

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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.

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Exhibit 1 - Notice of Proposed Rule Change

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)

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

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.

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Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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.

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Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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.

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Exhibit 5 - Proposed Rule Text

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item 1 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.

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Partial Amendment

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.

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Bolded, underlined language indicates proposed additions made by this Amendment No. 1 to SR-DTC-2008-05.

~~Bolded, Strikethrough~~ text indicates proposed deletions made by this Amendment No. 1 to SR-DTC-2008-05.

1. Text of the Proposed Rule Change.

(a) The proposed rule change establishes a new fee relating to the Depository Trust Company's ("DTC") Money Market Instrument ("MMI") procedures. DTC proposes to implement a \$10,000 **disincentive** fee to an Issuing/Paying Agent ("IPA") that reverses a refusal or failure to pay instruction. The text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable

(c) Not applicable

2. Procedures of the Self-Regulatory Organization.

(a) DTC's Board of Directors has not taken, and is not required to take, action on the proposed rule change.

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

(a) Maturity payment procedures were designed to limit credit, liquidity and operational risk for DTC and Participants in the MMI program. MMI maturity processing is initiated automatically each morning by DTC, which electronically sweeps all maturing positions of MMI CUSIPs from investors' custodian accounts and generates the appropriate maturity payments. The MMI is then delivered to the account of the appropriate IPA. DTC debits the IPA's account in the amount of the maturity proceeds for settlement that day and credits the same amount of the maturity proceeds to the investor's custodian account for payment that day to the investor.

Because MPs are processed automatically and randomly against the IPAs' DTC account, IPAs are provided the ability to refuse to pay for a specific issuer's MP in the event that the issuer defaults on its obligation to the IPA. An IPA that refuses payment on an MMI must communicate its intention to DTC using the MP Refusal function on the Participant Terminal System ("PTS"). This communication is referred to as an Issuer Failure/Refusal to Pay and it allows the Paying Agent to enter refusal to pay notifications for a particular defaulting issuer via PTS until 3:00 p.m. (ET) on the date of maturity. The Paying Agent understands that entering such a notification will cause DTC to follow its Defaulting Issuer procedures which include: devaluing the collateral value of all of the defaulting issuer's MMI to zero, reversing all of the issuer's issuances and maturities

processed that day, notifying DTC Participants of the default and blocking all further issuances by the Issuer from entering DTC. If, thereafter an IPA contacts DTC to complete all of the transactions that it previously cancelled via the MP Refusal Function, DTC must undo all the actions it took under its Defaulting Issuer procedures. This process of reversing a refusal or failure to pay instruction and effectively resetting the security is an operational burden to DTC and of great financial concern to investors and their custodians. Accordingly, DTC is proposing to implement a \$10,000 **disincentive** fee to each IPA that requests such reversal. DTC submits that this is an appropriate **disincentive fee** to assess in order to compensate for the operational expenses associated with the resetting of the security. **Additionally, DTC expects such fee to serve as a disincentive to IPAs that request such reversal.**

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act") and the rule and regulations thereunder, applicable to DTC in that the proposed rule change will promote the prompt and accurate settlement of securities transactions and will be implemented in a manner that is consistent with DTC's risk management controls.

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

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

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

The subject proposal was developed in consultation with various industry organizations. Written comments relating to the proposed rule change have not yet been solicited or received. DTC will notify the Commission of any written comments received by DTC.

6. Extension of Time Period for Commission Action.

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

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

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

The proposed rule change is not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

- Exhibit 1 - Notice of proposed rule change for publication in the Federal Register (incorporating the changes noted in Items No. 1 and 3 above).
- Exhibit 2 - n/a
- Exhibit 3 - n/a
- Exhibit 4 - ~~n/a~~ Text of the proposed changes as amended by this Amendment No. 1 (marked against Exhibit 5 of SR-DTC-2008-05).
- Exhibit 5 - Text of the Proposed Rule Change (showing cumulative changes made by SR-DTC-2008-05 and this Amendment No. 1).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-DTC-2008-05)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by The Depository Trust Company ("DTC") to establish a new disincentive fee relating to the Depository Trust Company's ("DTC") Money Market Instrument ("MMI") procedures.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, 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 DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The text of the proposed rule change is attached hereto as Exhibit 5.

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

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of such statements.

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

(i) Maturity payment procedures were designed to limit credit, liquidity and operational risk for DTC and Participants in the MMI program. MMI maturity processing is initiated automatically each morning by DTC, which electronically sweeps all maturing positions of MMI CUSIPs from investors' custodian accounts and generates the appropriate maturity payments. The MMI is then delivered to the account of the appropriate IPA. DTC debits the IPA's account in the amount of the maturity proceeds for

settlement that day and credits the same amount of the maturity proceeds to the investor's custodian account for payment that day to the investor.

Because MPs are processed automatically and randomly against the IPAs' DTC account, IPAs are provided the ability to refuse to pay for a specific issuer's MP in the event that the issuer defaults on its obligation to the IPA. An IPA that refuses payment on an MMI must communicate its intention to DTC using the MP Refusal function on the Participant Terminal System ("PTS"). This communication is referred to as an Issuer Failure/Refusal to Pay and it allows the Paying Agent to enter refusal to pay notifications for a particular defaulting issuer via PTS until 3:00 p.m. (ET) on the date of maturity. The Paying Agent understands that entering such a notification will cause DTC to follow its Defaulting Issuer procedures which include: devaluing the collateral value of all of the defaulting issuer's MMI to zero, reversing all of the issuer's issuances and maturities processed that day, notifying DTC Participants of the default and blocking all further issuances by the Issuer from entering DTC. If, thereafter an IPA contacts DTC to complete all of the transactions that it previously cancelled via the MP Refusal Function, DTC must undo all the actions it took under its Defaulting Issuer procedures. This process of reversing a refusal or failure to pay instruction and effectively resetting the security is an operational burden to DTC and of great financial concern to investors and their custodians. Accordingly, DTC is proposing to implement a \$10,000 disincentive fee to each IPA that requests such reversal. DTC submits that this is an appropriate disincentive fee to assess in order to compensate for the operational expenses associated with the resetting of the security. Additionally, DTC expects such fee to serve as a disincentive to IPAs that request such reversal.

(ii) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, applicable to DTC in that the proposed rule change will promote the prompt and accurate settlement of securities transactions and will be implemented in a manner that is consistent with DTC's risk management controls.

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

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

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

Written comments relating to the proposed rule change have not yet 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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed change should be disapproved.

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 may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or by sending an e-mail to rule-comment@sec.gov. Please include File No. SR-DTC-2008-05 on the subject line.
- Paper comments should be sent in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington D.C. 20549-1090.

All submissions should refer to File Number SR-DTC-2008-05. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C §552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington D.C. 20549-9303. Copies of such filing also will be available for inspection and copying at DTC's principal office and on DTC's Web site at www.dtc.org. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to the file number above and should be submitted within _____ days after the date of publication.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Nancy M. Morris

**EXHIBIT 4
DTC-2008-05**

Underlined, boldface text indicates additions as filed under SR-DTC-2008-05.

~~**Strikeout boldface**~~ text indicates deletions as filed under SR-DTC-2008-05.

Underlined, boldface, and italicized text indicates new text added by this Amendment No. 1.

~~**[Bracketed, double Strikeout, boldface]**~~ text indicates text deleted by this Amendment No. 1 from that filed under SR-DTC-2008-05.

DTC Disincentive Fee ~~[Schedule]~~

Settlement Services

Money Market Instruments (MMI) by Book Entry Only.

<u>Disincentive</u> Fee [Name]	Amount (S)
<u>MMI disincentive fee for reversal of a failure or refusal to pay instruction.</u>	<u>\$10,000</u>

Underlined, boldface Text indicates additional language

~~**Struck through, boldface text**~~ indicates deleted language

DTC Disincentive Fee

Settlement Services

Money Market Instruments (MMI) by Book Entry Only.

Disincentive Fee	Amount (\$)
<u>MMI disincentive fee for reversal of a failure or refusal to pay instruction.</u>	<u>\$10,000</u>
