitlement and associated obligations between the seller and buyer relating to the distribution. The distribution entitlement would then need to be handled between the seller and the buyer of the security outside of DTC's Distributions Service.

19 E.g., New York Stock Exchange ("NYSE") Rules 255-259, available at www.nyse.com/publicdocs/nyse/regulation/nyse/NYSE_Rules.pdf.

20 The record date is the date when an investor must be on the issuer's books as a shareholder to receive a distribution.

21 The ex-date is determined in accordance with the applicable market procedures. E.g., NYSE Listed Company Manual, Section 703.03 (part 2) (Stock Split/Stock Rights/Stock Dividend Listing Process), available at www.nysemanual.nyse.com/lcm/Help/mapContent.asp?sec=lcm-sections&title=sx-ruling-nyse-policymanual_703.02(part2)&id=chp_1_8_3_4.

and payable date minus one day for debt). Proposed changes to the text of the Distributions Guide relating to the interim accounting period would be reflected in the text of the subsections of the Interim Accounting section of the Distributions Guide.

“Overview” Subsection

The subsection titled “Overview” provides a general description of the Interim Accounting process. The proposed rule change would make a technical change to remove a typo from a sentence that provides a general description for when the interim accounting process relating to a distribution begins and ends. The same sentence would also be revised to reflect a timing change to the interim account period necessitated by the shortening of the settlement cycle.

“Reasons for Interim Accounting” Subsection

The subsection titled “Reasons for Interim Accounting” describes that normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. The subsection provides examples of common reasons when this does not occur. One of these is where an exchange declares a late or irregular ex-date for an equity issue. The Distributions Guide describes that for equity issues, there are times when the listed exchange would declare an ex-date that is not one business day prior to the record date (e.g., an ex-date that equals payable date plus one day). The Distributions Guide also states that at such times, a buyer is entitled to the distribution when the registered holder of an equity issue sells the security prior to the ex-date.

The proposed rule change would amend text in the “Reasons for Interim Accounting” section to revise the description of the timing relating to an exchange’s declaration of a late or irregular ex-date for an equity issue. In this regard, the text would be revised to describe that there are times for equity issues when the listed exchange would declare an ex-date that is not "equal to" the record date, rather than declaring an ex-date that is "one business day prior to" the record date, as described above.

"Without DTC's Interim Accounting" Subsection

The subsection titled "Without DTC's Interim Accounting" would be revised to correct a typographical error by removing an errant comma.

"Interim Accounting Usage" Subsection

Activation of DTC's Interim Accounting process depends on the type of distribution. The "Interim Accounting Usage" subsection within the Distributions Guide provides a table that describes the conditions under which interim accounting occurs for types of distributions. The proposed rule change would revise this table to adjust timeframes relating to activation of Interim Accounting for certain types of distributions to account for the shortening of the settlement cycle:

For	Interim accounting is used[a]
Cash dividends	When the ex-date is not equal to record date ~~– 1 business days~~, and DTC is aware of the ex-date prior to the payable date. In this case, the interim period runs from record date +1 through close of business on ex-date~~+1~~.
Stock distributions	A stock distribution with an ex-date that is not equal to record date~~–1~~. In this case, the interim period runs from record date +1 through close of business on ex-date ~~+1~~. Note: Stock splits are allocated to your general free and pledged accounts on the business day following the close of the due bill period. Shares allocated to the pledged account automatically become additional collateral for the loan.

For	Interim accounting is used[a]
Rights	When the ex-date is not equal to record date~~–1~~, and there is adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date. In this case, the interim period runs from record date +1 through close of business on ex-date ~~+1~~. Note: If there is not adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date, DTC will credit your account based on your record date position. You must settle due bills outside DTC's Distribution event processing service.
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Supplemental due bills	For special large cash dividends, when the ex-date is the day after the announced payable date. In this case: The interim period runs from record date +1 through payable date −1 Allocation is made on payable date, and Interim accounting starts again on the payable date and continues on a daily basis through ex-date ~~+1~~. Allocation is made on the business day following the day of delivery by

For	Interim accounting is used[a]
	crediting the money settlement account of the receiver and debiting the money settlement account of the deliverer.

[a] Bold, strike-through text indicates a deletion.

"Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange" Subsection

Occasionally, there is an unscheduled closing of one or more stock exchanges (e.g., a National Day of Mourning, an event causing significant market disruption or regional impact, etc.). During an unscheduled closing, a listed exchange would typically move ex-dates that were scheduled for that date to the next business day that the exchange is open, which is usually the record date. Such a move is necessary because ex-dates must occur on a business day that the listed exchange is open.[22]

When there is an unscheduled closing of a stock exchange and an ex-date is moved, DTC does not apply the interim accounting process described above.[23] This is because it is DTC's general understanding that when there is an unscheduled closure, the intent is for the last day of trading with a due bill to be the business day prior to the unscheduled closure because there should not be any executed trades in the security on the day of closure.[24]

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22 See, e.g., FINRA Rule 11140 – Transactions in Securities "Ex-Dividend," "Ex-Rights" or "Ex-Warrants" available at www.finra.org/rules-guidance/rulebooks/finra-rules/11140.

23 See Securities Exchange Act Release No. 90747 (Dec. 21, 2020), 85 FR 85249 (Dec. 29, 2020) (SR-DTC-2020-019).

24 Id.

Pursuant to the proposed rule change, DTC would modify the text of the section of the Distributions Guide that describes DTC's process in this regard to reflect the effect of the shortened period on interim accounting (i.e., that it is not applied) between trade date and settlement date by modifying an example included within the text. The text change would revise references to certain dates, including sample calendar dates for a hypothetical ex-date and unscheduled closure date, as well as text describing how the ex-date falls in relation to a hypothetical record date depending on standard practice under the timing set forth in the example, as well as in the event an exchange changes the ex-date due to an unscheduled closure.

"Allocations" Subsection

DTC would adjust descriptions relating to stock distributions in the section of the Distributions Guide titled Allocations relating to the date on which certain stock distributions, the timing for which are tied to the settlement cycle, are allocated. Specifically, the table would be revised for affected distribution types, as follows to account for the shortening of the settlement cycle:

For this type of distribution[a]	**Allocation normally occurs**[b]
Stock dividends with a late ex-date	On the payable date or ex-date +~~2~~***1***, whichever comes later.
Stock splits, with ex-distribution beginning on	For the split shares on ex-date +~~2~~***1***.

the business day following the payable date	
Stock spinoffs to a DTC-eligible security	On the payable date, or ex-date +~~**2**~~***1***, whichever comes later.

[a] Stock distribution types unaffected by the proposed rule change are not shown.

[b] Bold, strike-through text indicates a deletion. Bold, italicized text indicates an addition.

<u>Settlement Guide Changes</u>

Moving settlement to the end of trade date would compress certain activities and processes required to achieve settlement on T+1. In the current T+2 settlement environment, DTC processes certain transactions for settlement during the day on settlement date and other transactions the night before settlement date (''S–1'') during the so called ''night cycle,'' which begins at 8:30 p.m. on S–1.

Processing transactions during the night cycle allows for earlier settlement of certain transactions that are included in the night cycle, thereby reducing counterparty risk and, with respect to transactions that are cleared through NSCC, enables such transactions to be removed from members' marginable portfolios, which in turn reduces such members' NSCC margin requirements. DTC uses a process called the ''Night Batch Process'' to control the order of processing of transactions in the night cycle. During the Night Batch Process, DTC evaluates each participant's available positions, transaction priority and risk management controls, and identifies the transaction processing order that optimizes the number of transactions processed for settlement. The Night Batch Process allows DTC to run multiple processing scenarios until it identifies an optimal processing scenario.

At approximately 8:30 p.m. on S–1, DTC subjects all transactions eligible for processing to the Night Batch Process, which is run in an ‘‘offline’’ batch that is not visible to Participants, allowing DTC to run multiple processing scenarios until the optimal processing scenario is identified. The results of the Night Batch Process are incorporated back into DTC's core processing environment on a transaction-by-transaction basis. Changing from settling on a standard T+2 to a T+1 basis would require DTC and Participants to initiate and complete certain settlement-related processes sooner relative to the time a trade is executed. This would require changes to certain timeframes for settlement activities that occur on S–1.

In this regard, DTC would modify provisions of the Settlement Guide relating to certain settlement processing timeframes to accommodate the move to T+1.

First, cutoffs in the settlement processing schedule relating to authorization and exemption ("ANE") of institutional transactions would be changed from 6:30 p.m. to 10:45 p.m. The order of where this item appears in the list of settlement processing timeframes would also be adjusted to reflect that it would occur later in the settlement processing schedule than certain items for which timeframes are not changing. This change accommodates a change to the institutional processing affirmation cutoff by the matching utility, DTCC ITP Matching (US) LLC ("ITP"),[25] to 9 p.m. on T from 11:30 a.m. on T+1. This change would allow time for affirmed trades processed by ITP to be

[25] DTC also processes book-entry transfers for institutional trades of its Participants, affirmed and matched by an applicable settlement matching service, including its affiliate, ITP.

input into DTC for timely settlement processing upon the transition to T+1. A second stated time for the cutoff for ANE for 7:30 p.m. on S-1 would be removed as it relates to certain operational transaction input processes that are no longer used.

The start of the night cycle would be moved to a later time to accommodate the above-mentioned adjustment relating to night cycle processing. This adjustment would allow additional time for input of transactions into DTC's night cycle. As mentioned above, the Night Batch Process starts at approximately 8:30 p.m. ET on the business day prior to settlement date. Pursuant to the proposed rule change, the start of the Night Batch Process would be moved to 11:30 p.m. on S–1.

Considering the proposed time for the start of the Night Batch Process, the final cutoff for submission of Deliveries to the Night Cycle, or Night Deliver Orders would be moved from 8 p.m. to 11 p.m. on S–1.

Second, the section of the Settlement Guide relating to the ID Net Service, which is designed to facilitate more streamlined processing of certain transactions between brokers and custodians, would be modified to change the time a matching utility (such as ITP) must submit affirmed transactions for them to be ID Net eligible. Like the change relating to the processing of ANE described above, this change accommodates a change to the affirmation cutoff by ITP described above. Currently, the Settlement Guide requires such affirmed transactions to be submitted to DTC no later than 11:30 a.m. on S–1. The proposed rule change would modify this deadline to become 9 p.m. on S–1.

Finally, the section of the Settlement Guide relating to the Night Batch Process would be revised to reflect the above-described change on the timing of the start of the

Night Batch Process, which would be modified from the current time of 8 p.m. on S–1 to 11:30 p.m. on S–1.

Implementation Date

The proposed rule changes to the Guides would take effect on May 28, 2024.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act[26] requires that the rules of the clearing agency be designed, inter alia, to promote the prompt and accurate clearance and settlement of securities transactions. DTC believes that the proposed rule change is consistent with this provision because it would allow settlement transactions and distributions to continue to be processed when the U.S. market standard settlement cycle is shortened. Thus, by allowing processing of transactions in settlement and the Distributions Service in accordance with standard U.S. settlement timeframes (including when the standard settlement cycle is shortened), the proposed rule changes would promote the prompt and accurate clearance and settlement of securities transactions.

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

DTC does not believe that the proposed rule change would have any impact on competition because the proposed rule change consists of conforming and technical changes to the texts of the Guides that would correspond with the industry's transition to a T+1 settlement cycle.

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[26] 15 U.S.C. 78q-1(b)(3)(F).

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

DTC has not received or solicited any written comments relating to this proposal. If any written comments are received, they would be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at www.sec.gov/regulatory-actions/how-to-submit-comments. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

DTC reserves the right to not respond to any comments received.

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)[27] of the Act and paragraph (f)[28] of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily

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[27] 15 U.S.C. 78s(b)(3)(A).

[28] 17 CFR 240.19b-4(f).

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 (www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2024-002 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-DTC-2024-002. 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 (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 (dtcc.com/legal/sec-rule-filings). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-DTC-2024-002 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.[29]

Secretary

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[29] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Bold, underlined text indicates proposed added language.

~~**Bold, strikethrough text**~~ indicates proposed deleted language.

[Changes to this DTC Corporate Actions Distributions Service Guide, as amended by File No. SR-DTC-2023-002, are available at dtcc.com/legal/sec-rule-filings. These changes became effective upon filing with the SEC but have not yet been implemented. On May 28, 2024, these changes will be implemented, and this legend will automatically be removed from this DTC Corporate Actions Distributions Service Guide.]

DTC CORPORATE ACTIONS

DISTRIBUTIONS SERVICE GUIDE

~~JULY 12, 2023~~ [DATE] 2024

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Interim Accounting

Overview

Interim accounting is an important part of the entitlements and allocations process for distributions. The interim period (also referred to as the due bill period) is the period during which a settling trade has due bills attached to it. A due bill is an indication of a seller's obligation to deliver a pending distribution (such as a cash dividend, stock dividend, interest payment, etc.) to the buyer in a securities transaction. For distributions that are the subject of a due bill, the interim period~~**, which**~~ extends from the Interim Accounting Start Date (record date +1) up to the Due Bill Redemption Date (typically ex-date ~~**+1**~~ for equities and payable date -1 for debt).

Reasons for Interim Accounting

Normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. There are times, however, when that is not the case. There are two common reasons why this occurs:

1. Listed Exchange Declares a Late/Irregular Ex-Date: There are times for equity issues when the listed exchange will declare an ex-date that is not <u>**equal to**</u> ~~**one business day prior to**~~ the record date (for example, an ex-date that equals payable date +1). At such times, a buyer is entitled to the distribution when the registered holder of an equity issue sells the security prior to the ex-date.
2. For most bonds, the buyer of the security is entitled to the interest payment (the distribution) on trades that settle up to, including the day before, the payable date, even though the buyer is not the record date holder.

Without DTC's Interim Accounting

Trades that settle after the record date "with distribution," (thus entitling the buyer to the distribution~~,~~) will have a due bill attached to them (meaning, the seller owes the buyer the distribution). Without DTC's interim accounting process, the distribution will need to be handled between the seller and the buyer outside of DTC's distribution processing service, potentially in the form of a payment order, wire or postdated check equal to the amount of the distribution.

With DTC's Interim Accounting

With DTC's interim accounting process, during the due-bill period, DTC:

tracks all settled activity, where the receiver (typically a buyer) is entitled to a distribution; and

adjusts Participants' record date positions, crediting the receiver (typically a buyer) and debiting the deliverer (typically a seller) the distribution amount.

This process helps ensure accurate payment on the payable date and eliminates time-consuming, costly paper processing.

Important Note: The physical movement of securities (such as, deposits, withdrawals-by-transfer (WTs) and certificates-on-demand (CODs)) are not transactions that are included in the interim accounting process; thus, they do not result in adjustments between Participants.

Interim Accounting Usage

Activation of DTC's interim accounting process depends on the type of distribution. The following table describes the conditions under which interim accounting occurs:

For	Interim accounting is used
Cash dividends	When the ex-date is not equal to record date ~~**−1 business days**~~, and DTC is aware of the ex-date prior to the payable date. In this case, the interim period runs from record date +1 through close of business on ex-date~~+1~~.
Stock distributions	A stock distribution with an ex-date that is not equal to record date~~−1~~. In this case, the interim period runs from record date +1 through close of business on ex-date ~~+1~~. Note: Stock splits are allocated to your general free and pledged accounts on the business day following the close of the due bill period. Shares allocated to the pledged account automatically become additional collateral for the loan.
Rights	When the ex-date is not equal to record date~~−1~~, and there is adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date. In this case, the interim period runs from record date +1 through close of business on ex-date ~~+1~~. Note: If there is not adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date, DTC will credit your account based on your record date position. You must settle due bills outside DTC’s Distribution event processing service.
Corporate bonds, CDs, and government bond interest	Because the majority of these settle with interest up to the business day before the payable date. In this case, the interim period runs from record date +1 through payable date −1.

For	Interim accounting is used
Asset-backed securities (ABS)	As dictated by the issuer's accrual period. For example, if the accrual period ends after the record date and before the payable date, the interim period runs from record date +1 through the end of the accrual period. Note: If the accrual period ends prior to the record date, DTC will not run interim or run "reverse" interim (reverse due bill).
Supplemental due bills	For special large cash dividends, when the ex-date is the day after the announced payable date. In this case: The interim period runs from record date +1 through payable date −1 Allocation is made on payable date, and Interim accounting starts again on the payable date and continues on a daily basis through ex-date ~~+1~~. Allocation is made on the business day following the day of delivery by crediting the money settlement account of the receiver and debiting the money settlement account of the deliverer.

Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange

Occasionally, there is an unscheduled closing of one or more stock exchanges (for example, a national day of mourning, an event causing significant market disruption or regional impact, etc.). During an unscheduled closing, a listed exchange will typically move ex-dates that were scheduled for that date to the next business day that the exchange is open, which is usually the record date. Such a move is necessary because, according to exchange rules, ex-dates must occur on a business day that the listed exchange is open.

Because no trading is expected in the impacted securities on the date the listed exchange is closed, there should not be any due bill activity that needs to be tracked. Thus, DTC will not capture interim activity for the related period. For example, if a cash dividend had an ex-date of June ~~2~~**3** and record date of June 3, the standard practice is for DTC to not capture any interim activity, as the ex-date is equal to record date ~~-1~~. However, if the listed exchange changes the ex-date to June ~~3~~**4**, due to an unscheduled closure on June ~~2~~**3**, resulting in ~~**the**~~ **an** ex-date ~~**and**~~ **of** record date**+1** ~~**being the same day**~~, DTC still would not apply interim accounting because there should not have been any trades on June ~~2~~**3** that resulted in due bill activity.

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Allocations

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Stock Distributions

Stock Distribution events such as stock dividends, splits, and spinoffs are allocated on the ex-date +2 or the payable date, whichever comes later once DTC receives the securities. Your DTC position is increased in the security for which the distribution was declared, or in securities of another issue resulting from a spinoff or rights distribution event. Typically, cash is paid in lieu of fractional shares.

The allocation of stock distributions depends on the type of distribution being allocated. The following table describes stock distributions:

For this type of distribution	Allocation normally occurs
Stock dividends, regular trading	On the morning of the payable date.
Stock dividends with a late ex-date	On the payable date or ex-date +~~2~~**1**, whichever comes later.
Stock splits, with ex-distribution beginning on the business day following the payable date	For the split shares on ex-date +~~2~~**1**.
Stock spinoffs to a DTC-eligible security	On the payable date, or ex-date +~~2~~**1**, whichever comes later.
Stock spinoffs to an ineligible security*	When the security becomes DTC-eligible, or else exited upon receipt.
Rights	As soon as possible after the record date to allow for adequate execution time frames.
Dividend reinvestment securities	On the first business day after the price is received from the agent.

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[Changes to this Settlement Service Guide, as amended by File No. SR-DTC-2023-002, are available at dtcc.com/legal/sec-rule-filings. These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. On May 28, 2024, these changes will be implemented, and this legend will automatically be removed from this Settlement Service Guide.]

SETTLEMENT

SERVICE GUIDE

~~FEBRUARY 1, 2024~~ [DATE, 2024]

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Settlement Processing Schedule[1]

The following table describes the DTC Settlement processing schedule. All times are eastern time.

Cutoff Time ET	This Occurs
1:15 p.m.	DTC's cutoff for syndicate closings.
1:30 p.m.	DTC releases all pending delivery account (PDA) positions and reverts to default recycle processing.
2:00 p.m.	Cutoff for: • Valued MMI issuances
2:30 p.m.	Cutoff for: • An Issuing and Paying Agent (IPA) to replace the Unknown Rate with a final rate for distribution - the IPA must successfully transmit the final rate to DTC before 2:30 PM ET.
2:45 p.m.	Cutoff for: • RAD approval of MMI valued issuance deliver order transactions.
2:55 p.m.	Cutoff for: • Entering release requests designating position as eligible for CNS. • Processing Valued MMI transactions for issuances, MMI DOs and maturity presentments in the MMI Optimization process.
3:00 p.m.	Cutoff for: • DTC's receipt of an IPA's MMI Funding Acknowledgement or refusal to pay notification. • An IPA to notify DTC of a Temporary Acronym Payment Failure (as defined below). • SFT transactions cannot be entered into after 3:00pm. • Forced Receiver Authorized Delivery (RAD) period begins. *Note* – A Participant can continue to enter valued and free transactions. However, all valued transactions are forced into RAD and require the receiving Participant's approval.

[1] To be read in conjunction with the Settling Bank Processing Schedule above.

Cutoff Time ET	This Occurs
3:10 p.m.	Cutoff for: • Pledgees to approve pledge release requests designating position as CNS-eligible. • Valued recycle cutoff. All non-MMI valued, CNS / SFT transactions and fully paid for and secondary MMI deliveries or maturity presentments that cannot be completed because of insufficient position, collateral, or net debit cap are dropped from the system. *Note*–All valued transactions input or approved by Participants after this time will not recycle; they will either complete or drop.
3:15 p.m.	Optional “Push” profile that allows Participants to establish a standing withdrawal request for SPP returns and P&I withdrawals. Cutoff for government deposits and withdrawals.
3:20 p.m.	Cutoff for Settlement payment withdrawals and principal and income withdrawals. Note-These are manual withdrawals as opposed to the “Push” profile described above.
3:20 p.m.	Forced RAD Delivery Period ends. Cutoff for entering: • Valued original DOs including unmatched reclaims • Original POs • Valued pledges • Valued pledge release requests. *Note*–If a Participant has made prior arrangements with DTC and its Settling Bank, the Participant can continue to submit valued transactions to its Settling Bank.
3:30 p.m.	Cutoff for: • Pledgees to approve valued pledge release requests and enter valued release returns • RAD approval or cancellation for valued transactions (except MMI valued issuance DOs).
3:45 p.m.	DTC calculates DTC and NSCC cross-endorsement balances.
3:45 p.m.	DTC finalizes settlement balances for Participants and Settling Banks.

Cutoff Time ET	**This Occurs**
5:00 p.m.	Cutoff for: • Entering free Fed pledges to the Fed with extensions upon request to the Fed. • Pledgors' requests for release of positions pledged to the Fed. • Fed to input pledge release returns. • Entering valued DOs and pledges to a Settling Bank. • Settling Banks to authorize valued DO and pledge transactions. • MMI issuing agents to enter free original issuances (new CUSIP). • DTC to lift Risk Management Controls. • Free non-MMI DOs input after 5:00 p.m. to RAD if that option is activated by the receiving Participant.
6:15 p.m.	Cutoff for: • Entering free additional MMI issuances (existing CUSIP) and free deliveries • Pledgors to enter free pledges and free release requests • MMI issuing and paying agents to withdraw MMI securities. • IPA deadline to set the MMI MP Pend or Issuer Priority Control (IPC) profile that will be effective for next processing day. • OCC member’s release of deposit request and authorization to release positions pledged to the OCC.
6:30 p.m.	Cutoff for: • Approving or cancelling free MMI issuances through RAD. • Inputting day and night position transfer instructions (MA-to-NA transfers). • Pledgees to enter free pledge release returns. • Pledgees to approve free pledge release requests.
~~6:30 p.m.~~	**~~Cutoff for the Authorization and Exemption function.~~**
6:35 p.m.	• Recycle cutoff for all free transactions.
6:45 p.m.	Cutoff for inputting segregation instructions.
~~7:30 p.m.~~	**~~Cutoff for ANE.~~**
<u>10:45 p.m.</u>	**<u>Cutoff for the Authorization and Exemption function.</u>**
~~8~~<u>11</u>:00 p.m.	NDO cutoff.

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ID Net Service

ID Net Processing Eligibility

In addition to Participant and security eligibility requirements, for a transaction to be eligible for ID Net:

- The trade must be affirmed/matched by a Matching Utility.
- DTC should receive the Affirmed Transaction from the Matching Utility no later than ~~**11:30 a.m.**~~ **9:00 p.m**. eastern time on the business day immediately preceding settlement date ("SD-1") to be considered for ID Net eligibility.
- The transaction must be between an ID Net Firm and an ID Net Bank, on behalf of an institutional customer.
- ID Net Firms can cancel or exclude their future ID Net transactions where they are the receiving party.
- An ID Net Firm's or ID Net Bank's ID Net receives can also be exited by the Settlement department at DTC by notifying the Settlement Operations department. This request will be processed on a best efforts basis.

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Batch Processing

During the Night Batch Process, DTC evaluates each Participant's available positions, transaction priority and risk management controls, and identifies the transaction processing order that optimizes the number of transactions processed for settlement. The Night Batch Process allows DTC to run multiple processing scenarios until it identifies an optimal processing scenario.

At approximately ~~8~~**11**:30 p.m. on S-1, DTC will subject all transactions eligible for processing to the Night Batch Process. The Night Batch Process will be run in an "off-line" batch that will not be visible to Participants, allowing DTC to run multiple processing scenarios until the optimal processing scenario is identified. Once the optimal scenario is identified, the results of the Night Batch Process will be incorporated back into DTC's core processing environment on a transaction-by-transaction basis, and Participant output will be produced using existing DTC output facilities.

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