

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 41

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

File No. * SR 2023 - * 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 * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

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

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Proposed Rule Change to the DTC Fee Schedule to revise certain fees charged to Participants for (i) Participants Fund Maintenance; (ii) Underwriting Services; (iii) Asset Services; and (iv) Settlement Services

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 * Last Name *

Title *

E-mail *

Telephone * Fax

Signature

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

Date (Title *)

By

(Name *)

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

Date: 2023.12.21
14:36:36 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

Narrative - DTC Fees - 2023-1221 Fin

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

Exh 1A - DTC Fees - 2023-1221 Final

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Exh 3 (Redacted) - DTC Fees - 2023-1

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

Exh 5 - DTC Fees - 2023-1221 Final.d

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

(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 on September 12, 2023.

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

(a) Purpose

The proposed rule change would modify the DTC Fee Schedule² (“Fee Guide”) to revise certain fees charged to Participants for (i) Participants Fund Maintenance; (ii) Underwriting Services;³ (iii) Asset Services; and (iv) Settlement Services, as described below.

Overview

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 during the annual budget process. The budget is approved annually by the Board. DTC’s fees are cost-based plus a low-margin markup, as approved by the Board or management (pursuant to authority delegated by the Board), as applicable. The markup is applied to recover development costs and operating expenses, and to accumulate capital sufficient to meet regulatory and economic requirements. When estimating expected revenues and costs, DTC typically uses historical, current, and expected usage and market trends to determine revenue outlook and apply current budgeted assumptions on costs.

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

² Available at www.dtcc.com/~media/Files/Downloads/legal/fee-guides/DTC-Fee-Schedule.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.

In addition to assessing the overall impact of fee changes at DTC, the Board also considers impacts of fee changes from an individual product/service category (e.g., Underwriting, Asset Services, Participants Fund Maintenance) perspective, taking cost and capital considerations relating to a given category into account. After evaluation of DTC's short-term and long-term financial position in consideration of expected Participant activity, revenues, cost of funding, market volatility, and the financial markets more broadly, including considering impacts for each product/service category perspective, as more fully described below, DTC has determined that it should increase the overall amount it collects from Participants through fees. In this regard, the proposed rule change would increase certain fees relating to Participants Fund maintenance and Underwriting Services, and it would eliminate and consolidate other Asset Services fees included in the Fee Guide, to better align cost and revenue, as described below.

Participants Fund Maintenance Fee Increase

DTC maintains a pool of funds used for liquidity purposes consisting of mandatory and voluntary contributions by Participants ("Participants Fund"). The Participants Fund creates liquidity and collateral resources to support the business of DTC and to cover losses and liabilities incident to that business. For this purpose, every Participant has a Required Participants Fund Deposit based on the Participant's activity at DTC. The Participants Fund is held in cash at DTC and is used in the event a Participant fails to settle.

In support of maintaining the Participants Fund, DTC charges a Participants Fund Maintenance Fee, which is a monthly fee calculated, in arrears, as the product of (A) 0.25 percent 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 360.⁴ DTC proposes to increase the rate used to calculate the Participants Fund Maintenance Fee by 10 basis points from 0.25 percent to 0.35 percent. The increase would partially offset the increasing cost of liquidity resources and allow DTC to cover its costs for servicing the Participants Fund and to maintain the appropriate low-margin markup above costs.

All 193 Participants are projected to incur a 40 percent increase to their individual Participants Fund Maintenance Fee as a result of the increase. Of these Participants, six would see an increase between \$100,000 and \$130,000; 27 would see an increase between \$10,000 and \$100,000; and 160 would see an increase of less than \$10,000.

Underwriting Fee Increase

DTC, through its Underwriting Department, serves the financial industry by making securities eligible for depository services. Through DTC, Participants have the ability to distribute new and secondary offerings quickly and economically by electronic book-entry delivery and settlement. These securities are then available for depository services.

Due to decreasing issuance volumes since 2021, strategic investments in modernization, and continued inflationary headwinds, DTC's Underwriting fees, which have not changed in 10

⁴ See Fee Guide, supra note 2 at 20.

years, are not covering its costs. DTC proposes to amend the Fee Guide to increase the Underwriting eligibility fees charged to Participants to better align costs and revenue.

Specifically, DTC proposes to increase eligibility fees by approximately 20 percent across the following Underwriting fees to partially offset increased costs of offering Underwriting services (bold, underlined text indicates additions and bold strikethrough text indicates deletions):

FEE NAME	AMOUNT (\$)	CONDITIONS
Eligibility Fees		

Equity Eligibility Fee	750.00 <u>900.00</u>	Per new issue with one CUSIP plus Additional CUSIP Fee 728

Equity Eligibility – Additional CUSIP Fee	250.00 <u>300.00</u>	Per additional CUSIP
Debt Eligibility Fee	350.00 <u>425.00</u>	Per new issue with one CUSIP plus Additional CUSIP Fee 729
Debt Eligibility – Additional CUSIP Fee	250.00 <u>300.00</u>	Per additional CUSIP
Municipal Eligibility Fee – Single CUSIP	350.00 <u>425.00</u>	Per new issue with one CUSIP
Municipal Eligibility Fee – Multi CUSIP	800.00 <u>975.00</u>	Per new issue with two or more CUSIPs
Certificate of Deposit (CD)	175.00 <u>225.00</u>	Per CUSIP
Municipal and corporate insured custodial receipt	200.00 <u>250.00</u>	Per CUSIP
Unit Investment Trust (UIT)	35.00 <u>40.00</u>	Per CUSIP
Small Business Administration (SBA) loan pool	200.00 <u>250.00</u>	Per issue

Sixty-five Participants would see an increase in Underwriting fees. Of these Participants, 14 would see an increase between \$100,000 and \$800,000; 26 would see an increase between \$10,000 and \$100,000; and 25 would see an increase of less than \$10,000.

Asset Services – Simplification and Consolidation of Fees

Asset Services is comprised of diverse asset events outside of clearance and settlement. It encompasses over 1.3 million DTC-eligible equity and debt securities, and provides efficient and effective centralization, simplification, and automation in the handling of physical securities. It also processes principal, income, and corporate actions for these instruments.

DTC conducted an extensive review of the current DTC Fee Schedule to ensure alignment with current practice and to streamline DTC's fee structure for a better client experience. The proposed changes to both eliminate and consolidate several Asset Services fees

would improve customer billing transparency and provide clearer guidance on when fees are applied. The proposed changes also further reduce the complexity of tiered fee structures and eliminate fees for outdated and non-value-add services. These changes will not have a material impact on the total dollar amount of Asset Services fees charged to Participants.

Specifically, the following entries in the Asset Services section of the Fee Guide would be revised (bold, underlined text indicates additions and bold strikethrough text indicates deletions):

FEE NAME	AMOUNT (\$)	CONDITIONS
Securities Processing		

General Asset Services		

Researching Fee	100.00	Per hour or per CUSIP, depending on nature of research
Invitation to Cover Short Request (ICSR)	300.00	Per submission

Corporate Actions		

Allocation Fees		

Mandatory Corporate Actions	75.00 80.00	Mandatory exchanges, including mandatory puts, name changes/swings and sale of Rights per participant position

Agent Fees		

Consent Only – Base Processing Fee – Consent, Voting or Blocking base processing fee	2,000.00	Per election
Consent Only – Additional Elections on Event <u>Add Election on Event – Consent, Voting or Blocking</u>	1,000.00	Per election
Consent Only – Payment Processing <u>Payment Processing – Consent, Voting or Blocking</u>	200.00	Per election
Consent Only – Event Extension <u>Event Extension – Consent, Voting, Blocking</u>	200.00	Per election

<u>Late Notification of Voluntary Events, tier 1 Late Notice of Vol Events received 5-9 days</u>	2,000.00	Notification received within 5 to 9 days of the expiration
<u>Late Notification of Voluntary Events, tier 2 Late Notice of Vol Events received <5 days</u>	5,000.00	Notification received less than 5 days of the expiration
<u>Non-Standard Corporate Actions-Asset Services Exception Processing & Research</u>	Varies	Based on structure of the offer
<u>Rate Change (Post-Payable) And Manual Allocations Rate Change and Manual Allocations</u>	2,000.00	Per CUSIP
Deposit Services		

Deposit Automation Management (DAM)		

<u>Transfer Agent Charges</u>	Varies	Chargeback of fees charged by the transfer agent, plus \$1.00 transaction fee; Applies to cancellation and issuance of certificates of certain issues

New York Window Services (including Envelope Settlement Service, Intercity Envelope Settlement Service, Funds-Only Settlement Service, Dividend Settlement Service)		

Other Services		

Return of security	0.30	Per security
Transportation	12.00	Per trip

Reorganization Services		
Reorganization		

Processing of dissent letter shareholder demand	400.00	Per dissent letter or shareholder demand processed

Secondary market issue eligibility research (older issues) <u>Secondary Market Issue Eligibility</u>	2,000.00	Per issue; fee is assessed at request for eligibility of an issue that is currently in the secondary market and does not depend on success of request
Submission of a LOR in lieu of a BLOR	300.00	Per letter
Modification to MMI	300.00	Per CUSIP
Consultation/ Research Fee	To be negotiated	Expenses related to eligibility requests that require consultation, research, use of third parties or any other deal specific handling

Settlement Services

The following entries in the Settlement Services section of the Fee Guide would be revised (bold, underlined text indicates additions and bold strikethrough text indicates deletions):

Settlement Services		

Other		

Participants Fund Maintenance Fee	Varies	Per month; Calculated, in arrears, as the product of (A) <u>0.235</u> 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.

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. The impact of the proposed changes was provided to Participants using year to date July 2023 annualized data. Participants asked clarifying questions but did not express concerns.

Implementation Timeframe

DTC would implement this proposal on January 1, 2024. To that effect, a legend will be added to the Fee Guide stating there are changes that have become effective upon filing with the

Securities and Exchange Commission (“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 Guide.

(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 fees charged to Participants for (i) Participants Fund Maintenance; (ii) Underwriting Services; (iii) Asset Services; and (iv) Settlement Services, as described above, are consistent with Section 17A(b)(3)(D) of the Act,⁵ for the reasons described below. DTC also believes that the proposed changes to update the Fee Guide with the new fees are consistent with Rule 17Ad-22(e)(23)(ii),⁶ 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.⁷ DTC believes the proposed rule change to revise fees charged to Participants for (i) Participants Fund Maintenance; (ii) Underwriting Services; (iii) Asset Services; and (iv) Settlement Services, would provide for the equitable allocation of reasonable fees. Because all 193 Participants will see an increase in fees, and those increases are equally shared (e.g., in the case of the Participants Fund Maintenance with a consistent 40 percent increase per Participant) and directly proportional to the Participants’ use of DTC’s services DTC (e.g., in the case of the Underwriting and Asset Service fees), DTC believes the fees continue to be equitably allocated.

DTC also believes that the proposed fees will continue to be reasonable under the described changes. As described above, DTC’s fees are cost-based plus a low-margin markup. As such the proposed fee changes are simply designed to better align to the projected operating costs and expenses of DTC relating to its services. For this reason, DTC believes that the proposed fee changes, as described above, are reasonable and consistent with Section 17A(b)(3)(D) of the Act.⁸

Rule 17Ad-22(e)(23)(ii) under the Act⁹ requires DTC to 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. The proposed fees would be clearly

⁵ 15 U.S.C. 78q-1(b)(3)(D).

⁶ 17 CFR.17Ad-22(e)(23)(ii).

⁷ 15 U.S.C. 78q-1(b)(3)(D).

⁸ Id.

⁹ 17 CFR 240.17Ad-22(e)(23)(ii).

and transparently published in the Fee Guide, which is available on a public website,¹⁰ thereby enabling Participants to identify the fees and costs associated with participating in DTC. As such, DTC believes the proposed rule change is consistent with Rule 17Ad-22(e)(23)(ii) under the Act.¹¹

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

The proposed rule change may impact competition and that impact may be a burden because it would result in increased fees paid by Participants, as described above. However, DTC does not believe such a burden would be significant because the fees would be charged equally to all Participants that utilize DTC's services and would merely reflect the Participants' activity at DTC. Regardless, DTC believes any 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.¹²

DTC believes any such burden would be necessary because the proposed fee increases would better align the fees with DTC's associated costs, helping DTC to achieve and maintain its net income margin. Meanwhile, DTC also believes that any such burden would be appropriate because the fees would continue to be equitably and reasonably allocated among all Participants, as described above.

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

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

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

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

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

¹⁰ See supra note 2.

¹¹ 17 CFR 240.17Ad-22(e)(23)(ii).

¹² 15 U.S.C. 78q-1(b)(3)(I).

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.¹³

(b) Concerning the proposed changes to fees described above the proposed rule change establishes or changes a due, fee, or other charge.¹⁴

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

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

Not applicable.

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

¹³ 15 U.S.C 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(2).

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Fee Guide.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-DTC-2023-014)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to the DTC Fee Schedule to revise certain fees charged to Participants for (i) Participants Fund Maintenance; (ii) Underwriting Services; (iii) Asset Services; and (iv) Settlement Services

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 December __, 2023, 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 Act³ 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.

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 change⁵ would modify the DTC Fee Schedule⁶ ("Fee Guide") to revise certain fees charged to Participants for (i) Participants Fund Maintenance; (ii) Underwriting Services;⁷ (iii) Asset Services; and (iv) Settlement Services, 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.

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

⁶ Available at www.dtcc.com/-/media/Files/Downloads/legal/fee-guides/DTC-Fee-Schedule.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

Purpose

The proposed rule change would modify the Fee Guide to revise certain fees charged to Participants for (i) Participants Fund Maintenance; (ii) Underwriting Services; (iii) Asset Services; and (iv) Settlement Services, as described below.

Overview

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 during the annual budget process. The budget is approved annually by the Board. DTC's fees are cost-based plus a low-margin markup, as approved by the Board or management (pursuant to authority delegated by the Board), as applicable. The markup is applied to recover development costs and operating expenses, and to accumulate capital sufficient to meet regulatory and economic requirements. When estimating expected revenues and costs, DTC typically uses historical, current, and expected usage and market trends to determine revenue outlook and apply current budgeted assumptions on costs.

In addition to assessing the overall impact of fee changes at DTC, the Board also considers impacts of fee changes from an individual product/service category (e.g., Underwriting, Asset Services, Participants Fund Maintenance) perspective, taking cost and capital considerations relating to a given category into account. After evaluation of DTC's short-term 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 should increase the overall amount it collects

from Participants through fees. In this regard, the proposed rule change would increase certain fees relating to Participants Fund maintenance and Underwriting Services, and it would eliminate and consolidate other Asset Services fees included in the Fee Guide, to better align cost and revenue, as described below.

Participant Fund Maintenance Fee Increase

DTC maintains a pool of funds used for liquidity purposes consisting of mandatory and voluntary contributions by Participants (“Participants Fund”). The Participants Fund creates liquidity and collateral resources to support the business of DTC and to cover losses and liabilities incident to that business. For this purpose, every Participant has a Required Participants Fund Deposit based on the Participant’s activity at DTC. The Participants Fund is held in cash at DTC and is used in the event a Participant fails to settle.

In support of maintaining the Participants Fund, DTC charges a Participants Fund Maintenance Fee, which is a monthly fee calculated, in arrears, as the product of (A) 0.25 percent 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 360.⁸ DTC proposes to increase the rate used to calculate the Participants Fund Maintenance Fee by 10 basis points from 0.25 percent to 0.35 percent. DTC is proposing this increase in order to cover its costs for servicing the fund and to maintain the appropriate low-margin markup above costs.

⁸ See Fee Guide, supra note 6 at 20.

All 193 Participants are projected to incur a 40 percent increase to their individual Participants Fund Maintenance Fee as a result of the increase. Of these Participants, six would see an increase between \$100,000 and \$130,000; 27 would see an increase between \$10,000 and \$100,000; and 160 would see an increase of less than \$10,000.

Underwriting Fee Increase

DTC, through its Underwriting Department, serves the financial industry by making securities eligible for depository services. Through DTC, Participants have the ability to distribute new and secondary offerings quickly and economically by electronic book-entry delivery and settlement. These securities are then available for depository services.

Due to decreasing issuance volumes since 2021, strategic investments in modernization, and continued inflationary headwinds, DTC’s Underwriting fees, which have not changed in 10 years, are not covering its costs. DTC proposes to amend the Fee Guide to increase the Underwriting eligibility fees charged to Participants to better align costs and revenue.

Specifically, DTC proposes to increase eligibility fees by approximately 20 percent across the following Underwriting fees (bold, underlined text indicates additions and bold, strikethrough text indicates deletions):

FEE NAME	AMOUNT (\$)	CONDITIONS
Eligibility Fees		

Equity Eligibility Fee	750.00 <u>900.00</u>	Per new issue with one CUSIP plus Additional CUSIP Fee 728

Equity Eligibility – Additional CUSIP Fee	250.00 <u>300.00</u>	Per additional CUSIP

Debt Eligibility Fee	350.00 <u>425.00</u>	Per new issue with one CUSIP plus Additional CUSIP Fee 729
Debt Eligibility – Additional CUSIP Fee	250.00 <u>300.00</u>	Per additional CUSIP
Municipal Eligibility Fee – Single CUSIP	350.00 <u>425.00</u>	Per new issue with one CUSIP
Municipal Eligibility Fee – Multi CUSIP	800.00 <u>975.00</u>	Per new issue with two or more CUSIPs
Certificate of Deposit (CD)	175.00 <u>225.00</u>	Per CUSIP
Municipal and corporate insured custodial receipt	200.00 <u>250.00</u>	Per CUSIP
Unit Investment Trust (UIT)	35.00 <u>40.00</u>	Per CUSIP
Small Business Administration (SBA) loan pool	200.00 <u>250.00</u>	Per issue

Sixty-five Participants would see an increase in Underwriting fees. Of these Participants, 14 would see an increase between \$100,000 and \$800,000; 26 would see an increase between \$10,000 and \$100,000; and 25 would see an increase of less than \$10,000.

Asset Services – Simplification and Consolidation of Fees

Asset Services is comprised of diverse asset events outside of clearance and settlement. It encompasses over 1.3 million DTC-eligible equity and debt securities, and provides efficient and effective centralization, simplification, and automation in the handling of physical securities. It also processes principal, income, and corporate actions for these instruments.

DTC conducted an extensive review of the current DTC Fee Schedule to ensure alignment with current practice and to streamline DTC's fee structure for a better client experience. The proposed changes to both eliminate and consolidate several Asset Services fees would improve customer billing transparency and provide clearer guidance on when fees are applied. The proposed changes also further reduce the complexity of tiered fee structures and eliminate fees for outdated and non-value-add services. These

changes will not have a material impact on the total dollar amount of Asset Services fees charged to Participants.

Specifically, the following entries in the Asset Services section of the Fee Guide would be revised (bold, underlined text indicates additions and bold, strikethrough text indicates deletions):

FEE NAME	AMOUNT (\$)	CONDITIONS
Securities Processing		

General Asset Services		

Researching Fee	100.00	Per hour or per CUSIP, depending on nature of research
Invitation to Cover Short Request (ICSR)	300.00	Per submission

Corporate Actions		

Allocation Fees		

Mandatory Corporate Actions	75.00 <u>80.00</u>	Mandatory exchanges, including mandatory puts, name changes/swings and sale of Rights per participant position

Agent Fees		

Consent Only – Base Processing Fee <u>Consent, Voting or Blocking base processing fee</u>	2,000.00	Per election
Consent Only – Additional Elections on Event <u>Add Election on Event – Consent, Voting or Blocking</u>	1,000.00	Per election
Consent Only – Payment Processing <u>Payment Processing – Consent, Voting or Blocking</u>	200.00	Per election
Consent Only – Event Extension <u>Event Extension – Consent, Voting, Blocking</u>	200.00	Per election

Late Notification of Voluntary Events, tier 1 <u>Late Notice of Vol Events received 5-9 days</u>	2,000.00	Notification received within 5 to 9 days of the expiration
Late Notification of Voluntary Events, tier 2 <u>Late Notice of Vol Events received <5 days</u>	5,000.00	Notification received less than 5 days of the expiration
Non-Standard Corporate Actions Asset Services Exception Processing & Research	Varies	Based on structure of the offer
Rate Change (Post Payable) And Manual Allocations <u>Rate Change and Manual Allocations</u>	2,000.00	Per CUSIP
Deposit Services		

Deposit Automation Management (DAM)		

Transfer Agent Charges	Varies	Chargeback of fees charged by the transfer agent, plus \$1.00 transaction fee; Applies to cancellation and issuance of certificates of certain issues

New York Window Services (including Envelope Settlement Service, Intercity Envelope Settlement Service, Funds-Only Settlement Service, Dividend Settlement Service)		

Other Services		

Return of security	0.30	Per security
Transportation	12.00	Per trip

Reorganization Services		
Reorganization		

Processing of dissent letter shareholder demand	400.00	Per dissent letter or shareholder demand processed

Secondary market issue eligibility research (older issues) <u>Secondary Market Issue Eligibility</u>	2,000.00	Per issue; fee is assessed at request for eligibility of an issue that is currently in the secondary market and does not depend on success of request

Submission of a LOR in lieu of a BLOR	300.00	Per letter
Modification to MMI	300.00	Per CUSIP
Consultation/ Research Fee	To be negotiated	Expenses related to eligibility requests that require consultation, research, use of third parties or any other deal-specific handling

Settlement Services

The following entries in the Settlement Services section of the Fee Guide would be revised (bold, underlined text indicates additions and bold strikethrough text indicates deletions):

Settlement Services		

Other		

Participants Fund Maintenance Fee	Varies	Per month; Calculated, in arrears, as the product of (A) 0.235 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.

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. The impact of the proposed changes was provided to Participants using year to date July 2023 annualized data. Participants asked clarifying questions but did not express concerns.

Implementation Timeframe

DTC would implement this proposal on January 1, 2024. To that effect, a legend would be added to the Fee Guide stating there are changes that have become effective upon filing with the 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 Guide.

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 fees charged to Participants for (i) Participants Fund Maintenance; (ii) Underwriting Services; (iii) Asset Services; and (iv) Settlement Services, as described above, are consistent with Section 17A(b)(3)(D) of the Act,⁹ for the reasons described below. DTC also believes that the proposed changes to update the Fee Guide with the new fees are consistent with Rule 17Ad-22(e)(23)(ii),¹⁰ 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.¹¹

DTC believes the proposed rule change to revise fees charged to Participants for (i) Participants Fund Maintenance; (ii) Underwriting Services; (iii) Asset Services; and

⁹ 15 U.S.C. 78q-1(b)(3)(D).

¹⁰ 17 CFR.17Ad-22(e)(23)(ii).

¹¹ 15 U.S.C. 78q-1(b)(3)(D).

(iv) Settlement Services, would provide for the equitable allocation of reasonable fees. Because all 193 Participants would see an increase in fees, and those increases are equally shared (e.g., in the case of the Participants Fund Maintenance with a consistent 40 percent increase per Participant) and directly proportional to the Participants' use of DTC's services (e.g., in the case of the Underwriting and Asset Service fees), DTC believes the fees continue to be equitably allocated.

DTC also believes that the proposed fees would continue to be reasonable under the described changes. As described above, DTC's fees are cost-based plus a low-margin markup. As such the proposed fee changes are simply designed to better align to the projected operating costs and expenses of DTC relating to its services. For this reason, DTC believes that the proposed fee changes, as described above, are reasonable and consistent with Section 17A(b)(3)(D) of the Act.¹²

Rule 17Ad-22(e)(23)(ii) under the Act¹³ requires DTC to 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. The proposed fees would be clearly and transparently published in the Fee Guide, which is available on a public website,¹⁴ thereby enabling Participants to identify the fees and

¹² Id.

¹³ 17 CFR 240.17Ad-22(e)(23)(ii).

¹⁴ See supra note 6.

costs associated with participating in DTC. As such, DTC believes the proposed rule change is consistent with Rule 17Ad-22(e)(23)(ii) under the Act.¹⁵

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

The proposed rule change may impact competition and that impact may be a burden because it would result in increased fees paid by Participants, as described above. However, DTC does not believe such a burden would be significant because the fees would be charged equally to all Participants that utilize DTC's services and would merely reflect the Participants' activity at DTC. Regardless, DTC believes any 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.¹⁶

DTC believes any such burden would be necessary because the proposed fee increases would better align the fees with DTC's associated costs, helping DTC to achieve and maintain its net income margin. Meanwhile, DTC also believes that any such burden would be appropriate because the fees would continue to be equitably and reasonably allocated among all Participants, as described above.

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

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

¹⁵ 17 CFR 240.17Ad-22(e)(23)(ii).

¹⁶ 15 U.S.C. 78q-1(b)(3)(I).

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

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

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) of the Act and paragraph (f) 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.

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 File No. SR-DTC-2023-014 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 File No. SR-DTC-2023-014. 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 (dtcc.com/legal/sec-rule-filings). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold

entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number File No. SR-DTC-2023-014 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.¹⁷

Secretary

¹⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 3

The information contained in this Exhibit 3 is subject to exemption from mandatory disclosure under Exemption #4 of the Freedom of Information Act because the information concerns commercial or financial information which could harm the competitive posture or business interests of The Depository Trust Company (“DTC”). This Exhibit 3 contains information that is not intended for public disclosure. Accordingly, this Exhibit 3 has been redacted and confidential treatment requested pursuant to 17 CFR 240.24b-2. An unredacted version of this Exhibit 3 was filed separately and confidentially with the Securities and Exchange Commission. Notwithstanding the request for confidential treatment, DTC believes the substance of this Exhibit 3 is clearly and adequately described in the accompanying Exhibit 1A and Form 19b-4 narrative to the proposed rule change filing, thus allowing for meaningful public comment.

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Bold and underlined text indicates proposed added language.

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

Guide to the ~~2023-2024~~ **2024** DTC Fee Schedule

[Changes to this Fee Guide, as amended by File No. SR-DTC-2023-014, are available at www.dtcc.com/legal/sec-rule-filings. These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. On January 1, 2024, these changes will be implemented and this legend will automatically be removed.]

Custody and Securities Processing

Securities Processing

General Asset Services

Researching Fee

100.00

~~Per hour or per CUSIP,~~
depending on nature of research

~~Invitation to cover short request~~
(ICSR)

300.00

Per submission

Corporate Actions

Allocation Fees

Mandatory Corporate Actions

~~75.00~~ **80.00**

Mandatory exchanges, including mandatory puts, name changes/swings and sale of Rights per participant position

Agent Fees

~~Consent Only—Base Processing Fee~~ Consent, Voting or Blocking base processing fee

2,000.00

Per election

~~Consent Only—Additional Elections on Event~~ Add Elections on Event – Consent, Voting or Blocking

1,000.00

Per election

~~Consent Only—Payment Processing~~ Payment Processing – Consent, Voting or Blocking

200.00

Per election

~~Consent Only—Event Extension~~ Event Extension – Consent, Voting, Blocking

200.00

Per election

~~Late Notification of Voluntary Events, tier 1~~ Late Notice of Vol Events received 5 – 9 days

2,000.00

Notification received within 5 to 9 days of the expiration

~~Late Notification of Voluntary Events, tier 2~~ Late Notice of Vol Events received < 5 days

5,000.00

Notification received less than 5 days of the expiration

~~Non-Standard Corporate Actions Asset Services Exception~~ Processing & Research

Varies

Based on structure of the Offer

~~Rate Change (Post Payable) And Manual Allocations~~ Rate Change and Manual Allocations

2,000.00

Per CUSIP

Deposit Services		

<i>Deposit Automation Management (DAM)</i>		

Transfer agent charges	Varies	Chargeback of fees charged by the transfer agent, plus \$1.00 transaction fee; Applies to cancellation and issuance of certificates of certain issues

New York Window Services (including Envelope Settlement Service, Intercity Envelope Settlement Service, Funds-Only Settlement Service, Dividend Settlement Service)		

<i>Other Services</i>		

Return of security	0.30	Per security
Transportation	12.00	Per trip

Reorganization Services		
<i>Reorganization</i>		

Processing of dissent letter or shareholder demand	400.00	Per dissent letter or shareholder demand processed

Settlement Services

Other

Participants Fund Maintenance Fee	Varies	Per month; Calculated, in arrears, as the product of (A) 0.235% 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.
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Underwriting Services

Eligibility Fees

Equity Eligibility Fee	750.00 <u>900.00</u>	Per new issue with one CUSIP plus Additional CUSIP Fee 728
Equity Eligibility – Additional CUSIP Fee	250.00 <u>300.00</u>	Per additional CUSIP
Debt Eligibility Fee	350.00 <u>425.00</u>	Per new issue with one CUSIP plus Additional CUSIP Fee 729
Debt Eligibility – Additional CUSIP Fee	250.00 <u>300.00</u>	Per additional CUSIP
Municipal Eligibility Fee – Single CUSIP	350.00 <u>425.00</u>	Per new issue with one CUSIP
Municipal Eligibility Fee – Multi CUSIP	800.00 <u>975.00</u>	Per new issue with two or more CUSIPs
Certificate of Deposit (CD)	175.00 <u>225.00</u>	Per CUSIP
Municipal and corporate insured custodial receipt	200.00 <u>250.00</u>	Per CUSIP
Unit Investment Trust (UIT)	35.00 <u>40.00</u>	Per CUSIP
Small Business Administration (SBA) loan pool	200.00 <u>250.00</u>	Per issue

~~Secondary market issue eligibility research (older issues)~~ Secondary Market Issue Eligibility

2,000.00

Per issue; fee is assessed at request for eligibility of an issue that is currently in the secondary market and does not depend on success of request

Eligibility Surcharges

**Submission of a LOR in lieu of a
BLOR**

300.00

Per letter

Money Market Instruments

Modification to MMI

300.00

Per CUSIP

Other Underwriting Services

Consultation/Research Fee

To be negotiated

~~Expenses related to eligibility
requests that require
consultation, research, use of
third parties or any other deal-
specific handling.~~
