

Proposed Rule Change 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 checked="" type="checkbox"/>	Section 19(b)(3)(A) <input type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
			Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input 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)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

Implement a new service (the Security Holder Tracking Service) to allow issuers to track and limit the number of beneficial owners for an individual CUSIP.

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 proposed rule change.

First Name	<input type="text" value="Sheila"/>	Last Name	<input type="text" value="Candler"/>
Title	<input type="text" value="Vice President and Senior Counsel"/>		
E-mail	<input type="text" value="scandler@dtcc.com"/>		
Telephone	<input type="text" value="(212) 855-3281"/>	Fax	<input type="text" value="(212) 855-3215"/>

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 officer.

Date	<input type="text" value="08/06/2008"/>
By	<input type="text" value="Larry E. Thompson"/>
	(Name)
	<input type="text" value="Managing Director and General Counsel"/>
	(Title)

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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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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

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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

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

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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

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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

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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 purpose of the rule change is to implement a new service which will allow issuers, either themselves or through an issuer-designated administrator, to track and limit the number of beneficial owners for an individual CUSIP (the “Security Holder Tracking Service” or the “SH Tracking Service”).

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) The proposed new service and related fees were approved by the Operations and Planning Committee of the Board of Directors on July 8, 2008.

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

(a) Background- DTC was approached by a group of investment banks who were interested in providing greater liquidity and access to capital for closely held issuers in the Rule 144A private equities market. Specifically, they asked DTC to help build a system which would allow the securities of such issuers to be made DTC-eligible while allowing the issuer, typically through an agent, to control the number and character of the beneficial owner of its securities. The need to control the number of beneficial owners was so that the issuer did not trigger certain regulatory reporting requirements.¹ Currently, due to the strict limit on the number of beneficial owners (e.g. qualified institutional buyers (QIBs)) allowed, the processing and the settlement of trades in such issues are done in a physical environment outside of DTC.

In order to support the settlement and asset servicing of these securities within DTC without exceeding the issuer’s limit of beneficial owners, DTC was asked to build a mechanism which would allow issuers to track and limit the number of beneficial owners of its securities (“Tracked Securities”).

Proposed Rule Change

In order to facilitate the book-entry settlement and asset servicing of Tracked Securities, the SH Tracking Service was developed.

The eligibility process for a Tracked Security to be made and remain DTC-eligible will remain the same. In addition to the traditional process, DTC must be

¹ In order for issuers to be able to avoid the periodic reporting requirements imposed by the Securities Exchange Act of 1934 (the “’34 Act”) they must not have more than 500 beneficial owners.

instructed in writing to set up a specific CUSIP for tracking.² At the same time, the issuer must instruct DTC as to whom will perform the function of the administrator for the CUSIP within the SH Tracking Service.³

Upon receipt of all of the aforementioned documentation, DTC will make the CUSIP DTC-eligible and will activate the tracking indicator on its security master file. Additionally, once it is made eligible, DTC will perform asset servicing for the issue.

The administrator appointed by the issuer (the “Administrator”) will control movements of the particular CUSIP for which it has been appointed. Once the tracking indicator has been activated on the master file and the Administrator has been appointed, no transfer of the securities shall take place in the Tracked Security without the approval of the Administrator through the Inventory Management System (IMS). The Administrator, based on requirements of the issuer, shall be solely responsible for determining whether a transaction should be effected in DTC. Once approved by the Administrator, DTC may perform centralized book-entry settlement.

IMS will only allow an Administrator access to view and approve transactions for CUSIPs for which they have been appointed Administrator as reflected in DTC’s records.

As DTC is relying solely on the instructions of the Administrator in order to effect settlement in Tracked Securities and has no knowledge of the number or character of the underlying beneficial owners, use of the SH Tracking Service by any party will constitute an agreement that DTC shall not be liable for any loss or damages related to the use of the SH Tracking System. Each user of the SH Tracking Service agrees to indemnify and hold harmless DTC and its affiliates from and against any and all losses, damages, liabilities, costs, judgments, charges, and expenses arising out of or relating to the use of the SH Tracking Service.

The Tracked Securities will not be held as part of a Participant’s general free account nor will they be considered eligible collateral in DTC’s settlement system.

Although the SH Tracking Service was developed to address the specific concerns of closely held Rule144A issues, in practice it could be utilized for other types of securities for which the number or character of the beneficial owners requires some level of control by a third party administrator.

Fees

In an effort to recover the costs of building the SH Tracking Service, the following fees shall be introduced:

- \$25,000 fee per CUSIP for SH Tracking Services
- \$5 per delivery and receive for Tracked Securities

² It is anticipated that this instruction will come from the underwriter at the time of the initial distribution at DTC.

³ It is anticipated that the Administrator will typically be the transfer agent for the issue.

- \$5 per receive and delivery for reclaims of Tracked Securities

(b) The proposed rule change is consistent with the requirements of the Securities and Exchange Act of 1934, as amended (the “Act”), and the rules and regulations hereunder applicable to DTC as it allows for more efficient processing of transactions which are currently being effected outside of DTC, via physical processing. Therefore, it will not adversely affect the safeguarding of funds or securities in DTC’s custody and control, or for which it is responsible.

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, Members, 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.

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).

- (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.

Not applicable.

9. Exhibits

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

Exhibit 2 – N/A

Exhibit 3 – N/A

Exhibit 4 – N/A

Exhibit 5 – N/A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-DTC-2008-11)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by The Depository Trust Company (“DTC”) to implement a new service which will allow issuers to track and limit the number of beneficial owners for an individual CUSIP.

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 purpose of the rule change is to implement a new service which will allow issuers, either themselves or through an issuer-designated administrator, to track and limit the number of beneficial owners for an individual CUSIP (the “Security Holder Tracking Service” or the “SH Tracking Service”).

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.

(a) Background- DTC was approached by a group of investment banks who were interested in providing greater liquidity and access to capital for closely held issuers in the Rule 144A private equities market. Specifically, they asked DTC to help build a

system which would allow the securities of such issuers to be made DTC-eligible while allowing the issuer, typically through an agent, to control the number and character of the beneficial owner of its securities. The need to control the number of beneficial owners was so that the issuer did not trigger certain regulatory reporting requirements.¹ Currently, due to the strict limit on the number of beneficial owners (e.g. qualified institutional buyers (QIBs)) allowed, the processing and the settlement of trades in such issues are done in a physical environment outside of DTC.

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Upon receipt of all of the aforementioned documentation, DTC will make the CUSIP DTC-eligible and will activate the tracking indicator on its security master file. Additionally, once it is made eligible, DTC will perform asset servicing for the issue.

The administrator appointed by the issuer (the "Administrator") will control movements of the particular CUSIP for which it has been appointed. Once the tracking indicator has been activated on the master file and the Administrator has been appointed, no transfer of the securities shall take place in the Tracked Security without the approval of the Administrator through the Inventory Management System (IMS). The Administrator, based on requirements of the issuer, shall be solely responsible for determining whether a transaction should be effected in DTC. Once approved by the Administrator, DTC may perform centralized book-entry settlement.

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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-2008-11 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-2008-11. 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.dtcc.com. 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 Trading and Markets, pursuant to delegated authority.

Nancy M. Morris