

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="31"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2016"/> - * <input type="text" value="004"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(6)
			<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)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

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 action (limit 250 characters, required when Initial is checked *).

The Depository Trust Company is proposing to add a DTC Rule to establish a link between DTC and Euroclear Bank for DTC Participants that are also Euroclear Bank participants to use Securities held at DTC for use in transfers on the books of Euroclear Bank in connection with its collateral management 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 * <input type="text" value="Aimee"/>	Last Name * <input type="text" value="Bandler"/>
Title * <input type="text" value="Assistant General Counsel"/>	
E-mail * <input type="text" value="abandler@dtcc.com"/>	
Telephone * <input type="text" value="(212) 855-3148"/>	Fax <input type="text"/>

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.

(Title *)

Date <input type="text" value="06/03/2016"/>	Managing Director and Deputy General Counsel
By <input type="text" value="Lois J. Radisch"/>	<input type="text"/>
(Name *)	

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 EFFF 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 *

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 *

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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, 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

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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

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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.

Item 1. Text of the Proposed Rule Change

(a) The proposed rule change of The Depository Trust Company (“DTC”) is annexed hereto as Exhibit 5.¹ The proposal would add new Rule 34 (EB Link) to establish a link (“EB Link”) between DTC and Euroclear Bank SA/NV (“EB”) for DTC Participants that are also EB participants (“CP Participants”) to use Securities held at DTC for EB Collateral Transactions (as defined below). The proposed Rule 34 specifies the Accounts, Free Deliveries, and the terms and conditions that together comprise collateral positioning (“Collateral Positioning” or “CP”) for CP Participants. The proposed rule change would: (i) allow CP Participants to designate a sub-account for Collateral Positioning (a “CP Sub-Account”) of Securities selected by the CP Participant (the “CP Securities”) to Deliver to EB; and (ii) establish the Securities Account of EB (the “EB Account”) on the books of DTC to receive and hold such CP Securities. DTC understands that EB would then credit such CP Securities to an account it maintains on its books for such CP Participant for use in transfers on the books of EB (“EB Collateral Transactions”) in connection with EB’s collateral management services (“EB CMS”), as described below.²

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change was approved by the Board Risk Committee of the Board of Directors of DTC at a meeting duly called and held on February 9, 2016.

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

(a) Purpose

The proposal would add new Rule 34 (EB Link) to establish the EB Link between DTC and EB for CP Participants to use Securities held at DTC for EB Collateral Transactions. The proposed Rule 34 specifies the Accounts, Free Deliveries, and the terms and conditions that

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

² On May 9, 2016, EB filed an application with the U.S. Securities and Exchange Commission (“Commission”) on Form CA-1, seeking to amend its existing exemption from clearing agency registration by expanding its existing exemption to authorize EB to offer EB CMS to its U.S. participants for U.S. equities (the “EB CA-1 Amendment”). DTC understands that the EB CA-1 Amendment is necessary for EB to offer EB CMS, and consequently, the DTCC Euroclear Global Collateral Ltd. (“DEGCL”) Inventory Management Service (“DEGCL IMS”), to U.S. participants for U.S. equities. Commission approval of this proposed rule change to add new Rule 34 (EB Link) would have no effect on the authority of EB pursuant to the EB CA-1 Amendment. In addition, this proposed rule change provides that it would not be implemented until the EB CA-1 Amendment is approved by the Commission.

together comprise Collateral Positioning for CP Participants. The proposed rule change would: (i) allow CP Participants to designate a CP Sub-Account of CP Securities to Deliver to EB; and (ii) establish the EB Account on the books of DTC to receive and hold such CP Securities. DTC understands that EB would then credit such CP Securities to an account it maintains on its books for such CP Participant for use in EB Collateral Transactions in connection with EB CMS, as described below.

I. Background

A. New Regulations Require Better Access to and Management of Securities Collateral

New and enhanced regulatory requirements are leading derivative and financing counterparties to seek increased efficiency in the availability and deployment of collateral and streamlined margin processing. More specifically, the phase-in period of the Basel III liquidity rules,³ as well as recent regulatory changes by the Commodity Futures Trading Commission,⁴ the U.S. prudential regulators,⁵ European Market Infrastructure Regulation,⁶ and the Basel Committee on Banking Supervision (“BCBS”) and the International Organization of Securities Commissions (“IOSCO”),⁷ have resulted in increased capital requirements, mandatory central clearing of more derivatives transactions, and new margining rules for bilateral trades, driving a significant increased demand for high quality collateral.

³ Basel Committee on Banking Supervision, Basel III: A global framework for more resilient banks and the banking system, December 2010 and revised June 2011; Basel Committee on Banking Supervision, Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools, January 2013; Basel Committee on Banking Supervision, Basel III: the net stable funding ratio, October 2014, available at www.bis.org/bcbs/basel3.htm.

⁴ Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants, 81 FR 635 (January 6, 2016); 17 CFR parts 23 and 140.

⁵ Margin and Capital Requirements for Covered Swap Entities, 80 FR 74840 (November 30, 2015); 12 CFR parts 45, 237, 349, 624 and 1221. The U.S. prudential regulators include: Office of the Comptroller of the Currency - Treasury, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Farm Credit Administration, and the Federal Housing Finance Agency.

⁶ European Supervisory Authorities’ (ESAs) Final Draft Regulatory Technical Standards on risk-mitigation techniques for OTC-derivative contracts not cleared by a CCP under Article 11(15) of Regulation (EU) No 648/2012 (EMIR), available at <https://www.eba.europa.eu/documents/10180/1398349/RTS+on+Risk+Mitigation+Techniques+for+OTC+contracts+%28JC-2016-+18%29.pdf/fb0b3387-3366-4c56-9e25-74b2a4997e1d>.

⁷ BCBS-IOSCO, Margin requirements for non-centrally cleared derivatives (March 2015), available at <http://www.bis.org/bcbs/publ/d317.htm>.

These regulatory changes further include requirements for initial margin for counterparties as well as a reduction or removal of thresholds for variation margin.⁸ It is expected that the inclusion of initial margin will significantly increase the amount of collateral required and will create additional margin calls by affected counterparties. In addition, it is expected that the removal or reduction of thresholds for variation margin will mean any changes in underlying valuations may trigger increased margin calls requiring market participants to hold additional collateral available for posting. Also, these regulatory changes include new restrictions on eligible collateral, requiring the use of highly liquid assets, prescribed haircuts, segregation requirements, as well as a prohibition on rehypothecation for initial margin. Given these forthcoming requirements, counterparties would need to access and deploy collateral more effectively.

B. Proposed Rule Change Would Support DEGCL IMS

DEGCL is a United Kingdom (“UK”) joint venture of DTCC and Euroclear S.A./N.V. (“Euroclear”), authorized by the Financial Conduct Authority (“FCA”) in the UK as a “service company”⁹ in accordance with applicable law of the UK. DEGCL was formed for the purpose of offering global information, record keeping, and processing services for derivatives collateral transactions and other types of financing transactions. DEGCL seeks to provide services to its users, including buy-side and sell-side financial institutions, in meeting their risk management and regulatory requirements for the holding and exchange of collateral, as required by these new regulatory requirements.

In particular, DEGCL IMS would address the increased demand for cross-border availability of securities collateral, some of which may be held at DTC. The purpose of DEGCL IMS is to offer to its users a more global view of their collateral assets and support cross-border

⁸ Initial margin means money, securities, or property posted by a party to a swap as performance bond to cover potential future exposures arising from changes in the market value of the position. Variation margin means a payment made by or collateral posted by a party to a swap to cover the current exposure arising from changes in the market value of the position since the trade was executed or the previous time the position was marked to market. See 17 CFR 23.700.

⁹ DEGCL was authorized as a “service company” by the FCA on March 29, 2016. A “service company,” as defined in the FCA Handbook, Glossary, is: “[A] firm whose only permitted activities are making arrangements with a view to transactions in investments, and agreeing to carry on that regulated activity, and whose Part 4A permission: (a) incorporates a limitation substantially to the effect that the firm carry on regulated activities only with market counterparties or intermediate customers; and (b) includes requirements substantially to the effect that the firm must not: (i) guarantee, or otherwise accept responsibility for, the performance, by a participant in arrangements made by the firm in carrying on regulated activities, of obligations undertaken by that participant in connection with those arrangements; or (ii) approve any financial promotion on behalf of any other person or any specified class of persons; or (iii) in carrying on its regulated activities, provide services otherwise than in accordance with documents (of a kind specified in the requirement) provided by the firm to the FCA.” FCA Handbook, Glossary, available at <https://www.handbook.fca.org.uk/handbook/glossary>.

mobility and to integrate information and record keeping for collateral use of Securities held at DTC and EB.

DEGCL IMS would be operated by EB and other entities in the Euroclear group, as the service provider to DEGCL, in accordance with appropriate agreements among these parties and in compliance with applicable regulatory requirements. There is no direct relationship between DTC and DEGCL IMS. DEGCL IMS would be offered to any financial institution that is both a DTC Participant and a participant of EB that has elected to use EB CMS (“EB Collateral Participant”).

II. EB Link and Collateral Positioning Would Offer Global Collateral Mobility for Securities Held at DTC by CP Participants

The proposed rule change would establish the EB Link between DTC and EB through which a CP Participant could Deliver Securities from its Account to its CP Sub-Account and, from there, to the EB Account at DTC. The object is for EB to then credit the Securities to an account of the CP Participant on the books of EB for use in EB CMS.

For purposes of the EB Link, EB has become a Participant of DTC,¹⁰ in order to establish the EB Account to which CP Securities would be credited. Accordingly, EB would act in two capacities: (i) on its own behalf as a Participant of DTC, to maintain the EB Account in which CP Securities may be held, so that EB may effect book entry transfers of those Securities on its own books and records; and (ii) on behalf of each CP Participant as the representative (the “CP Representative”) of such CP Participant, to provide instructions to DTC on the CP Participant’s behalf for the Delivery of CP Securities from the CP Sub-Account, and to receive certain information (x) once each Business Day, identifying the CP Securities that are credited to the CP Sub-Account at the time of the report (the “CP Securities Report”), and (y) that specified CP Securities have been Delivered into or out of the CP Sub-Account, and/or that an instruction has been given to DTC to Deliver specified CP Securities out of the CP Sub-Account, as applicable (the “Delivery Information”).

The CP Participant would authorize EB as its CP Representative, to provide instructions on its behalf, and to receive the CP Securities Report and Delivery Information. Both the CP Securities Report and Delivery Information would include, with respect to the CP Securities specified therein, the following information: (i) the CUSIP, ISIN, or other identification number of the CP Securities; and (ii) the number of shares or other units or principal amount of the CP Securities.

The CP Participant would instruct DTC to Deliver the CP Securities from the CP Participant’s Account to its CP Sub-Account. After the CP Securities have been credited to the

¹⁰ EB was accepted as a Participant on February 18, 2016. Upon approval of EB as a Participant, EB, like any other Participant, signed a Participant’s Agreement pursuant to which it agreed, inter alia, that the DTC Rules shall be a part of the terms and conditions of every contract or transaction that EB may make or have with DTC, including the Regulation Systems Compliance and Integrity testing requirements set forth in DTC Rule 2 (Participants and Pledges).

CP Sub-Account, EB, as CP Representative, may instruct DTC to make a Free Delivery of the appropriate CP Securities from the CP Sub-Account to the EB Account.¹¹ All Deliveries from the CP Participant's Account to its CP Sub-Account and from the CP Sub-Account to the EB Account would be Free Deliveries, subject to DTC risk management controls.¹²

After CP Securities have been credited to the EB Account, it would then be EB's responsibility to credit them to an account at EB maintained for the CP Participant, as an EB Collateral Participant. The originating CP Participant, as an EB Collateral Participant, may then choose to hold the CP Securities in an account at EB, pending use in any EB Collateral Transaction, or transfer the CP Securities on the books of EB to one or more other EB Collateral Participants in connection with EB Collateral Transactions.

EB may instruct DTC to Deliver CP Securities from the EB Account to the CP Sub-Account from which such CP Securities originated. This may occur if: (i) the CP Participant as a DEGCL IMS user changes its DEGCL IMS inventory profile in a way that renders the CP Securities credited to the EB Account no longer eligible for DEGCL IMS; (ii) the CP Participant submits a Delivery instruction for such CP Securities;¹³ or (iii) the CP Securities are subject to a corporate action or tax event.¹⁴

¹¹ EB would determine the eligibility of CP Securities for DEGCL IMS on the basis of the eligibility profile provided to DEGCL by its user counterparties, and subject to EB's securities eligibility rules.

¹² DTC risk management controls, including Collateral Monitor and Net Debit Cap (as defined in Rule 1, Section 1 of the DTC Rules, supra note 1), are designed so that DTC may complete system-wide settlement notwithstanding the failure to settle of its largest Participant or affiliated family of Participants. The Collateral Monitor tests whether a Receiver has adequate collateral to secure the amount of its net debit balance. The Net Debit Cap limits the Net Debit Balance of a Participant so that it cannot exceed DTC liquidity resources for settlement. Pursuant to these controls under applicable DTC Rules and Procedures, any Delivery instruction order to a CP Sub-Account that would cause the CP Participant to exceed its Net Debit Cap (which a Free Delivery should not) or to have insufficient DTC collateral to secure its obligations to DTC (which is possible), would not be processed by DTC. CP Deliveries would be processed in the same order and with the same priority as otherwise provided in the DTC Rules and Procedures (i.e., such Deliveries would not take precedence over any other type of Delivery in the DTC system).

¹³ If at any time a CP Participant has a pending instruction for Delivery of Securities that had been Delivered from its CP Sub-Account to the EB Account, DTC understands that EB would instruct DTC to Deliver those Securities from the EB Account back to the CP Sub-Account from which they originated.

¹⁴ If EB does not Deliver the CP Securities back to the CP Sub-Account of the CP Participant prior to the applicable record date for a corporate action, the corporate action would be processed by DTC in the ordinary course to EB as the Participant holding the Securities on the Record Date.

EB may also instruct DTC to Deliver CP Securities from the EB Account to the Securities Account of a Participant that EB has designated as its global custodian (“EB Global Custodian”).¹⁵ The CP Securities held in the EB Account are held there exclusively for EB Collateral Transactions, so this proposed rule change would require EB to Deliver CP Securities from the EB Account to the Securities Account of the EB Global Custodian in connection with any liquidation of those CP Securities.

III. Proposed Rule Change

The proposed rule change would add Rule 34 to the DTC Rules, to provide for:

- (i) The establishment and maintenance of a CP Sub-Account for each CP Participant;
- (ii) The establishment and maintenance of the EB Account for the purpose of Collateral Positioning Deliveries;
- (iii) Free Deliveries of CP Securities by a CP Participant from an Account of the CP Participant to its CP Sub-Account, and back to (A) the originating Account of the CP Participant; (B) another Non-CP Account of the CP Participant; or (C) the Account of another Participant;
- (iv) Free Deliveries of CP Securities as instructed by EB, as CP Representative of the CP Participant, from the CP Sub-Account of the CP Participant to the EB Account;
- (v) Free Deliveries of CP Securities as instructed by EB from the EB Account to (A) the CP Sub-Account from which such CP Securities originated, or (B) the Account of the EB Global Custodian;
- (vi) Information to be provided by DTC to EB, as CP Representative of the CP Participant, specifically, the CP Securities Report and the Delivery Information;
- (vii) The requirement that Deliveries provided in the proposed rule change must be Free Deliveries, and shall be subject to the terms and provisions of the DTC Rules and the Procedures applicable to the Deliveries of Securities, including DTC risk management controls; and

¹⁵ EB has not been a direct DTC Participant or had a Securities Account at DTC prior to this proposed EB Link; EB has held Eligible Securities only as an indirect participant through a bank that it characterizes as its “global custodian” and that is a DTC Participant. The EB Link is proposed to be established for, and expressly limited to, Collateral Positioning in connection with EB Collateral Transactions. EB may continue to use the EB Global Custodian for other EB transactions and to hold non-CP Securities indirectly at DTC.

(viii) DTC's disclaimer of liability to: (A) any CP Participant as a result of acting on instructions from EB or providing EB the Delivery Information or the CP Securities Report pursuant to Rule 34; (B) EB as a result of acting on instructions from a CP Participant pursuant to Rule 34; (C) EB or any CP Participant as a result of any loss relating to Rule 34, unless caused directly by DTC's gross negligence, willful misconduct, or violation of Federal securities laws for which there is a private rights of action; and (D) to any third party for any reason, including without limitation, DEGCL.

Implementation Timeframe

This proposed rule change will be implemented on the later of: (i) the date of Commission approval of this filing; and (ii) the date of a Commission order approving the EB CA-1 Amendment, authorizing EB to offer EB CMS to U.S. EB Collateral Participants for U.S. equities. Participants would be advised of the implementation date through the issuance of a DTC Important Notice.

(b) Statutory Basis

DTC believes that 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 particular Section 17A(b)(3)(F) of the Act¹⁶ and Rule 17Ad-22(d)(7) promulgated thereunder.¹⁷

Section 17A(b)(3)(F) of the Act¹⁸ requires, *inter alia*, that the rules of the clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. DTC understands that EB is currently an indirect participant holding DTC Eligible Securities through one or more other financial institutions that are direct Participants. By establishing a direct link between DTC and EB so that DTC Participants may more directly deploy their securities collateral for EB Collateral Transactions, the transactions would be processed with EB more efficiently, thus promoting prompt and accurate transactions and the safeguarding of securities and funds in the custody or control of DTC, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

Rule 17Ad-22(d)(7)¹⁹ promulgated under the Act requires that a clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to evaluate the potential sources of risks that can arise when the clearing agency establishes links either cross-border or domestically to clear or settle trades, and ensure that the risks are managed

¹⁶ 15 U.S.C. 78q-1(b)(3)(F).

¹⁷ 17 CFR 240.17Ad-22(d)(7).

¹⁸ 15 U.S.C. 78q-1(b)(3)(F).

¹⁹ 17 CFR 240.17Ad-22(d)(7).

prudently on an ongoing basis. In developing the proposed EB Link, DTC evaluated the risks that could arise by establishing a link with EB, a foreign central securities depository. DTC determined that because all Deliveries between CP Sub-Accounts and the EB Account would be subject to DTC risk management controls and would be limited to Free Deliveries, there should be minimum risk, in particular, no funds settlement risk, for this link. As such, DTC believes the proposed EB Link is consistent with DTC's obligations under Rule 17Ad-22(d)(7), cited above.

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

DTC does not believe that the proposed rule change would have any impact, or impose any burden, on competition because it would establish an EB Link to which any CP Participant would have access.

Item 5. 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 been solicited or received. DTC will notify the Commission of any written comments received by DTC.

Item 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.

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

Item 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.

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

Not applicable.

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

Not applicable.

Item 11. Exhibits

Exhibit 1 – Not applicable.

Exhibit 1A – Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 2 – Not applicable.

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed Changes to DTC Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[_____]; File No. SR-DTC-2016-004)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Establish a Link With Euroclear

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 June 3, 2016, 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 DTC. DTC filed the proposed rule change pursuant to Section 19(b)(2) of the Act.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change consists of amendments to the Rules, By-Laws and Organization Certificate of The Depository Trust Company (the “Rules”) in order to add new Rule 34 (EB Link) to establish a link (“EB Link”) between DTC and Euroclear Bank SA/NV (“EB”) for DTC Participants that are also EB participants (“CP Participants”) to use Securities held at DTC for EB Collateral Transactions (as defined below). The

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(2).

proposed Rule 34 specifies the Accounts, Free Deliveries, and the terms and conditions that together comprise collateral positioning (“Collateral Positioning” or “CP”) for CP Participants. The proposed rule change would: (i) allow CP Participants to designate a sub-account for Collateral Positioning (a “CP Sub-Account”) of Securities selected by the CP Participant (the “CP Securities”) to Deliver to EB; and (ii) establish the Securities Account of EB (the “EB Account”) on the books of DTC to receive and hold such CP Securities. DTC understands that EB would then credit such CP Securities to an account it maintains on its books for such CP Participant for use in transfers on the books of EB (“EB Collateral Transactions”) in connection with EB’s collateral management services (“EB CMS”), as described below.⁴

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

⁴ On May 9, 2016, EB filed an application with the U.S. Securities and Exchange Commission (“Commission”) on Form CA-1, seeking to amend its existing exemption from clearing agency registration by expanding its existing exemption to authorize EB to offer EB CMS to its U.S. participants for U.S. equities (the “EB CA-1 Amendment”). DTC understands that the EB CA-1 Amendment is necessary for EB to offer EB CMS, and consequently, the DTCC Euroclear Global Collateral Ltd. (“DEGCL”) Inventory Management Service (“DEGCL IMS”), to U.S. participants for U.S. equities. Commission approval of this proposed rule change to add new Rule 34 (EB Link) would have no effect on the authority of EB pursuant to the EB CA-1 Amendment. In addition, this proposed rule change provides that it would not be implemented until the EB CA-1 Amendment is approved by the Commission.

summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The proposal would add new Rule 34 (EB Link) to establish the EB Link between DTC and EB for CP Participants to use Securities held at DTC for EB Collateral Transactions. The proposed Rule 34 specifies the Accounts, Free Deliveries, and the terms and conditions that together comprise Collateral Positioning for CP Participants. The proposed rule change would: (i) allow CP Participants to designate a CP Sub-Account of CP Securities to Deliver to EB; and (ii) establish the EB Account on the books of DTC to receive and hold such CP Securities. DTC understands that EB would then credit such CP Securities to an account it maintains on its books for such CP Participant for use in EB Collateral Transactions in connection with EB CMS, as described below.

i. Background

(a) New Regulations Require Better Access to and Management of Securities Collateral

New and enhanced regulatory requirements are leading derivative and financing counterparties to seek increased efficiency in the availability and deployment of collateral and streamlined margin processing. More specifically, the phase-in period of the Basel III liquidity rules,⁵ as well as recent regulatory changes by the Commodity Futures

⁵ Basel Committee on Banking Supervision, *Basel III: A global framework for more resilient banks and the banking system*, December 2010 and revised June

Trading Commission,⁶ the U.S. prudential regulators,⁷ European Market Infrastructure Regulation,⁸ and the Basel Committee on Banking Supervision (“BCBS”) and the International Organization of Securities Commissions (“IOSCO”),⁹ have resulted in increased capital requirements, mandatory central clearing of more derivatives transactions, and new margining rules for bilateral trades, driving a significant increased demand for high quality collateral.

These regulatory changes further include requirements for initial margin for counterparties as well as a reduction or removal of thresholds for variation margin.¹⁰ It is

2011; Basel Committee on Banking Supervision, Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools, January 2013; Basel Committee on Banking Supervision, Basel III: the net stable funding ratio, October 2014, available at www.bis.org/bcbs/basel3.htm.

⁶ Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants, 81 FR 635 (January 6, 2016); 17 CFR parts 23 and 140.

⁷ Margin and Capital Requirements for Covered Swap Entities, 80 FR 74840 (November 30, 2015); 12 CFR parts 45, 237, 349, 624 and 1221. The U.S. prudential regulators include: Office of the Comptroller of the Currency - Treasury, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Farm Credit Administration, and the Federal Housing Finance Agency.

⁸ European Supervisory Authorities’ (ESAs) Final Draft Regulatory Technical Standards on risk-mitigation techniques for OTC-derivative contracts not cleared by a CCP under Article 11(15) of Regulation (EU) No 648/2012 (EMIR), available at <https://www.esa.europa.eu/documents/10180/1398349/RTS+on+Risk+Mitigation+Techniques+for+OTC+contracts+%28JC-2016-+18%29.pdf/fb0b3387-3366-4c56-9e25-74b2a4997e1d>.

⁹ BCBS-IOSCO, Margin requirements for non-centrally cleared derivatives (March 2015), available at <http://www.bis.org/bcbs/publ/d317.htm>.

¹⁰ Initial margin means money, securities, or property posted by a party to a swap as performance bond to cover potential future exposures arising from changes in the

expected that the inclusion of initial margin will significantly increase the amount of collateral required and will create additional margin calls by affected counterparties. In addition, it is expected that the removal or reduction of thresholds for variation margin will mean any changes in underlying valuations may trigger increased margin calls requiring market participants to hold additional collateral available for posting. Also, these regulatory changes include new restrictions on eligible collateral, requiring the use of highly liquid assets, prescribed haircuts, segregation requirements, as well as a prohibition on rehypothecation for initial margin. Given these forthcoming requirements, counterparties would need to access and deploy collateral more effectively.

(b) Proposed Rule Change Would Support DEGCL
IMS

DEGCL is a United Kingdom (“UK”) joint venture of DTCC and Euroclear S.A./N.V. (“Euroclear”), authorized by the Financial Conduct Authority (“FCA”) in the UK as a “service company”¹¹ in accordance with applicable law of the UK. DEGCL was

market value of the position. Variation margin means a payment made by or collateral posted by a party to a swap to cover the current exposure arising from changes in the market value of the position since the trade was executed or the previous time the position was marked to market. See 17 CFR 23.700.

¹¹ DEGCL was authorized as a “service company” by the FCA on March 29, 2016. A “service company,” as defined in the FCA Handbook, Glossary, is: “[A] firm whose only permitted activities are making arrangements with a view to transactions in investments, and agreeing to carry on that regulated activity, and whose Part 4A permission: (a) incorporates a limitation substantially to the effect that the firm carry on regulated activities only with market counterparties or intermediate customers; and (b) includes requirements substantially to the effect that the firm must not: (i) guarantee, or otherwise accept responsibility for, the performance, by a participant in arrangements made by the firm in carrying on regulated activities, of obligations undertaken by that participant in connection with those arrangements; or (ii) approve any financial promotion on behalf of any other person or any specified class of persons; or (iii) in carrying on its regulated

formed for the purpose of offering global information, record keeping, and processing services for derivatives collateral transactions and other types of financing transactions. DEGCL seeks to provide services to its users, including buy-side and sell-side financial institutions, in meeting their risk management and regulatory requirements for the holding and exchange of collateral, as required by these new regulatory requirements.

In particular, DEGCL IMS would address the increased demand for cross-border availability of securities collateral, some of which may be held at DTC. The purpose of DEGCL IMS is to offer to its users a more global view of their collateral assets and support cross-border mobility and to integrate information and record keeping for collateral use of Securities held at DTC and EB.

DEGCL IMS would be operated by EB and other entities in the Euroclear group, as the service provider to DEGCL, in accordance with appropriate agreements among these parties and in compliance with applicable regulatory requirements. There is no direct relationship between DTC and DEGCL IMS. DEGCL IMS would be offered to any financial institution that is both a DTC Participant and a participant of EB that has elected to use EB CMS (“EB Collateral Participant”).

(ii) EB Link and Collateral Positioning Would Offer Global Collateral Mobility for Securities Held at DTC by CP Participants

The proposed rule change would establish the EB Link between DTC and EB through which a CP Participant could Deliver Securities from its Account to its CP Sub-

activities, provide services otherwise than in accordance with documents (of a kind specified in the requirement) provided by the firm to the FCA.” FCA Handbook, Glossary, available at <https://www.handbook.fca.org.uk/handbook/glossary>.

Account and, from there, to the EB Account at DTC. The object is for EB to then credit the Securities to an account of the CP Participant on the books of EB for use in EB CMS.

For purposes of the EB Link, EB has become a Participant of DTC,¹² in order to establish the EB Account to which CP Securities would be credited. Accordingly, EB would act in two capacities: (i) on its own behalf as a Participant of DTC, to maintain the EB Account in which CP Securities may be held, so that EB may effect book entry transfers of those Securities on its own books and records; and (ii) on behalf of each CP Participant as the representative (the “CP Representative”) of such CP Participant, to provide instructions to DTC on the CP Participant’s behalf for the Delivery of CP Securities from the CP Sub-Account, and to receive certain information (x) once each Business Day, identifying the CP Securities that are credited to the CP Sub-Account at the time of the report (the “CP Securities Report”), and (y) that specified CP Securities have been Delivered into or out of the CP Sub-Account, and/or that an instruction has been given to DTC to Deliver specified CP Securities out of the CP Sub-Account, as applicable (the “Delivery Information”).

The CP Participant would authorize EB as its CP Representative, to provide instructions on its behalf, and to receive the CP Securities Report and Delivery Information. Both the CP Securities Report and Delivery Information would include, with respect to the CP Securities specified therein, the following information: (i) the

¹² EB was accepted as a Participant on February 18, 2016. Upon approval of EB as a Participant, EB, like any other Participant, signed a Participant’s Agreement pursuant to which it agreed, *inter alia*, that the DTC Rules shall be a part of the terms and conditions of every contract or transaction that EB may make or have with DTC, including the Regulation Systems Compliance and Integrity testing requirements set forth in DTC Rule 2 (Participants and Pledges).

CUSIP, ISIN, or other identification number of the CP Securities; and (ii) the number of shares or other units or principal amount of the CP Securities.

The CP Participant would instruct DTC to Deliver the CP Securities from the CP Participant's Account to its CP Sub-Account. After the CP Securities have been credited to the CP Sub-Account, EB, as CP Representative, may instruct DTC to make a Free Delivery of the appropriate CP Securities from the CP Sub-Account to the EB Account.¹³ All Deliveries from the CP Participant's Account to its CP Sub-Account and from the CP Sub-Account to the EB Account would be Free Deliveries, subject to DTC risk management controls.¹⁴

After CP Securities have been credited to the EB Account, it would then be EB's responsibility to credit them to an account at EB maintained for the CP Participant, as an EB Collateral Participant. The originating CP Participant, as an EB Collateral

¹³ EB would determine the eligibility of CP Securities for DEGCL IMS on the basis of the eligibility profile provided to DEGCL by its user counterparties, and subject to EB's securities eligibility rules.

¹⁴ DTC risk management controls, including Collateral Monitor and Net Debit Cap (as defined in Rule 1, Section 1 of the DTC Rules, supra note 1), are designed so that DTC may complete system-wide settlement notwithstanding the failure to settle of its largest Participant or affiliated family of Participants. The Collateral Monitor tests whether a Receiver has adequate collateral to secure the amount of its net debit balance. The Net Debit Cap limits the Net Debit Balance of a Participant so that it cannot exceed DTC liquidity resources for settlement. Pursuant to these controls under applicable DTC Rules and Procedures, any Delivery instruction order to a CP Sub-Account that would cause the CP Participant to exceed its Net Debit Cap (which a Free Delivery should not) or to have insufficient DTC collateral to secure its obligations to DTC (which is possible), would not be processed by DTC. CP Deliveries would be processed in the same order and with the same priority as otherwise provided in the DTC Rules and Procedures (i.e., such Deliveries would not take precedence over any other type of Delivery in the DTC system).

Participant, may then choose to hold the CP Securities in an account at EB, pending use in any EB Collateral Transaction, or transfer the CP Securities on the books of EB to one or more other EB Collateral Participants in connection with EB Collateral Transactions.

EB may instruct DTC to Deliver CP Securities from the EB Account to the CP Sub-Account from which such CP Securities originated. This may occur if: (i) the CP Participant as a DEGCL IMS user changes its DEGCL IMS inventory profile in a way that renders the CP Securities credited to the EB Account no longer eligible for DEGCL IMS; (ii) the CP Participant submits a Delivery instruction for such CP Securities;¹⁵ or (iii) the CP Securities are subject to a corporate action or tax event.¹⁶

EB may also instruct DTC to Deliver CP Securities from the EB Account to the Securities Account of a Participant that EB has designated as its global custodian (“EB Global Custodian”).¹⁷ The CP Securities held in the EB Account are held there exclusively for EB Collateral Transactions, so this proposed rule change would require EB to Deliver CP Securities from the EB Account to the Securities Account of the EB

¹⁵ If at any time a CP Participant has a pending instruction for Delivery of Securities that had been Delivered from its CP Sub-Account to the EB Account, DTC understands that EB would instruct DTC to Deliver those Securities from the EB Account back to the CP Sub-Account from which they originated.

¹⁶ If EB does not Deliver the CP Securities back to the CP Sub-Account of the CP Participant prior to the applicable record date for a corporate action, the corporate action would be processed by DTC in the ordinary course to EB as the Participant holding the Securities on the Record Date.

¹⁷ EB has not been a direct DTC Participant or had a Securities Account at DTC prior to this proposed EB Link; EB has held Eligible Securities only as an indirect participant through a bank that it characterizes as its “global custodian” and that is a DTC Participant. The EB Link is proposed to be established for, and expressly limited to, Collateral Positioning in connection with EB Collateral Transactions. EB may continue to use the EB Global Custodian for other EB transactions and to hold non-CP Securities indirectly at DTC.

Global Custodian in connection with any liquidation of those CP Securities.

(iii) Proposed Rule Change

The proposed rule change would add Rule 34 to the DTC Rules, to provide for:

- (i) The establishment and maintenance of a CP Sub-Account for each CP Participant;
- (ii) The establishment and maintenance of the EB Account for the purpose of Collateral Positioning Deliveries;
- (iii) Free Deliveries of CP Securities by a CP Participant from an Account of the CP Participant to its CP Sub-Account, and back to (A) the originating Account of the CP Participant; (B) another Non-CP Account of the CP Participant; or (C) the Account of another Participant;
- (iv) Free Deliveries of CP Securities as instructed by EB, as CP Representative of the CP Participant, from the CP Sub-Account of the CP Participant to the EB Account;
- (v) Free Deliveries of CP Securities as instructed by EB from the EB Account to (A) the CP Sub-Account from which such CP Securities originated, or (B) the Account of the EB Global Custodian;
- (vi) Information to be provided by DTC to EB, as CP Representative of the CP Participant, specifically, the CP Securities Report and the Delivery Information;
- (vii) The requirement that Deliveries provided in the proposed rule change must be Free Deliveries, and shall be subject to the terms and provisions of the DTC Rules and the Procedures applicable to the Deliveries of Securities, including DTC risk management controls; and

(viii) DTC's disclaimer of liability to: (A) any CP Participant as a result of acting on instructions from EB or providing EB the Delivery Information or the CP Securities Report pursuant to Rule 34; (B) EB as a result of acting on instructions from a CP Participant pursuant to Rule 34; (C) EB or any CP Participant as a result of any loss relating to Rule 34, unless caused directly by DTC's gross negligence, willful misconduct, or violation of Federal securities laws for which there is a private rights of action; and (D) to any third party for any reason, including without limitation, DEGCL.

Implementation Timeframe

This proposed rule change will be implemented on the later of: (i) the date of Commission approval of this filing; and (ii) the date of a Commission order approving the EB CA-1 Amendment, authorizing EB to offer EB CMS to U.S. EB Collateral Participants for U.S. equities. Participants would be advised of the implementation date through the issuance of a DTC Important Notice.

2. Statutory Basis

DTC believes that the proposed rule change is consistent with the requirements of the Act, and the rules and regulations thereunder applicable to DTC, in particular Section 17A(b)(3)(F) of the Act¹⁸ and Rule 17Ad-22(d)(7) promulgated thereunder.¹⁹

Section 17A(b)(3)(F) of the Act²⁰ requires, inter alia, that the rules of the clearing

¹⁸ 15 U.S.C. 78q-1(b)(3)(F).

¹⁹ 17 CFR 240.17Ad-22(d)(7).

²⁰ 15 U.S.C. 78q-1(b)(3)(F).

agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. DTC understands that EB is currently an indirect participant holding DTC Eligible Securities through one or more other financial institutions that are direct Participants. By establishing a direct link between DTC and EB so that DTC Participants may more directly deploy their securities collateral for EB Collateral Transactions, the transactions would be processed with EB more efficiently, thus promoting prompt and accurate transactions and the safeguarding of securities and funds in the custody or control of DTC, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

Rule 17Ad-22(d)(7)²¹ promulgated under the Act requires that a clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to evaluate the potential sources of risks that can arise when the clearing agency establishes links either cross-border or domestically to clear or settle trades, and ensure that the risks are managed prudently on an ongoing basis. In developing the proposed EB Link, DTC evaluated the risks that could arise by establishing a link with EB, a foreign central securities depository. DTC determined that because all Deliveries between CP Sub-Accounts and the EB Account would be subject to DTC risk management controls and would be limited to Free Deliveries, there should be minimum risk, in particular, no funds settlement risk, for this link. As such, DTC believes the proposed EB Link is consistent with DTC's obligations under Rule 17Ad-22(d)(7), cited above.

²¹ 17 CFR 240.17Ad-22(d)(7).

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

DTC does not believe that the proposed rule change would have any impact, or impose any burden on competition because it would establish an EB Link to which any CP Participant would have access.

(C) Clearing Agency'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 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 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate 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 or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule 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:

- 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-2016-004 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-2016-004. 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 am and 3:00 pm. 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; 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 File Number SR-DTC-2016-004 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.²²

Secretary

²² 17 CFR 200.30-3(a)(12).

Bold, underlined text indicates additions.

~~Bold, strikethrough~~ text indicates deletions.

RULES, BY-LAWS
AND ORGANIZATION CERTIFICATE
OF
THE DEPOSITORY TRUST COMPANY

RULE 34

EB LINK

Section 1. For purposes of this Rule 34:

“Collateral Positioning” means the Free Delivery of CP Securities by a CP Participant to its CP Sub-Account and the Free Delivery of such CP Securities from its CP Sub-Account to the EB Account, so that EB may credit such CP Securities to an account it maintains for such CP Participant, for use in EB Collateral Transactions. The adjectival use of “CP” throughout this Rule 34 refers to terms or matters relating and limited to “Collateral Positioning” under this Rule 34.

“CP Participant” means a Participant for which the Corporation maintains a CP Sub-Account. A CP Participant must also be an EB Collateral Participant and a user of DEGCL IMS, in accordance with applicable EB agreements, rules, and procedures, and such user agreements and terms and conditions of usage as DEGCL shall require for DEGCL IMS.

“CP Representative” means a Participant authorized by a CP Participant to provide instructions, on its behalf, for the Delivery of CP Securities from the CP Sub-Account to the EB Account, and to receive the CP Securities Report and Delivery Information with respect to its CP Sub-Account, as provided in this Rule 34.

“CP Securities” means Eligible Securities that a CP Participant designates as such by instructing the Corporation to make a Free Delivery thereof to its CP Sub-Account, which are credited to the CP Sub-Account or the EB Account. Securities shall cease being CP Securities when credited to any Non-CP Account or Securities Account of another Participant other than the EB Account, including an Account of the EB Global Custodian.

“CP Securities Report” means, with respect to a CP Sub-Account, the following information identifying the CP Securities that are, at the time of such report, credited to such CP Sub-Account: (i) the CUSIP, ISIN, or other identification number of the CP

Securities, and (ii) the number of shares or other units or principal amount of the CP Securities.

“CP Sub-Account” means, with respect to a CP Participant, the sub-account within a Securities Account of the CP Participant that is so designated by the CP Participant.

“DEGCL” means DTCC-Euroclear Global Collateral Ltd., a company organized in the United Kingdom that is a joint venture between DTCC and Euroclear.

“DEGCL IMS” means the “Inventory Management Service” provided by DEGCL, operated for DEGCL by Euroclear and EB, with respect to CP Participants and CP Securities.

“Delivery Information” means, with respect to any CP Sub-Account at the time such information is provided, the information that (x) specified CP Securities have been Delivered into or out of the CP Sub-Account; (y) an instruction has been given to the Corporation by the CP Participant to Deliver specified CP Securities out of the CP Sub-Account; and (z) specifies those CP Securities referenced in (x) and (y) of this definition by CUSIP, ISIN, or other identification number and the number of shares or other units or principal amount thereof.

“DTCC” means The Depository Trust & Clearing Corporation, a company organized in New York that is the corporate parent of the Corporation and a party to the DEGCL joint venture.

“EB” means Euroclear Bank SA/NV, a company organized in Belgium that is an international central securities depository and a Participant.

“EB Account” means the Securities Account of EB established pursuant to this Rule 34 for Collateral Positioning.

“EB CMS” means those collateral management services provided by EB, on its books and records, to EB Collateral Participants which EB offers as “collateral management services”, “CMS”, or its “Collateral Highway”, pursuant to applicable agreements, rules and procedures of EB concerning the provision of such services.

“EB Collateral Participant” means a participant of EB that has, in accordance with EB agreements, rules, and procedures, elected to use EB CMS.

“EB Collateral Transaction” means, with respect to an EB Collateral Participant, any transfer on the books of EB of CP Securities in connection with EB CMS, pursuant to applicable agreements of such EB Collateral Participant with its counterparty EB Collateral Participant and agreements, rules and procedures of EB, but excluding EB Liquidating Transactions.

“EB Global Custodian” means the Participant through which EB holds Eligible Securities other than CP Securities, and which is designated by EB as the EB Global Custodian for

purposes of Section 5(iii) of this Rule 34. EB shall, in a manner specified by the Corporation, notify the Corporation of the designation of its EB Global Custodian.

“EB Link” means the arrangement between the Corporation, CP Participants and EB provided in this Rule 34 for the purpose of Collateral Positioning.

“EB Liquidating Transaction” means a transfer on the books of EB of CP Securities from an EB Collateral Participant’s collateral account to a non-collateral account at EB in order to liquidate CP Securities when an EB Collateral Participant has defaulted on its obligations in respect of any Collateral Transaction.

“Euroclear” means Euroclear SA/NV, a company organized in Belgium that is the corporate parent of EB and a party to the DEGCL joint venture.

“Non-CP Account” means, with respect to a CP Participant, any Securities Account of a CP Participant or sub-account of a Securities Account of such CP Participant other than its CP Sub-Account.

Section 2. Establishment of a CP Sub-Account for a CP Participant; Authorization of Representative. A Participant may, in the manner specified by the Corporation, request that the Corporation establish and maintain for such Participant a CP Sub-Account. The request to establish the CP Sub-Account shall constitute: (i) the authorization of EB to be such Participant’s CP Representative; and (ii) the representation and warranty of the requesting Participant that (x) it is an EB Collateral Participant and a user of DEGCL IMS, and (y) it shall conduct business in the CP Sub-Account as provided in this Rule 34 and otherwise pursuant to the Rules and Procedures of the Corporation, and in compliance with applicable law. The Corporation may accept or rely upon any instruction given to it by the CP Representative as though such instruction had been received from the CP Participant for which the CP Representative is acting. Each CP Participant’s CP Representative shall be EB.

Section 3. Establishment of EB Account; Credit of CP Securities at EB. EB may, in the manner specified by the Corporation, request that the Corporation establish and maintain the EB Account. The request to establish and maintain the EB Account shall constitute the representation and warranty of EB that the CP Securities Delivered to such EB Account are and shall be held by it for EB Collateral Transactions. When CP Securities are Delivered to the EB Account from a CP Sub-Account, EB shall credit those CP Securities to an account it maintains for such CP Participant, for use in EB Collateral Transactions.

Section 4. Free Deliveries of CP Securities by a CP Participant. A CP Participant may, from time to time, instruct the Corporation to: (i) make a Free Delivery of Eligible Securities from a Non-CP Account of such CP Participant to its CP Sub-Account, whereupon such Securities shall be CP Securities; (ii) make a Free Delivery of such CP Securities from its CP Sub-Account to a Non-CP Account of such CP Participant, whereupon such Securities shall no longer be CP Securities; or (iii) make a Free Delivery of

such CP Securities from its CP Sub-Account to the Securities Account of another Participant, whereupon such Securities shall no longer be CP Securities.

Section 5. Free Deliveries of CP Securities by EB. EB may, from time to time: (i) instruct the Corporation, as CP Representative of the CP Participant, to make a Free Delivery of CP Securities from the CP Sub-Account of the CP Participant to the EB Account; (ii) instruct the Corporation to make a Free Delivery of CP Securities from the EB Account to the CP Sub-Account from which those CP Securities were originally Delivered; or (iii) in connection with an EB Liquidating Transaction, instruct the Corporation to make a Free Delivery of CP Securities from the EB Account to the Securities Account of the EB Global Custodian, whereupon such Securities shall no longer be CP Securities.

Section 6. CP Securities Report. The Corporation shall provide to EB, as CP Representative of the CP Participant, once each Business Day at such time as the Corporation may agree, a CP Securities Report with respect to the CP Securities then credited to the CP Sub-Account of such CP Participant. The Corporation shall provide such CP Securities Report to EB through such dedicated communications channels, satisfactory to the Corporation in its sole discretion, as EB shall specify and arrange for the Corporation to use for this purpose.

Section 7. Delivery Information. The Corporation shall provide to EB, as CP Representative of the CP Participant, Delivery Information with respect to each Delivery to and from the CP Sub-Account. The Corporation shall provide such Delivery Information to EB through such dedicated communications channels, satisfactory to the Corporation in its sole discretion, as EB shall specify and arrange for the Corporation to use for this purpose.

Section 8. Deliveries of Securities. All Deliveries of Securities pursuant to this Rule 34 shall be subject to the terms and conditions of these Rules and the Procedures applicable to Deliveries of Securities more generally. Referring in particular, but without limitation, to Section 1 of Rule 9(B), in the event that there has been a Free Delivery of CP Securities from the CP Sub-Account of a CP Participant to the EB Account, and the CP Participant nevertheless instructs the Corporation to Deliver such CP Securities to another Account, the Corporation shall not act on an instruction from such CP Participant to Deliver such CP Securities from its CP Sub-Account to a Non-CP Account or to the Securities Account of another Participant unless such CP Securities have first been Delivered, pursuant to an instruction given by EB to the Corporation, from the EB Account to the CP Sub-Account from which they originated. Only Free Deliveries of CP Securities are permitted by this Rule 34.

Section 9. Certain Other Matters. The Corporation shall have no liability:

(a) to any CP Participant as a result of the Corporation:

(1) acting on instructions from EB pursuant to Section 5 of this Rule 34 to Deliver CP Securities (even if the Corporation has received conflicting instructions with

- respect to the same Securities on the same Business Day from such CP Participant pursuant to Section 4 of this Rule 34);**
- (2) providing the CP Securities Report relating to such CP Participant to EB pursuant to Section 6 of this Rule 34; or**
- (3) providing the Delivery Information relating to such CP Participant to EB pursuant to Section 7 of this Rule 34;**
- (b) to EB as a result of the Corporation acting on instructions from a CP Participant pursuant to Section 4 of this Rule 34 to Deliver CP Securities (even if the Corporation has received conflicting instructions with respect to the same CP Securities on the same Business Day from EB pursuant to Section 5 of this Rule 34);**
- (c) to any CP Participant or EB as a result of (i) any loss or liability suffered or incurred by such CP Participant or EB arising out of or relating to the matters subject to this Rule 34, unless caused directly by the Corporation's gross negligence, willful misconduct, or violation of Federal securities law for which there is a private right of action; or (ii) any force majeure, market disruption, or technical malfunction that prevents the Corporation from performing its obligations to the parties pursuant to this Rule 34; or**
- (d) to any third party for any reason, including, without limitation, DEGCL.**

Section 10. Implementation. This Rule 34 shall be implemented on the later of: (i) the date of Commission approval of this filing; and (ii) the date of a Commission order approving the Form CA-1 filed by EB on May 9, 2016, authorizing EB to offer EB CMS to U.S. EB Collateral Participants for U.S. equities. Upon such implementation date, this Section 10 shall be deleted in its entirety.