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Page 1 of * 55

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

File No.* SR - 2020 - * 014
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) * ☐

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)

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

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 Guide to the DTC Fee Schedule

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 * John Last Name * Petrofsky

Title * Director and Assistant General Counsel

E-mail * jpetrofsky@dtcc.com

Telephone * (813) 470-2115 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/16/2020

By Nikki Poulos

(Name *)

(Title *)

Managing Director and Deputy General Counsel

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

npoulos@dtcc.com

Required fields are shown with yellow backgrounds and asterisks.

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	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	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 Advance 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, security-based swap submission, or advance notice 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 Exhibit Sent As Paper Document ☐	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 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	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 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	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 Proposed Rule Change

(a) The proposed rule change of The Depository Trust Company ("DTC") is attached hereto as Exhibit 5.[1] The proposed rule change would amend the Guide to the DTC Fee Schedule[2] ("Fee Guide") to (i) revise and/or consolidate certain Fees charged to Participants for certain settlement services,[3] (ii) modify the existing Participants Fund Maintenance Fee ("Maintenance Fee") and (iii) include a description of DTC's current policy regarding the issuance of rebates to Participants, as described below.

(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 DTC's Board of Directors ("Board") on September 15, 2020. The proposed rule change to describe DTC's current rebate policy was approved by management on November 16, 2020 pursuant to authority delegated by the Board.

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 Fee Guide to (i) revise and/or consolidate certain Fees charged to Participants for certain settlement services, (ii) modify the Maintenance Fee and (iii) include a description of DTC's policy regarding the issuance of rebates to Participants, as described below.

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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 http://www.dtcc.com/legal/rules-and-procedures.aspx.

2 Available at http://www.dtcc.com/~/media/Files/Downloads/legal/fee-guides/dtcfeeguide.pdf.

3 Pursuant to Rule 2, Section 1, each Participant shall pay to DTC the compensation due it for services rendered to the Participant based on DTC's fee schedules. See Rule 2, supra note 1.

Overview

DTC is a central securities depository, and as such, provides a central location in which Eligible Securities[4] may be immobilized, or through which Securities may be dematerialized, and interests, in the form of Security Entitlements,[5] in those Securities reflected in Accounts maintained for Participants.[6] DTC also provides for end-of-day net funds settlement relating to these Deliveries.[7]

DTC operates a "low cost" pricing model and has in place procedures to control costs and to regularly review pricing levels against costs of operation. It reviews pricing levels against its costs of operation typically during the annual budget process. The budget is approved annually by the Board. DTC's fees are cost-based plus a markup, as approved by the Board or management (pursuant to authority delegated by the Board), as applicable. This markup of "low margin" is applied to recover development costs and operating expenses, and to accumulate capital sufficient to meet regulatory and economic requirements.

After evaluation of DTC's short- and long-term financial position in consideration of expected Participant activity, revenues, cost of funding, market volatility, and the financial markets more broadly, DTC has determined that it would be able to reduce the overall amount it

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4 Pursuant to Rule 5, Section 1, an Eligible Security shall only be a Security accepted by the Corporation, in its sole discretion, as an Eligible Security. The Corporation shall accept a Security as an Eligible Security only (a) upon a determination by the Corporation that it has the operational capability and can obtain information regarding the Security necessary to permit it to provide its services to Participants and Pledgees when such Security is Deposited and (b) upon such inquiry, or based upon such criteria, as the Corporation may, in its sole discretion, determine from time to time. See Rule 5, supra note 1. See also, DTC Operational Arrangements Necessary for Securities to Become and Remain Eligible for DTC Services ("OA"), available at http://www.dtcc.com/~/media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf,

5 Pursuant to Rule 1, the term "Security Entitlement" has the meaning given to the term "security entitlement" in Section 8-102 of the New York Uniform Commercial Code. The interest of a Participant or Pledgee in a Security credited to its Account is a Security Entitlement. See Rule 1, supra note 1.

6 See also DTC Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures, available at https://www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/DTC_Disclosure_Framework.pdf, at 5.

7 See Rule 9(A), Rule 9(B), Rule 9(C) and Rule 9(D), supra note 1, and Settlement Service Guide ("Settlement Guide"), available at http://www.dtcc.com/~/media/Files/Downloads/legal/service-guides/Settlement.pdf, at 17-30.

collects from Participants through fees relating to its settlement services and still cover its costs and maintain the appropriate low margin above costs. In this regard, the proposed rule change would amend the Settlement Services section[8] of the Fee Guide to reduce and/or consolidate fees, as described below.

In addition, DTC proposes to (i) amend the Maintenance Fee[9] and (ii) add a description of DTC's current policy regarding the issuance of fee rebates to Participants.

Fee Revisions and Consolidations for Certain Settlement Services

Fee Reduction for Deliver Orders and Consolidation of Reclaim Fees with the Deliver Order Fees

A Participant may submit an instruction ("Deliver Order") to DTC to make a Delivery[10] of Eligible Securities via book-entry to another Participant's account.[11] DTC reduces the Deliverer's[12] position and increases the Receiver's[13] position without the need to move physical certificates. Deliveries can be made Delivery Versus Payment[14] or as a Free Delivery,[15] depending on the applicable Participant's delivery instructions provided in the Deliver Order.

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8 See Fee Guide, supra note 2, at 19-21.

9 DTC has provided confidential info to the Securities and Exchange Commission ("Commission") in connection with this proposed rule change to support the proposed fee changes.

10 Pursuant to Rule 1, the term Delivery, as used with respect to a Security held in the form of a Security Entitlement on the books of DTC, means debiting the Security from an Account of the Deliverer and crediting the Security to an Account of the Receiver. A Delivery may be a Delivery Versus Payment or a Free Delivery, or both collectively, as the context may require. See Rule 1, supra note 1.

11 See Rule 9(B), supra note 1.

12 Pursuant to Rule 1, the term "Deliverer", as used with respect to a Delivery of a Security, means the Person which Delivers the Security. See Rule 1, supra note 1.

13 Pursuant to Rule 1, the term "Receiver", as used with respect to a Delivery of a Security, means the Person which receives the Security. See id.

14 Pursuant to Rule 1, the term "Delivery Versus Payment" means a Delivery against a settlement debit to the Account of the Receiver, as provided in Rule 9(A) and Rule 9(B) and as specified in the Procedures. See Rule 1, supra note 1.

15 Pursuant to Rule 1, the term "Free Delivery" means a Delivery free of any payment by the Receiver through the facilities of the Corporation, as provided in Rule 9(B) and as specified in the Procedures. See id.

A Participant is charged a fee, named in the Fee Guide as "Day Deliver Order (excluding stock loans)," ("Day Deliver Order Fee") of 45 cents for a Deliver Order, except the charge is 17 cents for Deliver Orders submitted by the Participant for processing in the night cycle.[16] The latter fee, named the "Night Deliver Order" fee[17] ("Night Deliver Order Fee"), is lower than the former because it is designed to encourage earlier submission of transactions by Participants, which results in more efficient settlement processing by increasing the volume of transactions processed in the night-cycle, which, in turn, enhances intraday settlement processing.[18]

The Receiver of the Delivery is charged 11 cents, regardless of time, per receive. This fee is named in the Fee Guide as "Receive, regardless of time (excluding reclaims and stock loans and returns)"[19] ("Receive Fee"). The Participant may reclaim a Delivery that it receives, meaning it enters an instruction for the Delivered Security to be returned to the original Deliverer. The Deliverer and Receiver of a reclaim are each charged 26 cents, referred to in the Fee Guide under the name "Reclaims" ("Reclaim Fee").

Pursuant to the proposed rule change, DTC would reduce the Day Deliver Order Fee from 45 cents to 40 cents. The proposed fee reflects an amount that would facilitate DTC's ability, as discussed above, to reduce the overall fees DTC collects from Participants relating to its settlement services and still cover its costs and maintain the appropriate low margin above costs.

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16 See Fee Guide, supra note 2, at 19. On the night before settlement day ("S-1") DTC commences "night cycle" processing. During the night cycle, DTC operates a process ("Night Batch Process") that utilizes a settlement processing algorithm capable of evaluating each Participant's transaction obligations, available positions, transaction priorities and risk management controls. Specifically, at approximately 8:30 PM on S-1, DTC subjects all transactions eligible for processing to the Night Batch Process. The Night Batch Process runs "off-line" (i.e., is not 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 are incorporated back into DTC's core processing environment on a transaction-by-transaction basis prior to the start of daytime processing. Transactions that have satisfied DTC's risk controls will be staged for settlement. However, as was the case prior to this change, if a transaction cannot satisfy DTC's control functions initially, then it will recycle throughout the day, continuously attempting to satisfy the controls until approximately 3:10 PM for valued transactions and until 6:35 PM for free transactions. See Settlement Guide, supra note 7 at 5 and 68.

17 See id.

18 See Securities Exchange Act Release No. 84768 (December 10, 2018), 83 FR 64401 (December 14, 2018) (File No. SR-DTC-2018-011).

19 See Fee Guide, supra note 2, at 19.

In addition, DTC would eliminate the Reclaim Fee and consolidate charges for reclaims into the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee, as applicable for the given reclaim activity. The fees as consolidated would replace the Reclaim Fee of 26 cents that, as mentioned above, is currently charged to the Deliverer and Receiver of a reclaim. As such, a Participant submitting reclaim instructions would incur the proposed Day Deliver Order Fee of 40 cents, except during the night cycle where it would incur the Night Deliver Order Fee of 17 cents. All receives relating to reclaims would cause the Receiver to be charged a Receive Fee of 11 cents per reclaim received. The proposed consolidation of the Reclaim Fee with the other fees relating to Deliver Orders and receives as described above, would promote consistency and transparency within the Fee Guide by causing Deliveries and receives to be charged for at one fee amount for each Delivery and one fee amount for each receive, regardless of whether the related Delivery was instructed as an original Deliver Order or as a reclaim.

In light of the consolidation of the Reclaim Fee into the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee, as applicable for the given reclaim activity, the Fee Guide would be revised such that the three latter fees would be renamed to reflect the inclusion of reclaims and the Reclaim Fee would be removed.

As a result of the above described proposed changes, the Fee Guide entries for the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee would be revised and the Reclaim Fee would be deleted, as follows (Bold, underlined text indicates additions, Bold, strikethrough text indicates deletions):

FEE NAME	AMOUNT ($)	CONDITIONS
Night Deliver Order (<u>**including reclaims)**</u>	0.17	Per item; charged to deliverer; applies to each DO submitted
Day deliver order <u>**(including reclaims;**</u> ~~(~~excluding stock loans)	~~**0.45**~~ <u>**0.40**</u>	Per item; charged to deliverer; applies to each DO submitted
Receive, regardless of time <u>**(including reclaims;**</u> <u>**)**</u>~~(~~excluding ~~**reclaims and**~~ stock loans and returns)	0.11	Per item; charged to receiver
~~**Reclaims**~~	~~**0.26**~~	~~**Per delivery or receive**~~

For clarity regarding the changes relating to the consolidation of the Reclaim Fee into other fees as described above, the following chart compares the charges Participants incur for a given reclaim pursuant to the current Fee Guide and the charge that would be incurred pursuant to the proposed rule change.

Reclaim	**Current Fee Name**	**Current Fee Amount**	**Proposed Fee under which Reclaim would be Charged (Proposed)**	**Proposed Fee Amount**
Daytime Reclaim Delivery Instruction	Reclaims	26 cents	Day deliver order (including reclaims; excluding stock loans)	40 cents
Night Delivery Reclaim Instruction	Reclaims	26 cents	Night deliver order (including reclaims)	17 cents
Reclaim Receive (Regardless of Time)	Reclaims	26 cents	Receive, regardless of time (including reclaims; excluding stock loans and returns)	11 cents

As a result of its review of pricing levels against costs of operation, DTC believes that the proposed fee changes would enable DTC to offset its cost and expense while generating a low margin.

Fee Reduction for Deliveries and Receives of Securities to and from CNS and Consolidation of Existing Fee for ACATS Deliveries and Receives with the Reduced Fee

Another important use of DTC book-entry transfer services is the interface of DTC with its affiliate National Securities Clearing Corporation ("NSCC") for the processing of trades that are cleared and settled in the NSCC Continuous Net Settlement ("CNS") system and are processed as Free Deliveries at DTC.[20] DTC also processes Free Deliveries as instructed by

[20] See Settlement Guide, supra note 7, at 15-17.

NSCC to DTC relating to NSCC's Automated Customer Account Transfer Service ("ACATS").[21]

A Participant is charged 16 cents for the Delivery of a Security to the NSCC CNS account at DTC ("CNS Account") on the Participant's behalf.[22] Likewise, the receiving Participant of a Security from the CNS Account is charged 16 cents for the Delivery of the Securities from the CNS Account to its account.[23] This fee is named in the Fee Guide as "Delivery to/from CNS."[24]

Separately, a Participant is charged 12 cents if it is Delivering or Receiving a Delivery from ACATS.[25] This fee is named in the Fee Guide as "Delivery to/from CNS ACAT." This fee would be consolidated into a modified Delivery to/from CNS ACAT fee, as described below.

Specifically, pursuant to the proposed rule change, DTC would reduce the Delivery to/from CNS fee from 16 cents to 7 cents. In addition, the Delivery to/from CNS ACAT fee would be consolidated into the proposed reduced Delivery to/from CNS fee, and thus would reduce the charge for ACATS-related deliveries and receives from 12 cents to 7 cents. This proposed fee change reflects an amount that would facilitate DTC's ability, as discussed above, to reduce the overall fees DTC collects from Participants relating to its settlement services and still cover its costs and maintain the appropriate low margin above costs.

As a result of the above described proposed changes, the text of the Fee Guide relating to these fees would be revised as follows (Bold, underlined text indicates additions, Bold, strikethrough text indicates deletions):

FEE NAME	AMOUNT ($)	CONDITIONS
Delivery to/from CNS **(including ACATS)**	**~~0.16~~** **0.07**	Per delivery or receive
~~Delivery to /from CNS ACAT~~	**~~0.12~~**	**~~Per receive or delivery~~**

21 See id. at 17.

22 See Fee Guide, supra note 2, at 19.

23 Id.

24 Id.

25 Id.

As a result of its review of pricing levels against costs of operation, DTC believes that these proposed fee amounts would enable DTC to offset its cost and expense while generating a low margin.

Participants Fund Maintenance Fee

The Maintenance Fee was implemented in 2016 in order to (i) diversify DTC's revenue sources, mitigating its dependence on revenues driven by settlement volumes, and (ii) add a stable revenue source that would contribute to DTC's operating margin by offsetting increasing costs and expenses.[26] The fee is charged to all Participants in proportion to the Participant's Actual Participants Fund Deposit, as described below.

The Maintenance Fee is calculated monthly, in arrears, as the product of (A) 0.25 percent and (B) the average of the Participant's Actual Participants Fund Deposit as of the end of each day, for the month, multiplied by the number of days in that month and divided by 360. However, by its terms, the fee is waived if the monthly rate of return on DTC's investment of the Participants Fund is less than 0.25 percent for the month ("Waiver Provision").

The Waiver Provision was included for the benefit of Participants. DTC believed that if its monthly rate of return on the investment of the Participants Fund was less than 0.25 percent, then Participants would likely be experiencing similarly low interest income on their deposits, including excess reserves, if applicable; in which case, DTC would waive the fee. Although this approach exposed DTC to the risk of not receiving revenue from the Maintenance Fee, DTC did not believe that such an exposure would be common, significant, or long-term.

Proposed Modification to the Maintenance Fee

Due to the coronavirus global pandemic and overall reaction by the financial markets, the rate of return on DTC's investment of the Participants Fund has fallen below 0.25 percent, triggering the Waiver Provision. However, application of the Waiver Provision in this instance has proven to be longer and more significant than what DTC originally contemplated when drafting the provision, resulting in a drop in DTC's revenues. If unaddressed, DTC's revenue could continue to deteriorate and negatively impact DTC's long-term financial health.

To address this issue, DTC is removing the Waiver Provision so that DTC will be able to generate revenue from the Maintenance Fee even if DTC's monthly rate of return on the investment of the Participants Fund is less than 0.25 percent. The ability to generate such revenue under such circumstances is important in helping DTC offset its costs and expenses in any economic environment. Additionally, the proposed change would help provide consistent pricing between DTC and its affiliate clearing agencies, NSCC and Fixed Income Clearing

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26 Securities Exchange Act Release No. 78530 (August 10, 2016), 81 FR 54639 (August 16, 2016) (SR-DTC-2016-006).

Corporation (“FICC”),[27] as both NSCC and FICC have filed proposed rule changes concurrently with this filing that would result in the same calculation of their respective Maintenance Fee.[28]

To effectuate the proposed change described above, the Maintenance Fee entry in the Settlement Services section of the DTC Fee Guide[29] would be updated to remove the Waiver Provision.

Rebate Policy

DTC is also proposing to amend the Fee Guide to include a description of its current policy regarding the issuance of rebates to Participants. DTC views its practice of providing a rebate to its Participants as a corporate function, and not related to its operation as a self-regulatory organization. A DTC rebate is essentially a return of the revenue that DTC collects through the fees it charges Participants for its services (as set forth in the Fee Guide). Rebates are not related to the amounts Participants deposit with DTC as their Participants Fund Deposit. The determination to provide a rebate is made at the corporation-level, based on a number of factors and considerations, as described below, and is not a separate determination made for each individual Participant.

Following the financial recession of 2008, DTC ceased providing such discounts in connection with the implementation of a financial strategy to strengthen its financial position and health. As a result of that strategy and improved financial markets, in 2019, DTC determined to reinstitute its practice of discounting Participants’ invoices, in the form of a rebate, based on its financial performance. In connection with this decision, DTC is proposing to include a description of its current rebate practice in the Fee Guide. This proposed change would not change DTC’s rebate practice but would provide Participants with transparency into this practice and the governance around rebates.

First, the proposed language would describe that DTC may provide Participants with a rebate of excess net income, and would define excess net income as income of either DTC or income related to one business line of DTC after application of expenses, capitalization costs, and applicable regulatory requirements. The language would also state that a rebate is discretionary, and DTC is not obligated to provide a rebate.

Second, the proposed language would state that a rebate would be approved by the Board. The proposed language would also state that, in determining if a rebate is appropriate, the Board

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27 The Depository Trust & Clearing Corporation is the parent company of DTC, NSCC, and FICC. DTCC operates on a shared services model for DTC, NSCC, and FICC. Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides a relevant service to DTC, NSCC, or FICC.

28 See NSCC File No. SR-NSCC-2020-018 and FICC File No. SR-FICC-2020-014 available at https://www.dtcc.com/legal/sec-rule-filings.

29 See Fee Guide, supra note 2 at 21.

may consider, among other things, DTC's regulatory capital requirements,[30] anticipated expenses, investment needs, anticipated future expenses with respect to improvement or maintenance of DTC's operations, cash balances, financial projections, and appropriate level of shareholders' equity.

Third, the proposed language would state that, if it determined to issue a rebate, the Board would set a rebate period and a rebate payment date, both of which are used to determine which Participants are eligible for a rebate. The proposed language would state that Participants that maintain their membership during all or a portion of the rebate period and on the rebate payment date are eligible for a rebate.

Finally, the proposed language would describe how rebates are applied to the invoices of eligible Participants. The proposed language would state that rebates are applied to all eligible Participants, on a pro-rata basis, based on such Participants' gross fees paid to DTC within the applicable rebate period, excluding pass-through fees and interest earned on Participants Fund Deposits. The proposed language would also state that rebates are applied to eligible Participants' invoices on the rebate payment date as either a reduction in fees or, if fees owed are lower than the allocated rebate amount, a payment of such difference. The proposed language would also note that rebate amounts may be adjusted for miscellaneous charges and discounts.

Participant Impact

The proposed rule change is expected to increase DTC's annual revenue by approximately $12.7 million.

In general, DTC anticipates that the proposal would result in fee decreases for approximately 63% of impacted affiliated families of Participants and fee increases for approximately 37% of impacted affiliated families of Participants. Of the impacted affiliated families of Participants that may have their fees decrease, 25% of impacted affiliated families of Participants would have a decrease of less than $1,000, 49% of impacted affiliated families of Participants would have a decrease of between $1,000 and $100,000, and 26% of impacted affiliated families of Participants would have a decrease greater than $100,000.

Participant Outreach

DTC has conducted ongoing outreach to each Participant in order to provide them with notice of the proposed changes and the anticipated impact for the Participant. As of the date of

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30 DTC manages its general business risk by holding sufficient liquid net assets funded by equity to cover potential general business losses so it can continue operations and services as going concerns if those losses materialize, in compliance with the requirements of Rule 17Ad-22(e)(15). 17 CFR 240.17Ad-22(e)(15). DTC maintains a Clearing Agency Policy on Capital Requirements which defines the amount of capital it must maintain for this purpose and sets forth the manner in which this amount is calculated. See Securities Exchange Act Release No. 89361 (July 21, 2020), 85 FR 45263 (July 27, 2020) (SR-DTC-2020-010) (amending original filing).

this filing, no written comments relating to the proposed changes have been received in response to this outreach. The Commission will be notified of any written comments received.

Implementation Timeframe

DTC would implement this proposal on January 1, 2021. As proposed, a legend would be added to the Fee Structure stating there are changes that have become effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include a date on which such changes would be implemented and the file number of this proposal, and state that, once this proposal is implemented, the legend would automatically be removed from the Fee Structure.

(b) Statutory Basis

DTC believes this proposal is consistent with the requirements of the Securities Exchange Act of 1934 (the "Act"), and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, DTC believes the proposed changes to modify certain settlement service fees and the Maintenance Fee, as described above, are consistent with Section 17A(b)(3)(D) of the Act,[31] for the reasons described below. DTC believes that the proposed change to include a description of DTC's current policy regarding the issuance of rebates to Participants is consistent with Rule 17Ad-22(e)(23)(ii),[32] as promulgated under the Act, for the reasons described below.

Section 17A(b)(3)(D) of the Act requires, inter alia, that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among participants.[33] For the reasons set forth below, DTC believes that each of the proposed rule changes described above would provide for the equitable allocation of reasonable dues, fees, and other charges among Participants.

DTC believes the proposed rule change to (i) reduce the Day Deliver Order Fee and consolidate the Reclaim Fee into the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee, as applicable, and (ii) reduce the Delivery to/from CNS fee and consolidate the CNS ACAT-related fee into the Delivery to/from CNS fee as described above, would provide for the equitable allocation of reasonable fees. Because the proposed change would not alter how these fees are charged to Participants, DTC believes that the fees would continue to be equitably allocated because they would continue to be charged based on volume of transaction activity for a given Participant. More specifically, as mentioned above, the Day Deliver Order Fee and the Night Deliver Order Fee are charged based on a Participant's volume of Deliveries during the applicable timeframes, as described above. As such, and as is currently the case, Participants that provide a greater number of Delivery instructions, or receive a greater number of Deliveries, would generally be subject to a higher overall charge for Deliveries and/or Receives, as

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31 15 U.S.C. 78q-1(b)(3)(D).

32 17 CFR.17Ad-22(e)(23)(ii).

33 15 U.S.C. 78q-1(b)(3)(D).

applicable, based on volume of related transactions. Conversely, Participants that make fewer Deliveries and or receive few Deliveries would generally be a smaller overall charge for Deliveries and receives based on volume.

Similarly, DTC believes that the Day Deliver Order Fee, Night Deliver Order Fee, Receive Fee, and the Delivery to/from CNS fee would continue to be reasonable fees under the proposed change described above. As described above, the fee amounts as proposed reflect an amount that would facilitate DTC's ability, as discussed above, to reduce the overall fees DTC collects from Participants relating to its settlement services and still cover its costs and maintain an appropriate low margin above costs. For this reason, DTC believes that the proposed rule change to (i) reduce the Day Deliver Order Fee and consolidate the Reclaim Fee into the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee as applicable, and (ii) reduce the Delivery to/from CNS fee and consolidate the ACATS-related fee into the Delivery to/from CNS fee, as described above, would be reasonable fees charged by DTC for these services and is consistent with Section 17A(b)(3)(D) of the Act.[34]

DTC believes that the proposed change to the Maintenance Fee is consistent with this provision of the Act.[35]

As described above, the proposal would modify the Maintenance Fee to remove the Waiver Provision. Because the proposed change would not alter how the Maintenance Fee is currently allocated (i.e., charged) to Participants, DTC believes the fee would continue to be equitably allocated. More specifically, as mentioned above, the Maintenance Fee is and would continue to be charged to all Participants in proportion to the Participant's average monthly Actual Participants Fund Deposits. As such, and as is currently the case, Participants that make greater use of DTC's services would generally be subject to a larger Maintenance Fee because such Participants would typically be required to maintain larger Participants Fund deposits pursuant to the Rules.[36] Conversely, Participants that use DTC's services less would generally be subject to a smaller Maintenance Fee because such Participants would typically be required to maintain smaller Participants Fund deposits pursuant to the Rules.[37] The described change would not adjust that allocation. For this reason, DTC believes the Maintenance Fee would continue to be equitably allocated among Participants.

Similarly, DTC believes that the Maintenance Fee would continue to be a reasonable fee under the proposed change described above. Although removal of the Waiver Provision means that Participants could be assessed a Maintenance Fee at times when they may not otherwise have been assessed the fee, the removal of the provision would enable DTC to collect needed revenue from the fee even in a difficult economic environment. Additionally, the proposed change would help establish consistent pricing between DTC and its affiliates, NSCC and FICC,

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34 Id.

35 Id.

36 See Rule 4, Rules, supra note 1.

37 Id.

regarding each of their respective Maintenance Fees, as concurrent proposals by NSCC and FICC would result in the same calculation.[38] For this reason, DTC believes the Maintenance Fee would continue to be reasonable.

Based on the forgoing, DTC believes the proposed rule change relating to the modification of certain settlement service fees and the Maintenance Fee, as described above, is consistent with Section 17A(b)(3)(D).[39]

Rule 17Ad-22(e)(23)(ii) under the Act requires that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.[40] The proposed change would add to the Fee Guide a description of DTC's current rebate practice, which, when applicable, results in a reduction to the amount of fees a Participant owes to DTC. By updating the Fee Guide with a transparent description of DTC's rebate practice, the proposed change would provide Participants with sufficient information to evaluate the fees they may incur by participating in DTC. Therefore, DTC believes the proposed change would be consistent with the requirements of Rule 17Ad-22(e)(23)(ii).[41]

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

<u>Fee Revisions and Consolidations for Certain Settlement Services</u>

DTC believes that the proposed rule change to reduce the Day Deliver Order Fees and the Delivery to/from CNS fee may promote competition among its Participants because the effect of the consolidations, as proposed, would result in a reduction of the applicable fees, as described above.

The consolidation of fees, as described above, except for the consolidation of the Reclaim Fee into the Day Deliver order fee for applicable activity (reclaims that do not occur in the night cycle), may promote competition among Participants because the effect of the consolidations, as proposed, would result in a reduction of the applicable fees, as described above.

The proposed change to consolidate the Reclaim Fee into the Day Deliver Order Fee for applicable activity (reclaims that do not occur in the night cycle) may present a competitive burden among Participants because this change could increase the fees of those Participants that instruct a reclaim in that a Reclaim that would be charged at the amount of 26 cents under the current Fee Schedule would be charged at 40 cents per reclaim under the proposal. DTC does not believe the proposed change in and of itself would mean that the burden on competition

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38 <u>See</u> <u>supra</u> note 28.

39 15 U.S.C. 78q-1(b)(3)(D).

40 17 CFR 240.17Ad-22(e)(23)(ii).

41 <u>Id.</u>

among Participants is significant. This is because even though the amount of the fee increase may seem significant, DTC believes the increase in fees would similarly affect all Participants that utilize DTC's services and be reflective of each Participant's individual activity at DTC, and therefore the burden on competition would not be significant. Regardless of whether the burden on competition is deemed significant, DTC believes any burden that is created by the proposed change would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[42]

The burden would be necessary because a Reclaim is a functional equivalent of a Deliver Order except that it represents a Delivery to return Securities rather than representing the original Delivery of Securities, and therefore should be charged at the same rate as a Deliver Order. The burden would be appropriate because a reclaim is the functional equivalent of a Delivery and DTC believes a reclaim should now be priced the same as other Deliveries given the capability of a Receiver via the Receiver Authorized Delivery ("RAD") functionality to return Deliveries prior to processing and a reduced need for Receivers to rely on reclaims to return Deliveries to its Account, as described below. In this regard, RAD enables a Receiver of valued deliveries of securities to manage which deliveries to accept, or to reject, prior to further processing by DTC.[43] Specifically, whereas prior to a series of earlier rule changes, transactions below an established dollar value could bypass the RAD control, today all valued transactions are subject to RAD, whereby a Participant can prevent any such Deliveries to its account.[44] Therefore, a Receiver is able to approve all Deliveries to its account through RAD and there is less likelihood that a Participant would need to rely on reclaims to remedy an errant instruction by a counterparty to make a Delivery to its account.

<u>Maintenance Fee</u>

DTC does not believe that the proposed change to the Maintenance Fee would have an impact on competition among its Participants. As described above, the Maintenance Fee is charged ratably based on Participants' use of DTC's services, as reflected in Participants' Actual Participant Fund Deposits. Thus, the fee is designed to be reflective of each Participant's individual activity at DTC. Nevertheless, if removal of the Waiver Position, and the resulting imposition of the Maintenance Fee at a time when a Participant would not have otherwise been assessed the fee, would create a competitive burden for a Participant, DTC believes such a burden would not be significant, given that the amount assessed would be the same but for application of the Waiver Provision. Moreover, DTC believes that any such burden would be

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42 15 U.S.C. 78q-1(b)(3)(I).

43 <u>See</u> Settlement Guide, <u>supra</u> note 7 at 5 and 54.

44 <u>See</u> Securities Exchange Act Release Nos. 72576 (July 9, 2014), 79 FR 41355 (July 15, 2014) (SR-DTC-2014-06); and 73804 (December 10, 2014), 79 FR 74796 (December 16, 2014) (SR-DTC-2014-010).

necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[45]

The burden would be necessary because it is essential that DTC offset some of its costs and expenses with stable revenue generated from the Maintenance Fee, regardless of the economic environment. As described above, not doing so could adversely affect DTC's financial health. The burden would be appropriate because, as described above, the Maintenance Fee is calculated, using a balanced formula, to assess a fee that is reflective of the Participant's use of DTC's services, so that DTC can defray some of its costs and expenses in providing those services.

Rebate Policy

DTC does not believe the proposed change to describe its current rebate practice would have any impact, or impose any burden, on competition among its Participants. As described above, this proposed rule change would include a description of DTC's current rebate practice in the Fee Guide. As described in the proposed language, under its current practice, rebates are allocated to eligible Participants pro-rata based on such Participants' gross fees paid to DTC within the applicable rebate period. Therefore, the current practice is applied equally to all eligible Participants. The proposed change to provide Participants with transparency into this practice would not cause any increase or decrease in the rebates Participants may receive. Therefore, this proposed rule change would not have any impact, or impose any burden, on competition among Participants.

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

Written comments relating to this proposed rule change have not been solicited or received. DTC will notify the Commission of any written comments received by DTC.

6. Extension of Time Period for Commission Action

Not applicable.

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

(a) The proposed rule changes are to take effect immediately upon filing pursuant to paragraph A of Section 19(b)(3) of the Act.[46]

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45 15 U.S.C. 78q-1(b)(3)(I).

46 15 U.S.C 78s(b)(3)(A).

(b) Concerning the proposed changes to fees described above the proposed rule change establishes or changes a due, fee, or other charge.[47]

(c) Not applicable.

(d) Not applicable.

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

While the proposed change to the Maintenance Fee is not based on the rules of another self-regulatory organization or of the Commission, DTC's affiliates, NSCC and FICC, have filed their own proposals concurrently with this filing to include in their respective rules identical calculations of their respective Maintenance Fees and to include in their respective rules an identical description of their rebate policy.[48]

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 of 2010

Not applicable.

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 – Confidential Supporting Information. *Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 3 pursuant to 17 CFR 240.24b-2 being requested*.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Fee Guide.

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[47] 17 CFR 240.19b-4(f)(2).

[48] See supra note 28.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_________]; File No. SR-DTC-2020-014)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Guide to the DTC Fee Schedule

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 November __, 2020, 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)(2) thereunder.[4] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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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)(2).

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

The proposed rule change[5] consists of amendments to the Guide to the DTC Fee Schedule[6] ("Fee Guide") to (i) revise and/or consolidate certain Fees charged to Participants for certain settlement services,[7] (ii) modify the existing Participants Fund Maintenance Fee ("Maintenance Fee") and (iii) include a description of DTC's current policy regarding the issuance of rebates to Participants, as described below.

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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5 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 http://www.dtcc.com/legal/rules-and-procedures.aspx.

6 Available at http://www.dtcc.com/~/media/Files/Downloads/legal/fee-guides/dtcfeeguide.pdf.

7 Pursuant to Rule 2, Section 1, each Participant shall pay to DTC the compensation due it for services rendered to the Participant based on DTC's fee schedules. See Rule 2, supra note 5.

(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 Fee Guide to (i) revise and/or consolidate certain Fees charged to Participants for certain settlement services, (ii) modify the Maintenance Fee and (iii) include a description of DTC's policy regarding the issuance of rebates to Participants, as described below.

Overview

DTC is a central securities depository, and as such, provides a central location in which Eligible Securities[8] may be immobilized, or through which Securities may be dematerialized, and interests, in the form of Security Entitlements,[9] in those Securities

8 Pursuant to Rule 5, Section 1, an Eligible Security shall only be a Security accepted by the Corporation, in its sole discretion, as an Eligible Security. The Corporation shall accept a Security as an Eligible Security only (a) upon a determination by the Corporation that it has the operational capability and can obtain information regarding the Security necessary to permit it to provide its services to Participants and Pledgees when such Security is Deposited and (b) upon such inquiry, or based upon such criteria, as the Corporation may, in its sole discretion, determine from time to time. See Rule 5, supra note 5. See also, DTC Operational Arrangements Necessary for Securities to Become and Remain Eligible for DTC Services ("OA"), available at http://www.dtcc.com/~/media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf,

9 Pursuant to Rule 1, the term "Security Entitlement" has the meaning given to the term "security entitlement" in Section 8-102 of the New York Uniform Commercial Code. The interest of a Participant or Pledgee in a Security credited to its Account is a Security Entitlement. See Rule 1, supra note 5.

reflected in Accounts maintained for Participants.[10] DTC also provides for end-of-day net funds settlement relating to these Deliveries.[11]

DTC operates a "low cost" pricing model and has in place procedures to control costs and to regularly review pricing levels against costs of operation. It reviews pricing levels against its costs of operation typically during the annual budget process. The budget is approved annually by the Board. DTC's fees are cost-based plus a markup, as approved by the Board or management (pursuant to authority delegated by the Board), as applicable. This markup of "low margin" is applied to recover development costs and operating expenses, and to accumulate capital sufficient to meet regulatory and economic requirements.

After evaluation of DTC's short- and long-term financial position in consideration of expected Participant activity, revenues, cost of funding, market volatility, and the financial markets more broadly, DTC has determined that it would be able to reduce the overall amount it collects from Participants through fees relating to its settlement services and still cover its costs and maintain the appropriate low margin above costs. In this regard, the proposed rule change would amend the Settlement Services section[12] of the Fee Guide to reduce and/or consolidate fees, as described below.

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10 See also DTC Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures, available at https://www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/DTC_Disclosure_Framework.pdf, at 5.

11 See Rule 9(A), Rule 9(B), Rule 9(C) and Rule 9(D), supra note 5, and Settlement Service Guide ("Settlement Guide"), available at http://www.dtcc.com/~/media/Files/Downloads/legal/service-guides/Settlement.pdf, at 17-30.

12 See Fee Guide, supra note 6, at 19-21.

In addition, DTC proposes to (i) amend the Maintenance Fee[13] and (ii) add a description of DTC's current policy regarding the issuance of fee rebates to Participants.

Fee Revisions and Consolidations for Certain Settlement Services

Fee Reduction for Deliver Orders and Consolidation of Reclaim Fees with the Deliver Order Fees

A Participant may submit an instruction ("Deliver Order") to DTC to make a Delivery[14] of Eligible Securities via book-entry to another Participant's account.[15] DTC reduces the Deliverer's[16] position and increases the Receiver's[17] position without the need to move physical certificates. Deliveries can be made Delivery Versus Payment[18] or as a Free Delivery,[19] depending on the applicable Participant's delivery instructions provided in the Deliver Order.

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13 DTC has provided confidential info to the Commission in connection with this proposed rule change to support the proposed fee changes.

14 Pursuant to Rule 1, the term Delivery, as used with respect to a Security held in the form of a Security Entitlement on the books of DTC, means debiting the Security from an Account of the Deliverer and crediting the Security to an Account of the Receiver. A Delivery may be a Delivery Versus Payment or a Free Delivery, or both collectively, as the context may require. See Rule 1, supra note 5.

15 See Rule 9(B), supra note 5.

16 Pursuant to Rule 1, the term "Deliverer", as used with respect to a Delivery of a Security, means the Person which Delivers the Security. See Rule 1, supra note 5.

17 Pursuant to Rule 1, the term "Receiver", as used with respect to a Delivery of a Security, means the Person which receives the Security. See id.

18 Pursuant to Rule 1, the term "Delivery Versus Payment" means a Delivery against a settlement debit to the Account of the Receiver, as provided in Rule 9(A) and Rule 9(B) and as specified in the Procedures. See Rule 1, supra note 5.

19 Pursuant to Rule 1, the term "Free Delivery" means a Delivery free of any payment by the Receiver through the facilities of the Corporation, as provided in Rule 9(B) and as specified in the Procedures. See id.

A Participant is charged a fee, named in the Fee Guide as "Day Deliver Order (excluding stock loans)," ("Day Deliver Order Fee") of 45 cents for a Deliver Order, except the charge is 17 cents for Deliver Orders submitted by the Participant for processing in the night cycle.[20] The latter fee, named the "Night Deliver Order" fee[21] ("Night Deliver Order Fee"), is lower than the former because it is designed to encourage earlier submission of transactions by Participants, which results in more efficient settlement processing by increasing the volume of transactions processed in the night-cycle, which, in turn, enhances intraday settlement processing.[22]

The Receiver of the Delivery is charged 11 cents, regardless of time, per receive. This fee is named in the Fee Guide as "Receive, regardless of time (excluding reclaims

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20 See Fee Guide, supra note 6, at 19. On the night before settlement day ("S-1") DTC commences "night cycle" processing. During the night cycle, DTC operates a process ("Night Batch Process") that utilizes a settlement processing algorithm capable of evaluating each Participant's transaction obligations, available positions, transaction priorities and risk management controls. Specifically, at approximately 8:30 PM on S-1, DTC subjects all transactions eligible for processing to the Night Batch Process. The Night Batch Process runs "off-line" (i.e., is not 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 are incorporated back into DTC's core processing environment on a transaction-by-transaction basis prior to the start of daytime processing. Transactions that have satisfied DTC's risk controls will be staged for settlement. However, as was the case prior to this change, if a transaction cannot satisfy DTC's control functions initially, then it will recycle throughout the day, continuously attempting to satisfy the controls until approximately 3:10 PM for valued transactions and until 6:35 PM for free transactions. See Settlement Guide, supra note 11 at 5 and 68.

21 See id.

22 See Securities Exchange Act Release No. 84768 (December 10, 2018), 83 FR 64401 (December 14, 2018) (File No. SR-DTC-2018-011).

and stock loans and returns)"[23] ("Receive Fee"). The Participant may reclaim a Delivery that it receives, meaning it enters an instruction for the Delivered Security to be returned to the original Deliverer. The Deliverer and Receiver of a reclaim are each charged 26 cents, referred to in the Fee Guide under the name "Reclaims" ("Reclaim Fee").

Pursuant to the proposed rule change, DTC would reduce the Day Deliver Order Fee from 45 cents to 40 cents. The proposed fee reflects an amount that would facilitate DTC's ability, as discussed above, to reduce the overall fees DTC collects from Participants relating to its settlement services and still cover its costs and maintain the appropriate low margin above costs.

In addition, DTC would eliminate the Reclaim Fee and consolidate charges for reclaims into the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee, as applicable for the given reclaim activity. The fees as consolidated would replace the Reclaim Fee of 26 cents that, as mentioned above, is currently charged to the Deliverer and Receiver of a reclaim. As such, a Participant submitting reclaim instructions would incur the proposed Day Deliver Order Fee of 40 cents, except during the night cycle where it would incur the Night Deliver Order Fee of 17 cents. All receives relating to reclaims would cause the Receiver to be charged a Receive Fee of 11 cents per reclaim received. The proposed consolidation of the Reclaim Fee with the other fees relating to Deliver Orders and receives as described above, would promote consistency and transparency within the Fee Guide by causing Deliveries and receives to be charged for at

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[23] See Fee Guide, supra note 6, at 19.

one fee amount for each Delivery and one fee amount for each receive, regardless of whether the related Delivery was instructed as an original Deliver Order or as a reclaim.

In light of the consolidation of the Reclaim Fee into the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee, as applicable for the given reclaim activity, the Fee Guide would be revised such that the three latter fees would be renamed to reflect the inclusion of reclaims and the Reclaim Fee would be removed.

As a result of the above described proposed changes, the Fee Guide entries for the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee would be revised and the Reclaim Fee would be deleted, as follows (Bold, underlined text indicates additions, Bold, strikethrough text indicates deletions):

FEE NAME	AMOUNT ($)	CONDITIONS
Night Deliver Order (**including reclaims)**	0.17	Per item; charged to deliverer; applies to each DO submitted
Day deliver order **(including reclaims;** ~~(~~excluding stock loans)	~~**0.45**~~ **0.40**	Per item; charged to deliverer; applies to each DO submitted
Receive, regardless of time **(including reclaims;)**~~(~~excluding ~~**reclaims and**~~ stock loans and returns)	0.11	Per item; charged to receiver
~~**Reclaims**~~	~~**0.26**~~	~~**Per delivery or receive**~~

For clarity regarding the changes relating to the consolidation of the Reclaim Fee into other fees as described above, the following chart compares the charges Participants incur for a given reclaim pursuant to the current Fee Guide and the charge that would be incurred pursuant to the proposed rule change.

Reclaim	**Current Fee Name**	**Current Fee Amount**	**Proposed Fee under which Reclaim would be Charged (Proposed)**	**Proposed Fee Amount**
Daytime Reclaim Delivery Instruction	Reclaims	26 cents	Day deliver order (including reclaims; excluding stock loans)	40 cents
Night Delivery Reclaim Instruction	Reclaims	26 cents	Night deliver order (including reclaims)	17 cents
Reclaim Receive (Regardless of Time)	Reclaims	26 cents	Receive, regardless of time (including reclaims; excluding stock loans and returns)	11 cents

As a result of its review of pricing levels against costs of operation, DTC believes that the proposed fee changes would enable DTC to offset its cost and expense while generating a low margin.

Fee Reduction for Deliveries and Receives of Securities to and from CNS and Consolidation of Existing Fee for ACATS Deliveries and Receives with the Reduced Fee

Another important use of DTC book-entry transfer services is the interface of DTC with its affiliate National Securities Clearing Corporation ("NSCC") for the processing of trades that are cleared and settled in the NSCC Continuous Net Settlement ("CNS") system and are processed as Free Deliveries at DTC.[24] DTC also processes Free Deliveries as instructed by NSCC to DTC relating to NSCC's Automated Customer Account Transfer Service ("ACATS").[25]

A Participant is charged 16 cents for the Delivery of a Security to the NSCC CNS account at DTC ("CNS Account") on the Participant's behalf.[26] Likewise, the receiving Participant of a Security from the CNS Account is charged 16 cents for the Delivery of the Securities from the CNS Account to its account.[27] This fee is named in the Fee Guide as "Delivery to/from CNS."[28]

Separately, a Participant is charged 12 cents if it is Delivering or Receiving a Delivery from ACATS.[29] This fee is named in the Fee Guide as "Delivery to/from CNS ACAT." This fee would be consolidated into a modified Delivery to/from CNS ACAT fee, as described below.

Specifically, pursuant to the proposed rule change, DTC would reduce the Delivery to/from CNS fee from 16 cents to 7 cents. In addition, the Delivery to/from CNS ACAT fee would be consolidated into the proposed reduced Delivery to/from CNS fee, and thus would reduce the charge for ACATS-related deliveries and receives from 12

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24 See Settlement Guide, supra note 11, at 15-17.

25 See id. at 17.

26 See Fee Guide, supra note 6, at 19.

27 Id.

28 Id.

29 Id.

cents to 7 cents. This proposed fee change reflects an amount that would facilitate DTC's ability, as discussed above, to reduce the overall fees DTC collects from Participants relating to its settlement services and still cover its costs and maintain the appropriate low margin above costs.

As a result of the above described proposed changes, the text of the Fee Guide relating to these fees would be revised as follows (Bold, underlined text indicates additions, Bold, strikethrough text indicates deletions):

FEE NAME	AMOUNT ($)	CONDITIONS
Delivery to/from CNS **<u>(including ACATS)</u>**	**~~0.16~~** **<u>0.07</u>**	Per delivery or receive
~~Delivery to /from CNS ACAT~~	**~~0.12~~**	**~~Per receive or delivery~~**

As a result of its review of pricing levels against costs of operation, DTC believes that these proposed fee amounts would enable DTC to offset its cost and expense while generating a low margin.

<u>Participants Fund Maintenance Fee</u>

The Maintenance Fee was implemented in 2016 in order to (i) diversify DTC's revenue sources, mitigating its dependence on revenues driven by settlement volumes, and (ii) add a stable revenue source that would contribute to DTC's operating margin by offsetting increasing costs and expenses.[30] The fee is charged to all Participants in proportion to the Participant's Actual Participants Fund Deposit, as described below.

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30 Securities Exchange Act Release No. 78530 (August 10, 2016), 81 FR 54639 (August 16, 2016) (SR-DTC-2016-006).

The Maintenance Fee is calculated monthly, in arrears, as the product of (A) 0.25 percent and (B) the average of the Participant's Actual Participants Fund Deposit as of the end of each day, for the month, multiplied by the number of days in that month and divided by 360. However, by its terms, the fee is waived if the monthly rate of return on DTC's investment of the Participants Fund is less than 0.25 percent for the month ("Waiver Provision").

The Waiver Provision was included for the benefit of Participants. DTC believed that if its monthly rate of return on the investment of the Participants Fund was less than 0.25 percent, then Participants would likely be experiencing similarly low interest income on their deposits, including excess reserves, if applicable; in which case, DTC would waive the fee. Although this approach exposed DTC to the risk of not receiving revenue from the Maintenance Fee, DTC did not believe that such an exposure would be common, significant, or long-term.

Proposed Modification to the Maintenance Fee

Due to the coronavirus global pandemic and overall reaction by the financial markets, the rate of return on DTC's investment of the Participants Fund has fallen below 0.25 percent, triggering the Waiver Provision. However, application of the Waiver Provision in this instance has proven to be longer and more significant than what DTC originally contemplated when drafting the provision, resulting in a drop in DTC's revenues. If unaddressed, DTC's revenue could continue to deteriorate and negatively impact DTC's long-term financial health.

To address this issue, DTC is removing the Waiver Provision so that DTC will be able to generate revenue from the Maintenance Fee even if DTC's monthly rate of return on the investment of the Participants Fund is less than 0.25 percent. The ability to generate such revenue under such circumstances is important in helping DTC offset its costs and expenses in any economic environment. Additionally, the proposed change would help provide consistent pricing between DTC and its affiliate clearing agencies, NSCC and Fixed Income Clearing Corporation ("FICC"),[31] as both NSCC and FICC have filed proposed rule changes concurrently with this filing that would result in the same calculation of their respective Maintenance Fee.[32]

To effectuate the proposed change described above, the Maintenance Fee entry in the Settlement Services section of the DTC Fee Guide[33] would be updated to remove the Waiver Provision.

Rebate Policy

DTC is also proposing to amend the Fee Guide to include a description of its current policy regarding the issuance of rebates to Participants. DTC views its practice of providing a rebate to its Participants as a corporate function, and not related to its operation as a self-regulatory organization. A DTC rebate is essentially a return of the revenue that DTC collects through the fees it charges Participants for its services (as set forth in the Fee Guide). Rebates are not related to the amounts Participants deposit with

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31 The Depository Trust & Clearing Corporation is the parent company of DTC, NSCC, and FICC. DTCC operates on a shared services model for DTC, NSCC, and FICC. Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides a relevant service to DTC, NSCC, or FICC.

32 See NSCC File No. SR-NSCC-2020-018 and FICC File No. SR-FICC-2020-014 available at https://www.dtcc.com/legal/sec-rule-filings.

33 See Fee Guide, supra note 6 at 21.

DTC as their Participants Fund Deposit. The determination to provide a rebate is made at the corporation-level, based on a number of factors and considerations, as described below, and is not a separate determination made for each individual Participant.

Following the financial recession of 2008, DTC ceased providing such discounts in connection with the implementation of a financial strategy to strengthen its financial position and health. As a result of that strategy and improved financial markets, in 2019, DTC determined to reinstitute its practice of discounting Participants' invoices, in the form of a rebate, based on its financial performance. In connection with this decision, DTC is proposing to include a description of its current rebate practice in the Fee Guide. This proposed change would not change DTC's rebate practice but would provide Participants with transparency into this practice and the governance around rebates.

First, the proposed language would describe that DTC may provide Participants with a rebate of excess net income, and would define excess net income as income of either DTC or income related to one business line of DTC after application of expenses, capitalization costs, and applicable regulatory requirements. The language would also state that a rebate is discretionary, and DTC is not obligated to provide a rebate.

Second, the proposed language would state that a rebate would be approved by the Board. The proposed language would also state that, in determining if a rebate is appropriate, the Board may consider, among other things, DTC's regulatory capital requirements,[34] anticipated expenses, investment needs, anticipated future expenses with

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[34] DTC manages its general business risk by holding sufficient liquid net assets funded by equity to cover potential general business losses so it can continue operations and services as going concerns if those losses materialize, in compliance with the requirements of Rule 17Ad-22(e)(15). 17 CFR 240.17Ad-22(e)(15). DTC maintains a Clearing Agency Policy on Capital Requirements

respect to improvement or maintenance of DTC's operations, cash balances, financial projections, and appropriate level of shareholders' equity.

Third, the proposed language would state that, if it determined to issue a rebate, the Board would set a rebate period and a rebate payment date, both of which are used to determine which Participants are eligible for a rebate. The proposed language would state that Participants that maintain their membership during all or a portion of the rebate period and on the rebate payment date are eligible for a rebate.

Finally, the proposed language would describe how rebates are applied to the invoices of eligible Participants. The proposed language would state that rebates are applied to all eligible Participants, on a pro-rata basis, based on such Participants' gross fees paid to DTC within the applicable rebate period, excluding pass-through fees and interest earned on Participants Fund Deposits. The proposed language would also state that rebates are applied to eligible Participants' invoices on the rebate payment date as either a reduction in fees or, if fees owed are lower than the allocated rebate amount, a payment of such difference. The proposed language would also note that rebate amounts may be adjusted for miscellaneous charges and discounts.

Participant Impact

The proposed rule change is expected to increase DTC's annual revenue by approximately $12.7 million.

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which defines the amount of capital it must maintain for this purpose and sets forth the manner in which this amount is calculated. See Securities Exchange Act Release No. 89361 (July 21, 2020), 85 FR 45263 (July 27, 2020) (SR-DTC-2020-010) (amending original filing).

In general, DTC anticipates that the proposal would result in fee decreases for approximately 63% of impacted affiliated families of Participants and fee increases for approximately 37% of impacted affiliated families of Participants. Of the impacted affiliated families of Participants that may have their fees decrease, 25% of impacted affiliated families of Participants would have a decrease of less than $1,000, 49% of impacted affiliated families of Participants would have a decrease of between $1,000 and $100,000, and 26% of impacted affiliated families of Participants would have a decrease greater than $100,000.

Participant Outreach

DTC has conducted ongoing outreach to each Participant in order to provide them with notice of the proposed changes and the anticipated impact for the Participant. As of the date of this filing, no written comments relating to the proposed changes have been received in response to this outreach. The Commission will be notified of any written comments received.

Implementation Timeframe

DTC would implement this proposal on January 1, 2021. As proposed, a legend would be added to the Fee Structure stating there are changes that have become effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include a date on which such changes would be implemented and the file number of this proposal, and state that, once this proposal is implemented, the legend would automatically be removed from the Fee Structure.

2. Statutory Basis

DTC believes this proposal is consistent with the requirements of the Act, and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, DTC believes the proposed changes to modify certain settlement service fees and the Maintenance Fee, as described above, are consistent with Section 17A(b)(3)(D) of the Act,[35] for the reasons described below. DTC believes that the proposed change to include a description of DTC's current policy regarding the issuance of rebates to Participants is consistent with Rule 17Ad-22(e)(23)(ii),[36] as promulgated under the Act, for the reasons described below.

Section 17A(b)(3)(D) of the Act requires, inter alia, that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among participants.[37] For the reasons set forth below, DTC believes that each of the proposed rule changes described above would provide for the equitable allocation of reasonable dues, fees, and other charges among Participants.

DTC believes the proposed rule change to (i) reduce the Day Deliver Order Fee and consolidate the Reclaim Fee into the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee, as applicable, and (ii) reduce the Delivery to/from CNS fee and consolidate the CNS ACAT-related fee into the Delivery to/from CNS fee as described above, would provide for the equitable allocation of reasonable fees. Because the proposed change would not alter how these fees are charged to Participants, DTC

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35 15 U.S.C. 78q-1(b)(3)(D).

36 17 CFR.17Ad-22(e)(23)(ii).

37 15 U.S.C. 78q-1(b)(3)(D).

believes that the fees would continue to be equitably allocated because they would continue to be charged based on volume of transaction activity for a given Participant. More specifically, as mentioned above, the Day Deliver Order Fee and the Night Deliver Order Fee are charged based on a Participant's volume of Deliveries during the applicable timeframes, as described above. As such, and as is currently the case, Participants that provide a greater number of Delivery instructions, or receive a greater number of Deliveries, would generally be subject to a higher overall charge for Deliveries and/or Receives, as applicable, based on volume of related transactions. Conversely, Participants that make fewer Deliveries and or receive few Deliveries would generally be a smaller overall charge for Deliveries and receives based on volume.

Similarly, DTC believes that the Day Deliver Order Fee, Night Deliver Order Fee, Receive Fee, and the Delivery to/from CNS fee would continue to be reasonable fees under the proposed change described above. As described above, the fee amounts as proposed reflect an amount that would facilitate DTC's ability, as discussed above, to reduce the overall fees DTC collects from Participants relating to its settlement services and still cover its costs and maintain an appropriate low margin above costs. For this reason, DTC believes that the proposed rule change to (i) reduce the Day Deliver Order Fee and consolidate the Reclaim Fee into the Day Deliver Order Fee, Night Deliver Order Fee and Receive Fee as applicable, and (ii) reduce the Delivery to/from CNS fee and consolidate the ACATS-related fee into the Delivery to/from CNS fee, as described above, would be reasonable fees charged by DTC for these services and is consistent with Section 17A(b)(3)(D) of the Act.[38]

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[38] Id.

DTC believes that the proposed change to the Maintenance Fee is consistent with this provision of the Act.[39]

As described above, the proposal would modify the Maintenance Fee to remove the Waiver Provision. Because the proposed change would not alter how the Maintenance Fee is currently allocated (i.e., charged) to Participants, DTC believes the fee would continue to be equitably allocated. More specifically, as mentioned above, the Maintenance Fee is and would continue to be charged to all Participants in proportion to the Participant's average monthly Actual Participants Fund Deposits. As such, and as is currently the case, Participants that make greater use of DTC's services would generally be subject to a larger Maintenance Fee because such Participants would typically be required to maintain larger Participants Fund deposits pursuant to the Rules.[40] Conversely, Participants that use DTC's services less would generally be subject to a smaller Maintenance Fee because such Participants would typically be required to maintain smaller Participants Fund deposits pursuant to the Rules.[41] The described change would not adjust that allocation. For this reason, DTC believes the Maintenance Fee would continue to be equitably allocated among Participants.

Similarly, DTC believes that the Maintenance Fee would continue to be a reasonable fee under the proposed change described above. Although removal of the Waiver Provision means that Participants could be assessed a Maintenance Fee at times when they may not otherwise have been assessed the fee, the removal of the provision

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39 Id.

40 See Rule 4, Rules, supra note 5.

41 Id.

would enable DTC to collect needed revenue from the fee even in a difficult economic environment. Additionally, the proposed change would help establish consistent pricing between DTC and its affiliates, NSCC and FICC, regarding each of their respective Maintenance Fees, as concurrent proposals by NSCC and FICC would result in the same calculation.[42] For this reason, DTC believes the Maintenance Fee would continue to be reasonable.

Based on the forgoing, DTC believes the proposed rule change relating to the modification of certain settlement service fees and the Maintenance Fee, as described above, is consistent with Section 17A(b)(3)(D).[43]

Rule 17Ad-22(e)(23)(ii) under the Act requires that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.[44] The proposed change would add to the Fee Guide a description of DTC's current rebate practice, which, when applicable, results in a reduction to the amount of fees a Participant owes to DTC. By updating the Fee Guide with a transparent description of DTC's rebate practice, the proposed change would provide Participants with sufficient information to evaluate the fees they may incur by participating in DTC. Therefore, DTC believes the proposed change would be consistent with the requirements of Rule 17Ad-22(e)(23)(ii).[45]

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42 See supra note 32.

43 15 U.S.C. 78q-1(b)(3)(D).

44 17 CFR 240.17Ad-22(e)(23)(ii).

45 Id.

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

Fee Revisions and Consolidations for Certain Settlement Services

DTC believes that the proposed rule change to reduce the Day Deliver Order Fees and the Delivery to/from CNS fee may promote competition among its Participants because the effect of the consolidations, as proposed, would result in a reduction of the applicable fees, as described above.

The consolidation of fees, as described above, except for the consolidation of the Reclaim Fee into the Day Deliver order fee for applicable activity (reclaims that do not occur in the night cycle), may promote competition among Participants because the effect of the consolidations, as proposed, would result in a reduction of the applicable fees, as described above.

The proposed change to consolidate the Reclaim Fee into the Day Deliver Order Fee for applicable activity (reclaims that do not occur in the night cycle) may present a competitive burden among Participants because this change could increase the fees of those Participants that instruct a reclaim in that a Reclaim that would be charged at the amount of 26 cents under the current Fee Schedule would be charged at 40 cents per reclaim under the proposal. DTC does not believe the proposed change in and of itself would mean that the burden on competition among Participants is significant. This is because even though the amount of the fee increase may seem significant, DTC believes the increase in fees would similarly affect all Participants that utilize DTC's services and be reflective of each Participant's individual activity at DTC, and therefore the burden on competition would not be significant. Regardless of whether the burden on competition is deemed significant, DTC believes any burden that is created by the proposed change would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[46]

The burden would be necessary because a Reclaim is a functional equivalent of a Deliver Order except that it represents a Delivery to return Securities rather than representing the original Delivery of Securities, and therefore should be charged at the same rate as a Deliver Order. The burden would be appropriate because a reclaim is the functional equivalent of a Delivery and DTC believes a reclaim should now be priced the same as other Deliveries given the capability of a Receiver via the Receiver Authorized Delivery ("RAD") functionality to return Deliveries prior to processing and a reduced need for Receivers to rely on reclaims to return Deliveries to its Account, as described below. In this regard, RAD enables a Receiver of valued deliveries of securities to manage which deliveries to accept, or to reject, prior to further processing by DTC.[47] Specifically, whereas prior to a series of earlier rule changes, transactions below an established dollar value could bypass the RAD control, today all valued transactions are subject to RAD, whereby a Participant can prevent any such Deliveries to its account.[48] Therefore, a Receiver is able to approve all Deliveries to its account through RAD and there is less likelihood that a Participant would need to rely on reclaims to remedy an errant instruction by a counterparty to make a Delivery to its account.

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46 15 U.S.C. 78q-1(b)(3)(I).

47 See Settlement Guide, supra note 11 at 5 and 54.

48 See Securities Exchange Act Release Nos. 72576 (July 9, 2014), 79 FR 41355 (July 15, 2014) (SR-DTC-2014-06); and 73804 (December 10, 2014), 79 FR 74796 (December 16, 2014) (SR-DTC-2014-010).

Maintenance Fee

DTC does not believe that the proposed change to the Maintenance Fee would have an impact on competition among its Participants. As described above, the Maintenance Fee is charged ratably based on Participants' use of DTC's services, as reflected in Participants' Actual Participant Fund Deposits. Thus, the fee is designed to be reflective of each Participant's individual activity at DTC. Nevertheless, if removal of the Waiver Position, and the resulting imposition of the Maintenance Fee at a time when a Participant would not have otherwise been assessed the fee, would create a competitive burden for a Participant, DTC believes such a burden would not be significant, given that the amount assessed would be the same but for application of the Waiver Provision. Moreover, DTC believes that any such burden would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[49]

The burden would be necessary because it is essential that DTC offset some of its costs and expenses with stable revenue generated from the Maintenance Fee, regardless of the economic environment. As described above, not doing so could adversely affect DTC's financial health. The burden would be appropriate because, as described above, the Maintenance Fee is calculated, using a balanced formula, to assess a fee that is reflective of the Participant's use of DTC's services, so that DTC can defray some of its costs and expenses in providing those services.

Rebate Policy

DTC does not believe the proposed change to describe its current rebate practice would have any impact, or impose any burden, on competition among its Participants.

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[49] 15 U.S.C. 78q-1(b)(3)(I).

As described above, this proposed rule change would include a description of DTC's current rebate practice in the Fee Guide. As described in the proposed language, under its current practice, rebates are allocated to eligible Participants pro-rata based on such Participants' gross fees paid to DTC within the applicable rebate period. Therefore, the current practice is applied equally to all eligible Participants. The proposed change to provide Participants with transparency into this practice would not cause any increase or decrease in the rebates Participants may receive. Therefore, this proposed rule change would not have any impact, or impose any burden, on competition among Participants.

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

Written comments relating to this proposed rule change have not been solicited or received. DTC will notify the Commission of any written comments received by DTC.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)[50] of the Act and paragraph (f)[51] of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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[50] 15 U.S.C 78s(b)(3)(A).

[51] 17 CFR 240.19b-4(f).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2020-014 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-2020-014. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m.

and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website (http://dtcc.com/legal/sec-rule-filings.aspx). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2020-014 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.[52]

Secretary

[52] 17 CFR 200.30-3(a)(12).

EXHIBIT 3

CONFIDENTIAL SUPPORTING INFORMATION FOR PROPOSED RULE CHANGE SR-DTC-2020-014

REMAINDER OF PAGE REDACTED IN ITS ENTIRETY

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EXHIBIT 5

Bold and underlined text indicates proposed added language.

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

Guide to the ~~2020~~ **2021** DTC Fee Schedule

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[Changes to this Fee Guide, as amended by File No. SR-DTC-2020-014, are available at dtcc.com/~/media/Files/Downloads/legal/rule-filings/2020/DTC/SR-DTC-2020-014.pdf. These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. On January 1, 2021, these changes will be implemented and this legend will automatically be removed.]

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Settlement Services

FEE NAME	AMOUNT ($)	CONDITIONS
Book-Entry Delivery, Excluding MMIs		
Night Deliver Order (**including reclaims)**	0.17	Per item; charged to deliverer; applies to each DO submitted
Day deliver order **(including reclaims;** ~~(~~excluding stock loans)	~~0.45~~ **0.40**	Per item; charged to deliverer; applies to each DO submitted

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FEE NAME	AMOUNT ($)	CONDITIONS
Receive, regardless of time **(including reclaims;)**~~(~~excluding ~~**reclaims and**~~ stock loans and returns)	0.11	Per item; charged to receiver
~~**Reclaims**~~	~~**0.26**~~	~~**Per delivery or receive**~~
Delivery to/from CNS **(including ACATS)**	~~0.16~~ **0.07**	Per delivery or receive
~~**Delivery to /from CNS ACAT**~~	~~**0.12**~~	~~**Per receive or delivery**~~

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Other

Participants Fund Maintenance Fee	Varies	Per month; Calculated, in arrears, as the product of **(A)** 0.25% and **(B)** the average of each Participant's Actual Participants Fund Deposit, as of the end of each day, for the month, multiplied by the number of days for that month and divided by 360~~;~~ ~~**provided that, the investment rate of return on investment of the Participants Fund for that month is either equal to or greater than 0.25%. No fee will be charged for any month in which the monthly rate of return on investment of the Participants Fund is less than 0.25%**~~.

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REBATE POLICY

The Corporation may, in its discretion, provide Participants with a rebate of its excess net income, where "excess net income" shall mean income of either the Corporation or related to one business line of the Corporation after application of expenses, capitalization costs, and applicable regulatory requirements.

All rebates shall be approved by the Board of Directors of the Corporation. In determining whether a rebate is appropriate, the Board may consider, among other things, the Corporation's regulatory capital requirements, anticipated expenses, investment needs, anticipated future expenses with respect to improvement or maintenance of DTC's operations, cash balances, financial projections, and appropriate level of shareholders' equity.

In the event the Board determines a rebate is appropriate, it shall determine a rebate period and a rebate payment date. Participants maintaining membership during all or a portion of the applicable rebate period and on the rebate payment date shall be eligible for the rebate.

Rebates shall be applied to all eligible Participants on a pro-rata basis based on such Participants' gross fees paid to the Corporation within the applicable rebate period, excluding pass-through fees and interest earned on cash deposits to the Participants Fund. Rebates shall be applied to eligible Participants' invoices on the rebate payment date as either a reduction in fees

owed or, if fees owed are lower than the allocated rebate amount, a payment of such difference. Rebate amounts may be adjusted for miscellaneous charges and discounts.

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