

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of \*       SECURITIES AND EXCHANGE COMMISSION      File No.\* SR -  - \*   
 WASHINGTON, D.C. 20549      Form 19b-4      Amendment No. (req. for Amendments \*)

Filing by The Depository Trust Company  
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<b>Initial *</b>	<b>Amendment *</b>	<b>Withdrawal</b>	<b>Section 19(b)(2) *</b>	<b>Section 19(b)(3)(A) *</b>	<b>Section 19(b)(3)(B) *</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			<b>Rule</b>		
<b>Pilot</b>	<b>Extension of Time Period for Commission Action *</b>	<b>Date Expires *</b>	<input type="checkbox"/> 19b-4(f)(1)	<input checked="" type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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)	

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

<b>Exhibit 2 Sent As Paper Document</b>	<b>Exhibit 3 Sent As Paper Document</b>
<input type="checkbox"/>	<input type="checkbox"/>

**Description**

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

The Depository Trust Company is proposing to amend the Redemptions Service Guide to reflect the migration of Redemptions functions to Corporate Action Web and the transition of corporate action announcements to ISO 20022 messaging.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \*       Last Name \*   
 Title \*   
 E-mail \*   
 Telephone \*       Fax

**Signature**

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

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

(Title \*)

Date         
 By      

(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 \***

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

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

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

Add Remove View

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

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

Add Remove View

Exhibit Sent As Paper Document

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

**Exhibit 3 - Form, Report, or Questionnaire**

Add Remove View

Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

Add Remove View

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

**Exhibit 5 - Proposed Rule Text**

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

## 1. Text of Proposed Rule Change

(a) The proposed rule change by The Depository Trust Company (“DTC”) would revise its Procedures<sup>1</sup> set forth in the Guide to: (1) update its corporate action service by transitioning corporate action<sup>2</sup> functions on its Participant Terminal System (“PTS”) and its Participant Browser Service (“PBS”) systems<sup>3</sup> for the processing of Redemptions to its Corporate Action Web (“CA Web”) system; (2) reflect the transition from DTC’s proprietary Computer-to-Computer Facility (“CCF”) files to International Organization for Standardization (“ISO”) 20022 messaging to communicate corporate action announcements (“Announcements”); (3) establish the start date (“Fee Start Date”) for the fee associated with CCF Reorganization Announcement files and the dates for the retirement of all CCF Announcement files; and (4) make other ministerial changes as more fully described below. The changes to the Guide are attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

## 2. Procedures of the Self-Regulatory Organization

---

<sup>1</sup> Each capitalized term not otherwise defined herein has its respective meaning as set forth in the Rules, By-Laws and Organization Certificate of DTC (“DTC Rules”), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>; in the Redemptions Service Guide (“Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Redemptions.pdf?la=en>; and in the Guide to the 2016 DTC Fee Schedule (“Fee Schedule”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/dtcfeeguide.pdf?la=en>.

<sup>2</sup> DTC offers an array of services for processing corporate action events. The services fall into three categories of corporate action events: (i) distributions, such as cash and stock dividends, principal and interest, and capital gain distributions (collectively, “Distributions”); (ii) redemptions such as full and partial calls, final paydowns, and maturities (collectively, “Redemptions”); and (iii) reorganizations, which include both mandatory and voluntary reorganizations such as exchange offers, conversions, Dutch auctions, mergers, puts, reverse stock splits, tender offers, and warrant exercises (collectively, “Reorganizations”).

<sup>3</sup> PTS and PBS are user interfaces for DTC’s Settlement and Asset Services functions. PTS is mainframe-based and PBS is web-based with a mainframe back-end. Participants may use either PTS or PBS, as they are functionally equivalent. References to a particular PTS function in this rule filing include the corresponding PBS function.

<sup>4</sup> CCF is a transmission system for input and output based on various protocols between the mainframe computer facility of a user of DTC’s services and DTC’s mainframe computer facility.

(a) The proposed rule change was approved by the Business, Technology and Operations Committee of the Board of Directors on August 16, 2016.

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

#### (a) Purpose

The proposed rule change by DTC would revise its Procedures set forth in the Guide to: (1) update its corporate action service by transitioning corporate action functions on its PTS and PBS systems for the processing of Redemptions events to CA Web; (2) reflect the transition from DTC's proprietary CCF files to ISO 20022 messaging to communicate Announcements; (3) establish the Fee Start Date associated with CCF Reorganizations Announcement files, and the dates for the retirement of CCF files for all Announcements; and (4) make other ministerial changes as more fully described below.

#### (i) Background

Beginning in 2011, DTC has filed a series of rule changes to update its corporate action services by migrating the corporate action functions for Distributions from PTS/PBS to CA Web, a then new browser user interface,<sup>5</sup> and to implement ISO 20022 messaging to replace DTC's CCF Announcement files.<sup>6</sup> After a Participant testing phase, PTS/PBS functions for Distributions were retired in 2015, and the use of CA Web for processing Distributions became mandatory for all Participants.<sup>7</sup>

#### (ii) Transition to CA Web for Redemptions

With this proposed rule change, DTC would transition PTS/PBS functions for Redemptions to CA Web,<sup>8</sup> and update the Guide to add the appropriate references. The

---

<sup>5</sup> See Securities Exchange Act Release No. 68114 (October 26, 2012); 77 FR 66497 (November 5, 2012) (SR-DTC-2012-08).

<sup>6</sup> See Securities Exchange Act Release No. 63886 (February 10, 2011), 76 FR 9070 (February 16, 2011) (SR-DTC-2011-02); Securities Exchange Act Release No. 68114 (October 26, 2012), 77 FR 66497 (November 5, 2011) (SR-DTC-2012-08).

<sup>7</sup> See Securities Exchange Act Release No. 73864 (December 17, 2014); 79 FR 77063 (December 23, 2014) (SR-DTC-2014-12).

<sup>8</sup> In PTS/PBS, corporate actions are announced using DTC proprietary codes to signify event types. CA Web replaces DTC's proprietary codes with market standard language. For example, a cash dividend payment that PTS/PBS identifies as a "08" function code is identified in CA Web as a "Cash Dividend" event. Additionally, CA Web incorporates the entire lifecycle of an event into one platform with a unique corporate action identifier that follows the event through its lifecycle. CA Web gives Participants the ability to

proposed rule change would establish a parallel testing period for CA Web Redemptions functions beginning in Q4 of 2016 which would conclude in Q1 of 2017, at which time Redemptions activity within the following PTS and corresponding PBS functions would be retired and transitioned to CA Web: ADJI (Adjustment Inquiries), RIPS (Reorganization Inquiry for Participants), and SDAR Dept. R (Same Day Allocation Reporting).<sup>9</sup> DTC has been communicating this change to Participants through weekly CA Web review sessions, Important Notices, and industry outreach.<sup>10</sup>

(iii) CCF Files and ISO 20022

Since 2011, DTC has been encouraging Participants to migrate from CCF Announcement files to ISO 20022 messaging<sup>11</sup> by providing parallel production testing access, an online learning center, hosting ISO specific monthly calls and offering a dedicated mailbox for client inquiries. Certain Participants nonetheless had asked whether DTC could continue supporting CCF Files while they migrated to ISO 20022 messaging, and indicated that they were willing to pay for the continued use of the CCF Files.

In response to these Participant requests, on December 24, 2015, DTC filed a rule change postponing the date for the retirement of CCF Announcement files for Distributions, Redemptions, and Reorganizations, and, in order to encourage the transition to ISO 20022, implementing, in phases, a fee (“CCF File Fee”) for Participants that have not migrated to ISO 20022 messaging and continue to receive the CCF Announcement files.<sup>12</sup> The CCF File Fee is

---

customize screen displays and offers flexible methods for event search, neither of which is available in the PTS/PBS systems.

<sup>9</sup> See PTS/PBS Function Guides, available at <http://www.dtcc.com/matching-settlement-and-asset-services/edl-ptspbs-function-guides>.

<sup>10</sup> See Important Notice B 3253-16 (April 25, 2016); SIFMA Corporate Actions Section Newsletter (June 2015), available at [http://www.sifma.org/uploadedfiles/societies/sifma\\_corporate\\_actions\\_section/cas-newsletter-june2015.pdf?n=65777](http://www.sifma.org/uploadedfiles/societies/sifma_corporate_actions_section/cas-newsletter-june2015.pdf?n=65777).

<sup>11</sup> ISO 20022 is a business-model-based standard for the development of messages for the international financial services industry and can support different messaging syntaxes. It provides the financial industry with a common language to capture business transactions and associated message flows. The use of ISO 20022 messaging improves transparency and adds efficiency in Announcements and the processing of corporate actions. In contrast, CCF files use DTC proprietary functions and activity codes that differ from the market standard. With ISO 20022 messaging, Announcements are event based and identified by a unique corporate action ID. ISO 20022 messages provide more data elements than the CCF files and they are available in near real time throughout the day.

<sup>12</sup> See Securities Exchange Act Release No. 76811 (December 31, 2015), 81 FR 826 (January 7, 2016) (SR-DTC-2015-013).

\$50,000 per event group, per twelve month period. Pursuant to that rule change, the CCF File Fee for Distributions Announcements became effective on January 1, 2016, and the CCF File Fee for Redemptions Announcements became effective on July 1, 2016. The rule change did not provide a CCF Fee Start Date for Reorganizations Announcements.

This proposed rule change would amend the Fee Schedule to reflect a Fee Start Date of January 1, 2018 for Reorganizations Announcements. In addition, the proposed rule change would provide for the retirement of all corporate action CCF files for Announcements in accordance with the schedule below. DTC has communicated with its Participants about the retirement of CCF Announcement files for corporate action events through several DTC Important Notices, industry conferences and monthly industry calls.<sup>13</sup>

The retirement of CCF Announcement files would be implemented in the following phases:

ANNOUNCEMENTS CCF FILES	FEE START DATE	CCF FILE RETIREMENT DATE
Distributions	January 1, 2016	January 1, 2017
Redemptions	July 1, 2016	July 1, 2017
Reorganizations	January 1, 2018	December 31, 2018

Finally, in order to align the Guide to Participants' use of ISO 20022 messaging for Redemptions Announcements, the Guide would be updated to add the appropriate references to ISO 20022.

(iv) Ministerial Changes

The proposed rule change would update the Guide to make ministerial updates to reflect current terminology and practice, and to remove references to outdated functions which had been replaced, as set forth below. The Guide would be updated to:

- 1) Remove references to the functions of PTS that had been replaced by other functions over the past several years: Completion Flash (RIPS provides the same functionality), SDAL (replaced by SDAR), ACLP (replaced by RIPS), PTSI (replaced by dtcc.com and REOG (Reorganization Selection Menu)), and the PTS Network (replaced by RIPS).
- 2) Remove references to the use of PTS Printers, PTS tickets, and PTS Flash. Similar functionality is available electronically on PTS/PBS, and would be

---

<sup>13</sup> See Important Notice B3089-16 (April 1, 2016), available at <http://www.dtcc.com/~media/Files/pdf/2016/4/1/3089-16.pdf>.

available on CA Web.<sup>14</sup>

- 3) Remove references to the PTS Manual, which has been superseded.<sup>15</sup>
- 4) Remove reference to hard copy monthly bills. Hardcopy bills for corporate actions services were discontinued several years ago. Bills are sent via email and are available on iBill on the DTCC Portal.<sup>16</sup>
- 5) Remove the provision that states that the Guide does not cover procedures relating to maturities and redemptions of commercial paper (“CP”) as it is no longer accurate. Currently, DTC does announce CP maturities, and therefore the Guide is applicable.
- 6) Remove references to Next Day Funds Settlement (“NDFS”) service and related processes, which were superseded by DTC’s Same Day Funds Settlement (“SDFS”) Service.<sup>17</sup> NDFS and SDFS ran concurrently until 1996.
- 7) Replace references to Reorganization Notice (REORGN) CCF File, which had been replaced with the REOGN2 CCF File.
- 8) In the section under the heading About Charge-Backs and Adjustments, replace the statement “After crediting you with a redemption payment, DTC occasionally determines that this credit was improper due to an issuer's default on the payment, an error on the part of DTC, or some other reason” with “DTC does not credit proceeds to Participants until it is funded by the issuer/agent. Occasionally, it is determined that the proceeds credited were incorrect.” to reflect the fact that DTC does not credit redemption proceeds to Participants until DTC is funded by the issuer/agent.

---

<sup>14</sup> See Important Notice B5007-09 (April 27, 2009), available at <http://www.dtcc.com/~media/Files/pdf/2009/4/27/5007-09.pdf>; see Important Notice B7046-10 (August 6, 2010), available at <http://www.dtcc.com/~media/Files/pdf/2010/8/2/7046-10.pdf>.

<sup>15</sup> See Securities Exchange Act Release No. 44719 (August 17, 2001), 66 FR 44656 (August 24, 2001) (SR-DTC-2001-01).

<sup>16</sup> See Important Notice B7586-10 (November 8, 2010), available at [www.dtcc.com/~media/Files/pdf/2010/11/8/7586-10.pdf](http://www.dtcc.com/~media/Files/pdf/2010/11/8/7586-10.pdf).

<sup>17</sup> See Securities Exchange Act Release Nos. 24689 (July 9, 1987), 52 FR 26613 (SR-DTC-87-04) (order granting temporary approval to DTC’s SDFS settlement service); 26051 (August 31, 1988), 53 FR 34853 (SR-DTC-88-06) (order granting permanent approval of DTC’s SDFS settlement service).

- 9) In the section under the heading Reorg Deposit Service, correct the statement that DTC’s Reorg Deposits Service allows Participants to deposit Eligible Securities “that are undergoing or have undergone within the last two years, redemptions, maturity or mandatory reorganization maturity processing” to (a) reflect that the Reorg Deposits Service accepts deposits of Eligible Securities that have undergone such processing at any point in time, and (b) remove the reference to “mandatory reorganization maturity processing” as it is duplicative of “maturity”.
- 10) Move screenshots of the “Impartial Lottery Method for Allocating Called Securities” and related images to Appendix A.
- 11) Remove duplicative text.
- 12) Update the text to reflect book-entry and FAST inventory, in addition to physical certificates.
- 13) Clarify and streamline the text to improve readability.
- 14) Add the title of the Guide and update the ‘Important Legal Information’ to align with other DTC service guides.
- 15) Add background information on Redemptions services.
- 16) Correct spelling, grammatical and typographical errors throughout.
- 17) Update other text, including address, phone numbers, website information, and methods of delivering information.

#### Implementation Date

Subject to approval of this filing by the Securities and Exchange Commission (the “Commission”), Participants will be informed 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 Section 17A(b)(3)(F) of the Securities Exchange Act of 1934, as amended (the “Act”).<sup>18</sup>

Section 17A(b)(3)(F) of the Act requires, inter alia, that the DTC Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>19</sup> DTC believes that the proposed rule change would (a) promote efficiencies with a newer and more

---

<sup>18</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>19</sup> Id.



flexible interface for Participants to access Redemptions services, process their Redemptions allocations, and view event information, replacing the less efficient PTS/PBS interface for Redemptions with CA Web, and (b) provide clarity to Participants by updating and streamlining the Guide to better reflect DTC's Redemptions services and practices, including the migration to ISO 20022 messaging and the transition to CA Web, and by making ministerial updates and corrections. Therefore, by promoting efficiencies for Participants' processing of Redemptions at DTC, and updating the Guide to reflect the current state of DTC's services in this regard, the proposed rule change promotes the prompt and accurate clearance and settlement of securities transactions consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

In addition, by establishing the Fee Start Date for the Reorganizations CCF File Fee and the retirement dates for CCF files for Distributions, Redemptions, and Reorganizations Announcements, the proposed rule change would require Participants to complete their transition to ISO 20022 messaging by a date certain. ISO 20022 messaging provides Participants with (a) more data fields than are in CCF files, increasing transparency about the events being announced, and (b) near real-time industry standard messaging, which is not available for CCF files, providing consistency for Participants and accelerating the flow of information, therefore increasing efficiency. Ultimately, DTC expects that Participants would better process their announcements, instructions, entitlements and allocations, promoting the prompt and accurate clearance and settlement of securities transactions consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

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

DTC does not believe that the proposed rule change would have any impact on competition, because the transition from PTS/PBS functions for the processing of Redemptions to CA Web would only enhance and simplify a current service and process, and the retirement of the CCF Announcement files would remove an outdated process and replace it with an improved standard of messaging. Both the CA Web and ISO 20022 messaging would be available to Participants without additional costs. In addition, since Participants have been aware of these forthcoming changes, and any related operational impact on their systems, for several years, DTC believes that, they have had sufficient time to mitigate any implementation costs.

#### **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.

#### **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)<sup>20</sup>

---

<sup>20</sup> 15 U.S.C. 78s(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) This rule filing is made pursuant to Section 19(b)(3)(A) of the Act<sup>21</sup> and subparagraph (f)(4) of the Securities Exchange Act Rule 19b-4.<sup>22</sup>
- (b) The proposed rule change effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities in the custody or control of DTC or for which it is responsible; and (ii) does not significantly affect the respective rights or obligations of DTC or persons using this service, as it would facilitate a more efficient process for communicating and processing Redemptions information.
- (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. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

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

Not applicable.

**11. Exhibits**

Exhibit 1 - Not applicable.

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

Exhibit 2 - Not applicable.

Exhibit 3 - Not applicable.

---

<sup>21</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>22</sup> 17 CFR 240.19b-4(f)(4).

Exhibit 4 - Not applicable.

Exhibit 5 - Proposed Revisions to the Guide and Fee Schedule.

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[\_\_\_\_\_]; File No. SR-DTC-2016-014)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding the Update of its Corporate Action Service for the Processing of Redemptions Events and the Transition to International Organization for Standardization 20022 Messaging for Corporate Action Announcements

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on December 22, 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)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder<sup>4</sup>. The proposed rule change was effective upon filing with the Commission. 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 by DTC would revise its Procedures<sup>5</sup> set forth in the

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4 (f)(4).

<sup>5</sup> Each capitalized term not otherwise defined herein has its respective meaning as set forth in the Rules, By-Laws and Organization Certificate of DTC (“DTC Rules”), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>; in the

Guide to: (1) update its corporate action service by transitioning corporate action<sup>6</sup> functions on its Participant Terminal System (“PTS”) and its Participant Browser Service (“PBS”) systems<sup>7</sup> for the processing of Redemptions to its Corporate Action Web (“CA Web”) system; (2) reflect the transition from DTC’s proprietary Computer-to-Computer Facility (“CCF”)<sup>8</sup> files to International Organization for Standardization (“ISO”) 20022 messaging to communicate corporate action announcements (“Announcements”); (3) establish the start date (“Fee Start Date”) for the fee associated with CCF Reorganization Announcement files and the dates for the retirement of all CCF Announcement files; and (4) make other ministerial changes as more fully described below.

---

Redemptions Service Guide (“Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Redemptions.pdf?la=en>; and in the Guide to the 2016 DTC Fee Schedule (“Fee Schedule”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/dtccfeeguide.pdf?la=en>.

<sup>6</sup> DTC offers an array of services for processing corporate action events. The services fall into three categories of corporate action events: (i) distributions, such as cash and stock dividends, principal and interest, and capital gain distributions (collectively, “Distributions”); (ii) redemptions such as full and partial calls, final paydowns, and maturities (collectively, “Redemptions”); and (iii) reorganizations, which include both mandatory and voluntary reorganizations such as exchange offers, conversions, Dutch auctions, mergers, puts, reverse stock splits, tender offers, and warrant exercises (collectively, “Reorganizations”).

<sup>7</sup> PTS and PBS are user interfaces for DTC’s Settlement and Asset Services functions. PTS is mainframe-based and PBS is web-based with a mainframe back-end. Participants may use either PTS or PBS, as they are functionally equivalent. References to a particular PTS function in this rule filing include the corresponding PBS function.

<sup>8</sup> CCF is a transmission system for input and output based on various protocols between the mainframe computer facility of a user of DTC’s services and DTC’s mainframe computer facility.

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

1. Purpose

The proposed rule change by DTC would revise its Procedures set forth in the Guide to: (1) update its corporate action service by transitioning corporate action functions on its PTS and PBS systems for the processing of Redemptions events to CA Web; (2) reflect the transition from DTC's proprietary CCF files to ISO 20022 messaging to communicate Announcements; (3) establish the Fee Start Date associated with CCF Reorganizations Announcement files, and the dates for the retirement of CCF files for all Announcements; and (4) make other ministerial changes as more fully described below.

(i) Background

Beginning in 2011, DTC has filed a series of rule changes to update its corporate action services by migrating the corporate action functions for Distributions from PTS/PBS to CA Web, a then new browser user interface,<sup>9</sup> and to implement ISO 20022

---

<sup>9</sup> See Securities Exchange Act Release No. 68114 (October 26, 2012); 77 FR 66497 (November 5, 2012) (SR-DTC-2012-08).

messaging to replace DTC's CCF Announcement files.<sup>10</sup> After a Participant testing phase, PTS/PBS functions for Distributions were retired in 2015, and the use of CA Web for processing Distributions became mandatory for all Participants.<sup>11</sup>

(ii) Transition to CA Web for Redemptions

With this proposed rule change, DTC would transition PTS/PBS functions for Redemptions to CA Web,<sup>12</sup> and update the Guide to add the appropriate references. The proposed rule change would establish a parallel testing period for CA Web Redemptions functions beginning in Q4 of 2016 which would conclude in Q1 of 2017, at which time Redemptions activity within the following PTS and corresponding PBS functions would be retired and transitioned to CA Web: ADJI (Adjustment Inquiries), RIPS (Reorganization Inquiry for Participants), and SDAR Dept. R (Same Day Allocation Reporting).<sup>13</sup> DTC has been communicating this change to Participants through weekly CA Web review sessions, Important Notices, and industry outreach.<sup>14</sup>

---

<sup>10</sup> See Securities Exchange Act Release No. 63886 (February 10, 2011), 76 FR 9070 (February 16, 2011) (SR-DTC-2011-02); Securities Exchange Act Release No. 68114 (October 26, 2012), 77 FR 66497 (November 5, 2011) (SR-DTC-2012-08).

<sup>11</sup> See Securities Exchange Act Release No. 73864 (December 17, 2014); 79 FR 77063 (December 23, 2014) (SR-DTC-2014-12).

<sup>12</sup> In PTS/PBS, corporate actions are announced using DTC proprietary codes to signify event types. CA Web replaces DTC's proprietary codes with market standard language. For example, a cash dividend payment that PTS/PBS identifies as a "08" function code is identified in CA Web as a "Cash Dividend" event. Additionally, CA Web incorporates the entire lifecycle of an event into one platform with a unique corporate action identifier that follows the event through its lifecycle. CA Web gives Participants the ability to customize screen displays and offers flexible methods for event search, neither of which is available in the PTS/PBS systems.

<sup>13</sup> See PTS/PBS Function Guides, available at <http://www.dtcc.com/matching-settlement-and-asset-services/edl-ptspbs-function-guides>.

(iii) CCF Files and ISO 20022

Since 2011, DTC has been encouraging Participants to migrate from CCF Announcement files to ISO 20022 messaging<sup>15</sup> by providing parallel production testing access, an online learning center, hosting ISO specific monthly calls and offering a dedicated mailbox for client inquiries. Certain Participants nonetheless had asked whether DTC could continue supporting CCF Files while they migrated to ISO 20022 messaging, and indicated that they were willing to pay for the continued use of the CCF Files.

In response to these Participant requests, on December 24, 2015, DTC filed a rule change postponing the date for the retirement of CCF Announcement files for Distributions, Redemptions, and Reorganizations, and, in order to encourage the transition to ISO 20022, implementing, in phases, a fee (“CCF File Fee”) for Participants that have not migrated to ISO 20022 messaging and continue to receive the CCF

---

<sup>14</sup> See Important Notice B 3253-16 (April 25, 2016); SIFMA Corporate Actions Section Newsletter (June 2015), available at [http://www.sifma.org/uploadedfiles/societies/sifma\\_corporate\\_actions\\_section/cas-newsletter-june2015.pdf?n=65777](http://www.sifma.org/uploadedfiles/societies/sifma_corporate_actions_section/cas-newsletter-june2015.pdf?n=65777).

<sup>15</sup> ISO 20022 is a business-model-based standard for the development of messages for the international financial services industry and can support different messaging syntaxes. It provides the financial industry with a common language to capture business transactions and associated message flows. The use of ISO 20022 messaging improves transparency and adds efficiency in Announcements and the processing of corporate actions. In contrast, CCF files use DTC proprietary functions and activity codes that differ from the market standard. With ISO 20022 messaging, Announcements are event based and identified by a unique corporate action ID. ISO 20022 messages provide more data elements than the CCF files and they are available in near real time throughout the day.



Announcement files.<sup>16</sup> The CCF File Fee is \$50,000 per event group, per twelve month period. Pursuant to that rule change, the CCF File Fee for Distributions Announcements became effective on January 1, 2016, and the CCF File Fee for Redemptions Announcements became effective on July 1, 2016. The rule change did not provide a CCF Fee Start Date for Reorganizations Announcements.

This proposed rule change would amend the Fee Schedule to reflect a Fee Start Date of January 1, 2018 for Reorganizations Announcements. In addition, the proposed rule change would provide for the retirement of all corporate action CCF files for Announcements in accordance with the schedule below. DTC has communicated with its Participants about the retirement of CCF Announcement files for corporate action events through several DTC Important Notices, industry conferences and monthly industry calls.<sup>17</sup>

The retirement of CCF Announcement files would be implemented in the following phases:

ANNOUNCEMENTS CCF FILES	FEE START DATE	CCF FILE RETIREMENT DATE
Distributions	January 1, 2016	January 1, 2017
Redemptions	July 1, 2016	July 1, 2017
Reorganizations	January 1, 2018	December 31, 2018

---

<sup>16</sup> See Securities Exchange Act Release No. 76811 (December 31, 2015), 81 FR 826 (January 7, 2016) (SR-DTC-2015-013).

<sup>17</sup> See Important Notice B3089-16 (April 1, 2016), available at <http://www.dtcc.com/~media/Files/pdf/2016/4/1/3089-16.pdf>.

Finally, in order to align the Guide to Participants' use of ISO 20022 messaging for Redemptions Announcements, the Guide would be updated to add the appropriate references to ISO 20022.

(iv) Ministerial Changes

The proposed rule change would update the Guide to make ministerial updates to reflect current terminology and practice, and to remove references to outdated functions which had been replaced, as set forth below. The Guide would be updated to:

- 1) Remove references to the functions of PTS that had been replaced by other functions over the past several years: Completion Flash (RIPS provides the same functionality), SDAL (replaced by SDAR), ACLP (replaced by RIPS), PTSI (replaced by dtcc.com and REOG (Reorganization Selection Menu)), and the PTS Network (replaced by RIPS).
- 2) Remove references to the use of PTS Printers, PTS tickets, and PTS Flash. Similar functionality is available electronically on PTS/PBS, and would be available on CA Web.<sup>18</sup>
- 3) Remove references to the PTS Manual, which has been superseded.<sup>19</sup>
- 4) Remove reference to hard copy monthly bills. Hardcopy bills for corporate actions services were discontinued several years ago. Bills are sent via email and are available on iBill on the DTCC Portal.<sup>20</sup>

---

<sup>18</sup> See Important Notice B5007-09 (April 27, 2009), available at <http://www.dtcc.com/~media/Files/pdf/2009/4/27/5007-09.pdf>; see Important Notice B7046-10 (August 6, 2010), available at <http://www.dtcc.com/~media/Files/pdf/2010/8/2/7046-10.pdf>.

<sup>19</sup> See Securities Exchange Act Release No. 44719 (August 17, 2001), 66 FR 44656 (August 24, 2001) (SR-DTC-2001-01).

- 5) Remove the provision that states that the Guide does not cover procedures relating to maturities and redemptions of commercial paper (“CP”) as it is no longer accurate. Currently, DTC does announce CP maturities, and therefore the Guide is applicable.
- 6) Remove references to Next Day Funds Settlement (“NDFS”) service and related processes, which were superseded by DTC’s Same Day Funds Settlement (“SDFS”) Service.<sup>21</sup> NDFS and SDFS ran concurrently until 1996.
- 7) Replace references to Reorganization Notice (REORGN) CCF File, which had been replaced with the REOGN2 CCF File.
- 8) In the section under the heading About Charge-Backs and Adjustments, replace the statement “After crediting you with a redemption payment, DTC occasionally determines that this credit was improper due to an issuer’s default on the payment, an error on the part of DTC, or some other reason” with “DTC does not credit proceeds to Participants until it is funded by the issuer/agent. Occasionally, it is determined that the proceeds credited were incorrect.” to reflect the fact that DTC does not credit redemption proceeds to Participants until DTC is funded by the issuer/agent.

---

<sup>20</sup> See Important Notice B7586-10 (November 8, 2010), available at [www.dtcc.com/~media/Files/pdf/2010/11/8/7586-10.pdf](http://www.dtcc.com/~media/Files/pdf/2010/11/8/7586-10.pdf).

<sup>21</sup> See Securities Exchange Act Release Nos. 24689 (July 9, 1987), 52 FR 26613 (SR-DTC-87-04) (order granting temporary approval to DTC’s SDFS settlement service); 26051 (August 31, 1988), 53 FR 34853 (SR-DTC-88-06) (order granting permanent approval of DTC’s SDFS settlement service).

- 9) In the section under the heading Reorg Deposit Service, correct the statement that DTC's Reorg Deposits Service allows Participants to deposit Eligible Securities "that are undergoing or have undergone within the last two years, redemptions, maturity or mandatory reorganization maturity processing" to (a) reflect that the Reorg Deposits Service accepts deposits of Eligible Securities that have undergone such processing at any point in time, and (b) remove the reference to "mandatory reorganization maturity processing" as it is duplicative of "maturity".
- 10) Move screenshots of the "Impartial Lottery Method for Allocating Called Securities" and related images to Appendix A.
- 11) Remove duplicative text.
- 12) Update the text to reflect book-entry and FAST inventory, in addition to physical certificates.
- 13) Clarify and streamline the text to improve readability.
- 14) Add the title of the Guide and update the 'Important Legal Information' to align with other DTC service guides.
- 15) Add background information on Redemptions services.
- 16) Correct spelling, grammatical and typographical errors throughout.
- 17) Update other text, including address, phone numbers, website information, and methods of delivering information.

#### Implementation Date

Subject to approval of this filing by the Commission, Participants will be informed 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 Section 17A(b)(3)(F) of the Act.<sup>22</sup>

Section 17A(b)(3)(F) of the Act requires, inter alia, that the DTC Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>23</sup> DTC believes that the proposed rule change would (a) promote efficiencies with a newer and more flexible interface for Participants to access Redemptions services, process their Redemptions allocations, and view event information, replacing the less efficient PTS/PBS interface for Redemptions with CA Web, and (b) provide clarity to Participants by updating and streamlining the Guide to better reflect DTC's Redemptions services and practices, including the migration to ISO 20022 messaging and the transition to CA Web, and by making ministerial updates and corrections. Therefore, by promoting efficiencies for Participants' processing of Redemptions at DTC, and updating the Guide to reflect the current state of DTC's services in this regard, the proposed rule change promotes the prompt and accurate clearance and settlement of securities transactions consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

In addition, by establishing the Fee Start Date for the Reorganizations CCF File Fee and the retirement dates for CCF files for Distributions, Redemptions, and Reorganizations Announcements, the proposed rule change would require Participants to complete their transition to ISO 20022 messaging by a date certain. ISO 20022

---

<sup>22</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>23</sup> Id.

messaging provides Participants with (a) more data fields than are in CCF files, increasing transparency about the events being announced, and (b) near real-time industry standard messaging, which is not available for CCF files, providing consistency for Participants and accelerating the flow of information, therefore increasing efficiency. Ultimately, DTC expects that Participants would better process their announcements, instructions, entitlements and allocations, promoting the prompt and accurate clearance and settlement of securities transactions consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

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

DTC does not believe that the proposed rule change would have any impact on competition, because the transition from PTS/PBS functions for the processing of Redemptions to CA Web would only enhance and simplify a current service and process, and the retirement of the CCF Announcement files would remove an outdated process and replace it with an improved standard of messaging. Both the CA Web and ISO 20022 messaging would be available to Participants without additional costs. In addition, since Participants have been aware of these forthcoming changes, and any related operational impact on their systems, for several years, DTC believes that, they have had sufficient time to mitigate any implementation costs.

(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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>24</sup> of the Act and subparagraph (f)(4) of Rule 19b-4<sup>25</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2016-2016-014 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-DTC-2016-014. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The

---

<sup>24</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>25</sup> 17 CFR 240.19b-4(f)(4).

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-2016-014 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>26</sup>

Secretary

---

<sup>26</sup> 17 CFR 200.30-3(a)(12).



**EXHIBIT 5**

**Bold, underlined** text indicates additions.

**~~Bold, strikethrough~~** text indicates deletions.

**The Depository Trust Company**  
**Redemptions Service Guide**

Copyright

IMPORTANT LEGAL INFORMATION

The contents of all Service Guides constitute "Procedures" of The Depository Trust Company ("DTC") as defined in the Rules of DTC. If Participants or other authorized users of DTC's services fail to follow these Procedures precisely, DTC shall bear no responsibility for any losses associated with such failures.

In connection with their use of the Corporation's services, Participants and Pledges must comply with all applicable laws, including all applicable laws relating to securities, taxation, and money laundering, **as well as sanctions administered and enforced by the Office of Foreign Assets Control ("OFAC"). As part of their compliance with OFAC sanctions regulations, all Participants and Pledges must agree not to conduct any transaction or activity through DTC that violates sanctions administered and enforced by OFAC.**

From time to time, DTC receives from outside sources notices and other documents, including corporate action information, and communications concerning financial assets. Although DTC may make certain of such documents and communications, or extracts therefrom, ("Information") available to Participants and other authorized users, it shall be under no obligation to do so nor, having once or more done so, shall DTC have a continuing obligation to make available Information of a certain type. Information is not independently verified by DTC and is not intended to be a substitute for obtaining advice from an appropriate professional advisor. Therefore, Participants and other authorized users are advised to obtain and monitor Information independently. In addition, nothing contained in Information made available to Participants and other authorized users shall relieve them of their responsibility under DTC's Rules and Procedures or other applicable contractual obligations to check the accuracy, where applicable, of Participant Daily Activity Statements and all other statements and reports received from DTC and to notify DTC of any discrepancies. **DTC DOES NOT REPRESENT THE ACCURACY, ADEQUACY, TIMELINESS, COMPLETENESS, OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY INFORMATION (AS DEFINED ABOVE) PROVIDED TO PARTICIPANTS AND OTHER AUTHORIZED USERS, WHICH IS PROVIDED AS-IS. DTC SHALL NOT BE LIABLE FOR ANY LOSS**

**RELATED TO SUCH INFORMATION (OR THE ACT OR PROCESS OF PROVIDING SUCH INFORMATION) RESULTING DIRECTLY OR INDIRECTLY FROM MISTAKES, ERRORS, OR OMISSIONS, OTHER THAN THOSE CAUSED DIRECTLY BY GROSS NEGLIGENCE OR WILLFUL MISCONDUCT ON THE PART OF DTC.** Further, such Information is subject to change. Participants and other authorized users should obtain, monitor, and review independently any available documentation relating to their activities and should verify independently information received from DTC.

**DTC SHALL NOT BE LIABLE FOR: (1) ANY LOSS RESULTING DIRECTLY OR INDIRECTLY FROM INTERRUPTIONS, DELAYS, OR DEFECTS ARISING FROM OR RELATED TO ITS SERVICES; AND (2) ANY SPECIAL, CONSEQUENTIAL, EXEMPLARY, INCIDENTAL, OR PUNITIVE DAMAGES.**

The services provided by DTC to its Participants and other authorized users are provided only pursuant to the terms and conditions of the Participants Agreement, which references the Rules and Procedures of DTC, and/or other contractual documents (collectively, the "Contractual Documents"). DTC's obligations to Participants and other authorized users are therefore contractual in nature and are limited solely to those obligations expressly set forth in the Contractual Documents. Participants and other authorized users are obligated to, among other things, follow precisely the procedures outlined in the Contractual Documents and provide DTC with complete and accurate information. In accepting financial assets from Participants and/or providing services to other authorized users, DTC relies, among other things, upon the duty of Participants and other authorized users to exercise diligence in all aspects of each transaction processed through DTC.

Participants and other authorized users expressly acknowledge that the services provided by DTC are ministerial in nature. Moreover, as further reflected by DTC's fee structure (which typically bears no relationship to the dollar value of any given transaction), DTC does not accept any risk of loss to Participants, other authorized users and possible third party beneficiaries with respect to transactions being processed by DTC.

**WHILE THIS SERVICE GUIDE DISCUSSES CERTAIN TAX CONSEQUENCES OF THE VARIOUS CORPORATE ACTIONS DESCRIBED HEREIN, DTC DOES NOT PROVIDE TAX ADVICE. FURTHERMORE, THIS SERVICE GUIDE DOES NOT DISCUSS ALL THE RELEVANT TAX CONSIDERATIONS THAT MAY BE APPLICABLE TO PARTICIPANTS AND OTHER AUTHORIZED USERS. IN ADDITION, THE SUBJECT TAX LAWS AND REGULATIONS MAY BE SUBJECT TO DIFFERING INTERPRETATIONS AND MAY BE CHANGED, PERHAPS RETROACTIVELY. PARTICIPANTS AND OTHER AUTHORIZED USERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING ALL THE RELEVANT TAX CONSEQUENCES OF ANY PARTICULAR CORPORATE ACTION OR OTHER TAXABLE EVENT.**

Copyright © 1999 -~~2013~~ **2016** by The Depository Trust Company ("DTC"). All rights reserved. This work (including, without limitation, all text, images, logos, compilation and design) is copyrighted, is proprietary, and is intended for the exclusive use of DTC's Participants and other authorized users of DTC's services. If this work is received in any electronic medium, authorized users of this work are permitted the limited right to make reproductions and transmissions necessary for downloading and storage of this work on the users' computers. Such users are also permitted to print one or more paper copies from the electronic version for their own use. Other than to this limited extent, no part of this work (including any paper copies thereof or print versions thereof) may be altered, reproduced or distributed (including by transmission) in any form or by any means, or stored in any information storage and retrieval system, without DTC's prior written permission.

REDISTRIBUTION BY PARTICIPANTS OF CERTAIN DATA FILES AND THE INFORMATION PROVIDED BY DTC IS STRICTLY PROHIBITED. FOR PURPOSES OF THIS PROCEDURE, "DATA FILES" SHALL MEAN THE BULK CORPORATE ACTIONS DATA FILES PROVIDED BY DTC TO PARTICIPANTS. EACH DATA FILE PROVIDED BY DTC TO A PARTICIPANT IS AND SHALL CONTINUE TO BE THE PROPERTY OF DTC AND NOT OF ANY PARTICIPANT IN RECEIPT THEREOF; THIS PROCEDURE DOES NOT CONSTITUTE THE GRANT OF ANY LICENSE IN, TO OR FOR THE USE OF, ANY DATA FILE OR INFORMATION DISTRIBUTED HEREUNDER OTHER THAN TO DISTRIBUTE TO ITS ACCOUNT HOLDERS INFORMATION CONTAINED IN ANY DATA FILE IT RECEIVES TO THE EXTENT SUCH INFORMATION IS RELEVANT TO THE SECURITY HOLDINGS OF SUCH ACCOUNT HOLDERS, OR IS OTHERWISE REQUIRED BY APPLICABLE LAW.

Participants shall not use, distribute, transmit or otherwise make available any Data File or Information, with or without any service charge or fee, as the basis for or as part of a data product or service offered for commercial gain to any other person. DTC's affiliate DTCC Solutions LLC ("DTCC Solutions") has the right to license usage of the Data Files for purposes other than those permitted in the first paragraph of this Procedure, and any Participant which wishes to use or distribute Data Files other than as contemplated hereby must contract directly with DTCC Solutions prior to any such distribution. This restriction includes, but is not limited to, service bureaus and other third parties, whether or not affiliated with a Participant, regardless of whether such person as previously itself received and/or used any Data Files in the past; such entities may obtain the Data Files only upon execution of a license agreement with DTCC Solutions.

DTC shall have the right, but not the obligation, to audit the use and distribution of Information and Data Files by any Participant. Unauthorized use or distribution by Participant, any of its Affiliates or any of its account holders may result in a fine or other reasonable penalty determined by DTC in accordance with its rules in light of the facts and circumstances of such unauthorized use or distribution. By its acceptance of Information or any Data File, each Participant agrees that, in addition to all other remedies that may be available, DTC and its affiliate DTCC Solutions

shall be entitled to seek specific performance and injunctive and other equitable relief as a remedy for any breach of this Procedure by such Participant, its officers, employees, advisors or agents. Neither DTC nor DTCC Solutions shall be liable for any loss, cost or expense arising out of the use of any Data File or the Information contained therein, or the gross negligence or willful misconduct of any Participant with respect to any Data File or the Information contained therein, provided hereunder, the failure of any Participant to comply with these Rules and Procedures or applicable law, or for any consequential, special or punitive damages related thereto.

The contents of the Service Guides are updated in different formats on a periodic basis. Participants and other authorized users of the Service Guides will find the most current version of the Service Guides, as well as DTC Important Notices which address the contents of the Service Guides, ~~on DTC's internet site, dtcservices.dtec.com~~ **at <http://dtcc.com>. Important Notices can be accessed at <http://dtcc.com/legal/important-notices.aspx>.** DTC shall bear no responsibility for any losses associated with the failure of Participants or other authorized users to follow DTC's most current Service Guides and/or Important Notices. ~~Participants or other authorized users may direct inquiries about the Service Guides, as well as requests for additional copies, to DTCC Learning, The Depository Trust Company, 55 Water Street, 25th Floor, New York, NY 10041-0099, USA; fax number: (212) 855-4737; e-mail address: training\_administrator@dtec.com.~~

## CONTENTS

<b><u>Important Legal Information .....</u></b>	<b><u>ii</u></b>
<b><u>Contents .....</u></b>	<b><u>1</u></b>
<b><u>About Redemption Services .....</u></b>	<b><u>3</u></b>
<b><u>Introduction .....</u></b>	<b><u>3</u></b>
<b><u>Overview .....</u></b>	<b><u>3</u></b>
<b><u>About the Redemption Service .....</u></b>	<b><u>3</u></b>
<b><u>Preparing to Use the Service .....</u></b>	<b><u>3</u></b>
<b><u>Redemptions .....</u></b>	<b><u>5</u></b>
<b><u>How Redemptions Work .....</u></b>	<b><u>5</u></b>
<b><u>Security Types .....</u></b>	<b><u>6</u></b>
<b><u>Information Sources .....</u></b>	<b><u>7</u></b>
<b><u>About Maturities and Redemptions .....</u></b>	<b><u>8</u></b>
<b><u>About Maturities .....</u></b>	<b><u>8</u></b>
<b><u>About Redemptions .....</u></b>	<b><u>9</u></b>
<b><u>Maturities .....</u></b>	<b><u>11</u></b>
<b><u>Full Redemptions .....</u></b>	<b><u>12</u></b>
<b><u>Partial Calls .....</u></b>	<b><u>14</u></b>
<b><u>The Call Lottery .....</u></b>	<b><u>14</u></b>
<b><u>Lottery Results .....</u></b>	<b><u>16</u></b>
<b><u>Lottery Cancellations/ Reversals .....</u></b>	<b><u>17</u></b>
<b><u>Supplemental Lotteries .....</u></b>	<b><u>17</u></b>
<b><u>Partial Calls of Uniquely Denominated Securities .....</u></b>	<b><u>18</u></b>
<b><u>Partial Calls of Odd-Lot Denominated Securities (Baby Bonds) .....</u></b>	<b><u>23</u></b>
<b><u>Other Redemption Services .....</u></b>	<b><u>24</u></b>
<b><u>Full Pre-Refundings .....</u></b>	<b><u>24</u></b>
<b><u>Partial Pre-Refundings .....</u></b>	<b><u>24</u></b>
<b><u>Full Defeasances .....</u></b>	<b><u>25</u></b>
<b><u>Partial Defeasances .....</u></b>	<b><u>25</u></b>
<b><u>Reorg Deposit Service .....</u></b>	<b><u>25</u></b>
<b><u>Accrued Interest/Dividend Due on Maturity or Redemption Date .....</u></b>	<b><u>25</u></b>
<b><u>Special Processing Scenarios .....</u></b>	<b><u>27</u></b>

<b><u>Initial and Interim Distributions on Defaulted Issues Distributions Requiring Certificate Presentation.....</u></b>	<b><u>27</u></b>
<b><u>Final Distribution on Defaulted Issues Requiring Certificate Presentation.....</u></b>	<b><u>27</u></b>
<b><u>Final Principal Distribution on Asset-Backed Securities.....</u></b>	<b><u>27</u></b>
<b><u>Foreign Currency Denominated Issues.....</u></b>	<b><u>27</u></b>
<b><u>Called Certificates Withdrawn by Certificate-on-Demand (COD) after Publication Date.....</u></b>	<b><u>28</u></b>
<b><u>Recall of Delivery.....</u></b>	<b><u>28</u></b>
<b><u>Redemption Refunds.....</u></b>	<b><u>29</u></b>
<b><u>Charge-Backs and Adjustments.....</u></b>	<b><u>29</u></b>
<b><u>Overview.....</u></b>	<b><u>29</u></b>
<b><u>About Charge-Backs and Adjustments.....</u></b>	<b><u>29</u></b>
<b><u>Conditions Under Which DTC Processes Chargebacks.....</u></b>	<b><u>30</u></b>
<b><u>Activity Verification.....</u></b>	<b><u>31</u></b>
<b><u>Appendix A: Illustrations.....</u></b>	<b><u>32</u></b>

## **About Redemption Services**

### **INTRODUCTION**

#### **Overview**

**This Guide describes DTC's redemption processing services which collectively fall under the Redemptions event group in the Corporate Actions product. Each section includes a description of the service and how it works. All Redemption services concerning redemption and maturity processing can be accessed on the Corporate Actions Web browser, referred to as "CA Web".**

**Note: Although DTC makes every effort to provide-Participants with timely information regarding redemption and maturity payments, Participants are primarily responsible for obtaining such information without reliance on DTC. We recommend that Participants-reconcile their records with DTC's in advance of redemption or maturity payable dates.**

#### **About the Redemption Service**

**DTC's Redemption service includes announcing, collecting, allocating and reporting redemption and maturity payments on behalf of its Participants holding DTC-eligible securities serviced by the depository. This centralized processing spares Participants the burden of dealing with thousands of paying agents.**

**DTC employs a harmonized, single-event data model. It includes event/sub event type combinations which differ from the function code model used in the**

**PTS/PBS platforms. As part of the data model, DTC manages a redemption events group lifecycle through one holistic corporate action event identifier (CA ID).**

**Preparing to Use the Service**

**In order to use the Redemption services, a Participant must have access to one of the following:**

- **The Participant Terminal System (PTS)**
- **The Corporate Actions Web (CA Web)**
- **Participant Browser Service (PBS)**
- **ISO 20022 Messages via MQ, NDM/FTP or SWIFT**
- **CCF (Computer-to-Computer Facility) format files**

**Note that at the end of Q1 2017, the following PTS/PBS functions will no longer be available for Redemptions activity. They will be replaced with CA Web functionality as indicated.**

<b><u>PTS Function</u></b>	<b><u>PBS Function</u></b>	<b><u>CA Web Function Name</u></b>	<b><u>CA Web Function Description</u></b>
<b><u>SDAR (Dept. R)</u></b>	<b><u>Redemption Allocations</u></b>	<b><u>Allocations</u></b>	<b><u>Allows users to view allocations and entitlements for redemption event types. This is the CA Web equivalent of all screens and web pages that are covered by SDAR (Same Day Allocation Reporting - Dept R)</u></b>
<b><u>ADJI</u></b>	<b><u>Adjustment Inquiries</u></b>	<b><u>Adjustments</u></b>	<b><u>Allows users to view cash adjustments for redemptions (ADJI - Adjustments Inquiry)</u></b>
	<b><u>Cash Adjustments</u></b>		

<b><u>RIPS</u></b> <b><u>Cat. B -1,2,3</u></b> <b><u>for Maturities</u></b> <b><u>Cat. C -1,2,3</u></b> <b><u>for</u></b> <b><u>Redemptions</u></b>	<b><u>CUSIP Search</u></b>	<b><u>Announcements</u></b>	<b><u>General</u></b> <b><u>announcement</u></b> <b><u>access, allows</u></b> <b><u>users to set up</u></b> <b><u>individual saved</u></b> <b><u>searches</u></b> <b><u>- OR -</u></b> <b><u>General</u></b> <b><u>announcement</u></b> <b><u>access; allows</u></b> <b><u>users to save</u></b> <b><u>searches which</u></b> <b><u>can then be used</u></b> <b><u>by all users within</u></b> <b><u>their firm</u></b>
<b><u>Cat. B -1,2,3</u></b> <b><u>for Maturities</u></b> <b><u>Cat. C -1,2,3,4</u></b> <b><u>for</u></b> <b><u>Redemptions</u></b>	<b><u>Maturity and</u></b> <b><u>Redemption -</u></b> <b><u>Summary, New,</u></b> <b><u>Updated, Cancelled</u></b> <b><u>(Redemptions only)</u></b>		
<b><u>Cat. C - 5 for</u></b> <b><u>Redemptions</u></b>	<b><u>Lottery Results</u></b>	<b><u>Dashboard</u></b> <b><u>Entitlements</u></b>	<b><u>Allows users to</u></b> <b><u>view the results of</u></b> <b><u>a DTC lottery</u></b> <b><u>affecting their</u></b> <b><u>position on Partial</u></b> <b><u>Call, Partial</u></b> <b><u>Defeasance and</u></b> <b><u>Partial</u></b> <b><u>Prerefunding</u></b> <b><u>events</u></b>
<b><u>Cat. C - 7 for</u></b> <b><u>Redemptions</u></b>	<b><u>Called Certificate</u></b>	<b><u>Dashboard</u></b>	<b><u>Allows users to</u></b> <b><u>view all</u></b> <b><u>certificates called</u></b> <b><u>as a result of a</u></b> <b><u>lottery</u></b>
<b><u>Cat. B - 4,5</u></b> <b><u>for Maturities</u></b> <b><u>Cat. C - 8,9</u></b> <b><u>for</u></b> <b><u>Redemptions</u></b>	<b><u>RIPS - Reorg Deposits</u></b>	<b><u>Dashboard</u></b>	<b><u>Allows users to</u></b> <b><u>view entitlements</u></b> <b><u>and allocations as</u></b> <b><u>result of a reorg</u></b> <b><u>deposit and/or</u></b> <b><u>custody reorg</u></b> <b><u>deposit</u></b>

**References to a PTS function in this Service Guide include its corresponding PBS function.**

**DTC offers a comprehensive overview of redemption activity comprised of Announcements, Allocations, Adjustments and applicable alerts via CA Web's Redemptions dashboard which "pushes" data to users.**



**Understanding the Redemptions lifecycle and data model are important prerequisites for successful use of the Redemptions service. DTC offers robust training resources available at its Asset Services Learning Center — <https://dtcclearning.com/learning/assetservices/>**

**Participants should contact their Relationship Manager for more information.**

**Note: DTC also provides various reports on SMART/Search and the ability to export data from CA Web to spreadsheets, for manipulation and analysis.**

## **REDEMPTIONS**

### **How Redemptions Work**

- **DTC retrieves information on redemptions and maturities from various sources (see Information Sources)**
- **DTC distributes information electronically in advance of the redemption or maturity payable date. This helps—Participants to reconcile their records with DTC before the payable date. Event information includes but is not limited to:**
  - **Corporate Action Event ID (CA ID)**
  - **CUSIP**
  - **Publication Date**
  - **Redemption Date**
  - **Lottery Swing Date**
  - **Security Rate**
  - **Cash Rate**
- **Event level information appears under the CA ID. Every event has one option and at least one payout. Options indicate what is available as an entitlement to eligible holders. Examples of option types include cash or securities. A payout should be considered the actual entitlement. Entitlements can include:**
  - **Principal**
  - **Interest**
  - **Securities**
  - **Premium**
  - **Make-Whole Premium**

- DTC provides its Participants with information pertaining to their entitlements through the following delivery mechanisms:
  - Corporate Actions Web
  - Participant Terminal System (PTS) functions
  - Participant Browser Services (PBS)
  - Computer to Computer Facilities (CCF) file transmissions
  - ISO 20022 Messaging
  - SMART/Search

**Security Types**

**DTC processes redemptions and maturities for security types including but not limited to the following:**

- Corporate bonds
- Municipal bonds
- Equities

**The following redemption events are covered in the functionality described below:**

<u>Event Name</u>	<u>Event Code/Activity Code</u>
<u>Default</u>	<u>AC-86F</u> <u>AC-86P</u>
<u>Final Paydown</u>	<u>AC-89</u> <u>AC-75F</u> <u>AC-77F</u>
<u>Full Call</u>	<u>AC-75F</u> <u>AC-77F</u> <u>AC-87F</u>
<u>Full Prerefunding</u>	<u>AC-77L</u> <u>AC-77P</u>
<u>Maturity</u>	<u>AC-70</u>  <u>AC-75M</u> <u>AC-77M</u>

<u>Partial Call</u>	<u>AC-74</u> <u>AC-76</u>
<u>Partial Defeasance</u>	<u>AC-76D</u>
<u>Partial Prerefunding</u>	<u>AC-76P</u>
<u>Termination</u>	<u>AC-87F</u>

## About Maturities and Redemptions Information Sources

### Introduction

DTC receives redemption and maturity information, both electronically and in hard-copy format, from the following:

- Issuers
- Paying Agents
- Fiduciary Communications Company (FCC) file
- IPA – Systemic Upload via Web (similar to FCC uploads)

### About Maturities and Redemptions

Both maturities and redemptions are considered mandatory activities. DTC processes the events without receiving instructions from its Participants.

Participants will not be allocated any redemption proceeds for a position that is Pledged (including any contra-CUSIP position that is Pledged) until the Pledge has been released. A Participant may be allocated the payment for a position that is segregated, but in such cases the Participant's general free position will be caused to go short the equivalent quantity of securities and the Participant will be subject to a short position penalty charge. Participants should arrange for the release of any Pledges, segregations or Investment Identifications prior to the anticipated redemption payment date. (Refer to the Settlement Service Guide for more information on Investment Identification.)

DTC will not be liable for claims for interest on late principal payments on maturities or redemptions for which Participants fail to release their Pledges or segregations prior to maturity or redemption date.

Nothing contained in any information provided by DTC shall relieve Participants of their responsibility under DTC's Rules and Procedures to check the accuracy of their Participant Daily Activity Statements and to notify DTC of any discrepancies.

If a Participant is aware of a maturity of an issue on which it has not received notification from DTC via CA Web, PTS/PBS (RIPS), CCF file transmissions,

**ISO 20022 messaging or SMART/Search the Participant should notify DTC's Customer Service hotline at 1 888 382 2721.**

**If a Participant is aware of a full call or partial call on an issue on which it has not received notification from DTC via CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging or SMART/Search, it should notify DTC's Customer Service hotline at 1 888 382 2721.**

### **About Maturities**

Prior to the maturity date for a debt security, The Depository Trust Company (DTC) presents **a letter of transmittal certificates** to the redemption agent for payment. On maturity date or the next business day if the maturity date falls on a weekend or holiday, DTC collects redemption proceeds from the agent, allocates the proceeds to DTC Participants having position in the **security** issue and deletes the Participants' positions from DTC's records.

Allocations are reported ~~on the Participants' Dividend/Reorganization Cash Settlement Listing on the day they are made.~~**via the following: CA Web, ISO 20022, PTS/PBS (SDAR), CCF file formats and SMART/Search reports.**

Participants are responsible for determining that their maturing DTC-eligible security positions have been properly identified and processed by DTC by reviewing their own records (including their customer's holdings) of maturing issues and their own security descriptions for DTC-eligible issues. Participants should use their own security descriptions which provide an independent check for key financial elements for each security, including the interest rate and maturity date.

Information regarding DTC's processing of maturities is generally available ~~on the Reorg Inquiry For Participants (RIPS) function of the Participant Terminal System (PTS).~~**via CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search.**

Information on a maturity is derived from DTC's security master file, which is coded at the time the issue is made DTC-eligible. DTC will not be liable for claims for interest on missed or late principal payments on maturities which Participants fail to bring to DTC's attention within one month of the maturity date. **Refer to Section 2.27 of the PTS Manual for additional information regarding RIPS.**

### **About Redemptions**

Unlike maturities, most redemptions (full calls or partial calls) are not **scheduled in advance, known at issuance.** Thus, the first step in processing a redemption is discovering its existence. ~~After~~**Once** DTC verifies an upcoming redemption, DTC presents ~~redeemed certificates~~**a letter of transmittal or electronic file of expected payments due** to the redemption agent for payment.

In the event of a partial call, DTC will process a computerized call lottery to determine the Participants' individual holdings to be included in the call. On redemption date or the next business day if the redemption date falls on a weekend or holiday, DTC collects redemption proceeds from the agent, allocates the proceeds to

DTC Participants having position in the redeemed portion of the issue and deletes such Participants' position from DTC's records. Allocations are reported on the Participants' Dividend/Reorganization Cash Settlement Listing on the day they are made. **Note that DTC will not allocate redemption proceeds on the redemption date unless it has received the funds identified at a CUSIP level from the agent by 3:00 p.m. ET.**

**Some full and partial call notices contain language stating that the payment of the redemption proceeds is conditioned upon some event. DTC only allocates redemption proceeds to Participants upon receipt of funds from the redemption agent.**

Information regarding DTC's processing of ~~Redemptions~~ redemptions is generally available ~~on the Redemption Inquiry (ACLP) or the RIPS functions of PTS.~~ via CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search.

**The information provided on these functions is derived from sources DTC believes to be reliable, but DTC does not represent the accuracy, adequacy, timeliness, completeness, or fitness for any particular purpose of this information, which is provided as is. Further, this information may be subject to change. Participants should obtain, monitor and review independently any available documentation relating to the redemption and should verify independently information obtained from DTC.**

**DTC will not be liable for claims for interest on missed or late principal payments on redemptions for which DTC received no notice or late notice. DTC will, however, initiate compensation claims against paying agents whenever appropriate and will pass on to Participants through DTC's redemption refunds any amounts received on such claims.**

The information provided on these functions is derived from sources DTC believes to be reliable, but DTC does not represent the accuracy, adequacy, timeliness, completeness, or fitness for any particular purpose of this information, which is provided as is. Further, this information may be subject to change. Participants should obtain, monitor and review independently any available documentation relating to the redemption and should verify independently information obtained from DTC. ~~Refer to Sections 2.15 (ACLP) and 2.27 (RIPS) of the PTS Manual for additional information.~~

DTC will not be liable for claims for interest on missed or late principal payments on redemptions for which DTC received no notice or late notice. DTC will, however, initiate compensation claims against paying agents whenever appropriate and will pass on to Participants through DTC's redemption refunds any amounts received on such claims. ~~Refer to procedure Q160, Redemption Refunds, for additional information.~~

DTC will not process early redemptions on Certificates of Deposit (CDs) unless: (i) there is a provision in the master certificate that permits early termination by the issuer and specifies the payment to be made in connection therewith or (ii) written

consent to an early redemption, in a form designed by DTC, is obtained by the issuer from all of the holders of the CD. In the event that an issuer sends an early payment to DTC, in contravention of the above, DTC will return the payment to the issuer less any costs associated with facilitating the attempted redemption and return of funds.

### **Maturities and Redemptions**

~~Both maturities and redemptions are considered mandatory activities. DTC processes the activities without receiving instructions from its Participants.~~

~~Participants will not be allocated any redemption proceeds for a position that is pledged (including any contra-CUSIP position that is pledged) until the pledge has been released. A Participant may be allocated the payment for a position that is segregated, but in such cases the Participant's general free position will be caused to go short the equivalent quantity of securities and the Participant will be subject to a short position penalty charge. Participants should arrange for the release of any pledges, segregations or Investment Identifications prior to the anticipated redemption payment date.~~

~~To help remind Participants to release such pledges, segregations or Investment Identifications, DTC sends to Participants' PTS printers tickets identifying their positions in securities undergoing maturity or full redemption processing on which payment may be delayed due to a pledge or segregation.~~

~~Tickets on maturing issues are sent out 30 business days prior to the maturity date and then again every day during the five business days prior to the maturity date. Tickets on fully-called issues are sent out every day during the five business days prior to the redemption date.~~

~~DTC will not be liable for claims for interest on late principal payments on maturities or redemptions for which Participants fail to release their pledges or segregations prior to maturity or redemption date.~~

~~Nothing contained in any information provided by DTC shall relieve Participants of their responsibility under DTC's Rules and Procedures to check the accuracy of their Participant Daily Activity Statements and to notify DTC of any discrepancies.~~

~~If you are aware of a maturity of an issue on which you have not received notification from DTC via the RIPS function of PTS, you should notify DTC's Reorganization/Redemptions Department's Redemption Payments service desk at the telephone number listed on the back of the Eligible Securities book. If you are aware of a full call or partial call on an issue on which you have not received notification from DTC via the ACLP or RIPS functions of PTS, you should notify DTC's Lottery Processing Department by contacting the Lottery Processing service desk at the telephone number listed on the back of the Eligible Securities book.~~

~~DTC's Reorg Deposits Service allows DTC Participants to deposit any DTC-eligible securities currently undergoing, or have undergone within the last two years, redemptions, maturity or mandatory reorganization maturity processing. DTC will credit the deposited securities to Participants' accounts and will submit them to the paying agent for payment. DTC will then credit redemption proceeds (or new securities to Participants' securities accounts) to Participants' settlement accounts and delete their positions in the deposited security.~~

~~Any DTC-eligible security undergoing call or maturity processing plus any DTC-eligible security that has matured or been called after August 1, 1993 is eligible for the Reorg Deposits Service. Beginning August 1, 1995, deposits of past due issues will only be accepted on issues that have matured or been called during the period up to two years prior to that date of deposit.~~

~~For deposits made by Participants beginning on the day DTC's regular deposit procedures are terminated (DTC terminates regular deposit services 30 business days prior to maturity date or upon receipt of a full call notice) and ending on the cutoff date (10 business days prior to the redemption/maturity date), DTC will allocate redemption proceeds to Participants on the day it allocates such proceeds to Participants for positions deposited prior to regular deposit procedure termination (generally the redemption date of the issue).~~

~~For deposits made after the cutoff date, DTC will allocate redemption proceeds to Participants upon receipt of funds from the paying agent. DTC will usually allocate new security proceeds to Participants immediately upon deposit. DTC will allocate cash proceeds to Participants upon receipt of funds from the exchange agent. Refer to Section B—DEPOSITS for additional information.~~

## MATURITIES

In contrast to when certificates are partially or fully called, when they mature, DTC can track them and act in advance. DTC announces upcoming maturities approximately 30 business days (45 calendar days) in advance of maturity date via ~~the Reorganization Inquiry for Participants (RIPS) function of PTS and the REORGM CCF file. Refer to Section 2.27 of the PTS Manual for additional information regarding RIPS, CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search~~

Participants should ~~T~~track all upcoming maturities via ~~your~~ their own security master file.

Verify Participants should check for upcoming maturities via ~~the RIPS function of PTS and the REORGM~~ CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search.

DTC chills all deposit and withdrawal activity on maturing issues 30 business days prior to maturity date. DTC chills all ~~certain~~ book-entry activities (~~Deliver Orders, pledges, segregations~~ Pledges, segregations) two business days prior to maturity

date, ~~except Deliver Orders on Same Day Funds Settlement (SDFS) eligible issues, which are chilled at the opening of business on the~~ and chills Deliver Orders one business day prior to maturity date.

Maturity proceeds are allocated to DTC Participants having position in the maturing issue as of the close of business on the day prior to maturity date.

Release On or prior to the Payment Date: Participants must release or substitute ~~maturing~~ securities used as collateral on any outstanding ~~loans. Refer to Section G – COLLATERAL LOANS for additional information.~~ loan. Failure to do so will cause a delay in the receipt of expected entitlements. DTC does not allocate entitlements on securities Pledged for collateral.

~~Release any segregated or Investment Identification (ID) positions. Refer to Section O – INVESTMENT IDENTIFICATION for additional information~~ Participants must release any Segregated or Investment Identification (ID) positions. Failure to do so will result in a short position in the Participant's Regular Unpledged account. Participants will receive their entitlements upon DTC's receipt of properly identified funds from the paying agent. Once the Segregated or Investment Identification (ID) positions are released the Regular Unpledged account will be adjusted accordingly.

Prior to the maturity date, DTC presents ~~maturing issue certificates~~ the letter of instructions to the redemption agent for payment.

On or prior to payment/maturity date DTC verifies with the agent that maturity proceeds will be paid. ~~For Next Day Funds Settlement (NDFS) eligible issues, DTC deletes Participants positions and allocates proceeds to Participants upon such verification. Allocations on NDFS issues are reported under NDFS settlement code 88 and are reported on the Dividend/Reorganization Cash Settlement Listing. For SDFS eligible issues, DTC deletes~~ DTC adjusts Participants' positions and allocates proceeds to Participants only after receipt of the proceeds from the agent. ~~Allocations on SDFS issues are reported under SDFS settlement code 88. Throughout the processing day details on allocations on SDFS issues are reported to Participants via the RDP Same Day Funds Allocation Inquiry (SDAL) function of PTS. Allocation on SDFS issues are reported after processing cutoff on the SDFS Dividend/Reorganization Cash Settlement Listing. Refer to Section 8.31 of the PTS Manual for additional information on SDAL~~ Allocations are reported on the Allocations functionality on CA Web, ISO 20022 Entitlement and Allocation messages, CCF files, SMART/Search reports and Settlement Statement Reports (Activity Code 88) found on Settlement Web/PTS or PBS.

~~Receive maturity proceeds via DTC's net settlement process (maturity proceeds are credited to the Participant's settlement statements under settlement code 88).~~

~~Verify receipt of funds from DTC on maturing issues by reviewing the Dividend/Reorganization Cash Settlement Listing and the SDFS Dividend/Reorganization Cash Settlement Listing.~~



~~Review allocations on SDFS issues during the processing day via the SDAL function of PTS.~~

Note:

- ~~1. Maturity proceeds are allocated to DTC Participants having position in the maturing issue as of the close of business on the day prior to maturity date.~~
- ~~2. For processing options on maturities of foreign currency denominated issues, refer to procedure Q140, Special Cases, under the heading, Foreign Currency Denominated Issues the section on Foreign Currency Denominated Issues.~~

## FULL REDEMPTIONS

An issuer of a security may be allowed under the terms of the issue to call the issue for redemption in full at certain times during the issue's life. In such case, the issue's trustee is ~~generally~~ required to publish notice of such event or in the case of registered securities mail notice of such event to the registered holders. ~~DTC receives such notices and reviews many publications in order to uncover notices on bearer securities.~~ Once DTC verifies the existence of a full call it notifies Participants of the call via the ~~Reorganization Inquiry for Participants (RIPS) and Redemption Inquiry (ACLP) functions of PTS and the REORGN CCF file~~ CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search, and initiates full call processing.

Note: All full calls on convertible issues are processed by DTC and announced to Participants via ~~the RIPS function of PTS under a special activity code: reorganization activity codes purposed to handle the ongoing conversion and redemption of the convertible security.~~ Such issues are ~~also~~ treated as conversion expirations. ~~A at which point a~~ conversion expiration activity is announced ~~via the RIPS function of PTS~~ and Participants wishing to convert their called securities into ~~the underlying security~~ cash, securities or a combination of both must do so by the conversion expiration date. ~~Refer to Section J – REORGANIZATION of this manual and Section 3.09 (Reorg Conversion Instruction) of the PTS Manual for additional information regarding conversion processing. This information can be found on CA Web, PTS/PBS (RIPS), CCF files, ISO 20022 messages and SMART/Search reports.~~

~~Obtain notification of redemptions from independent sources and DTC.~~

~~Monitor DTC's RIPS and ACLP functions of PTS and/or the REORGN CCF file for information about full redemptions.~~

Participants should ~~Notify~~ DTC of any full redemption ~~you are~~ it is aware of but have not received notification from DTC via the ~~RIPS or ACLP function of PTS or REORGN~~ CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search by contacting the ~~Lottery Processing service desk~~

~~at the telephone number listed on the back of the Eligible Securities book. Customer Service hotline at 1 888 382 2721.~~

DTC chills all deposit and withdrawal activity on fully-called issues upon receipt of the call notice. DTC chills all certain book-entry activities (~~deliver orders, p~~pledges, segregations) two business days prior to the redemption date, ~~except Deliver Orders on SDFS-eligible issues which are chilled at the opening and chills Deliver Orders one business day prior to redemption date.~~

Redemption proceeds are allocated to DTC Participants having a position in the issue being redeemed as of the close of business on the day prior to redemption date.

On or prior to the Payment Date:

~~Release or substitute fully-called securities used as collateral on any outstanding loans. Refer to Section G – COLLATERAL LOANS for additional information.~~  
Participants must release or substitute securities used as collateral on any outstanding loan. Failure to do so will cause a delay in the receipt of expected entitlements. DTC does not allocate entitlements on securities Pledged for collateral.

~~Release any segregated or Investment ID positions. Refer to Section O – INVESTMENT IDENTIFICATION for additional information.~~

~~Prior to redemption date DTC presents fully-called issue certificates to the redemption agent for payment.~~

Participants must release any Segregated or Investment Identification (ID) positions. Failure to do so will result in a short position in the Participant's Regular Unpledged account. Participants will receive their entitlements upon DTC's receipt of properly identified funds from the paying agent. Once the Segregated or Investment Identification (ID) positions are released the Regular Unpledged account will be adjusted accordingly.

On or prior to payment/redemption date DTC verifies with the agent that redemption proceeds will be paid. ~~For NDFS issues, DTC deletes Participants' positions and allocates proceeds to Participants upon such verification. Allocations on NDFS issues are reported under NDFS settlement code 88 and are reported on the Dividend/Reorganization Cash Settlement Listing. For SDFS issues, DTC deletes~~DTC adjusts Participants' positions and allocates proceeds to Participants only after receipt of the proceeds from the agent. ~~Allocations on SDFS issues are reported under SDFS settlement code 88. Throughout the processing day, details on allocations of SDFS issues are reported to Participants via the RDP Same-Day Funds Allocation Inquiry (SDAL) function of PTS. Allocations on SDFS issues are reported after processing cut-off on the SDFS Dividend/Reorganization Cash Settlement Listing. Refer to Section 8.31 of the PTS Manual for additional information regarding SDAL.~~

~~Receive redemption proceeds via DTC's net settlement process (full redemption proceeds are credited to Participants' settlement statements under settlement code 88). Verify receipt of funds from DTC on fully called issues by reviewing the Dividend/Reorganization Cash Settlement Listing and the SDFS Dividend/Reorganization Cash Settlement Listing. Additionally, on SDFS issues, review allocations during the processing day via the SDAL function of PTS. Allocations are reported on the Allocations functionality on CA Web, ISO 20022 Entitlement and Allocation messages, CCF files, SMART/Search reports and Settlement Statement Reports (Activity Code 88) found on Settlement Web/PTS or PBS.~~

**Note:** Full redemption proceeds are allocated to DTC Participants having position in the fully-called issue as of the close of business on the day prior to redemption date.

## PARTIAL CALLS

### Before the Call

~~The full range of DTC bookkeeping and custodial services is available for callable securities before the first call and between calls. During these periods:~~

- ~~Determine, prior to depositing securities, that the certificates have not been called and are transferable. DTC assesses a fee for deposit rejects and short positions. Refer to Section T - FEES for additional information.~~

### The Call Announcement

An issuer of a security may be allowed under the terms of the issue to call part of the issue outstanding for redemption at certain times during the issue's life. In such a case, the issue's trustee is ~~generally~~ required to publish notice of such event or in the case of registered securities mail notice of such event to the registered holders. ~~DTC receives such notices and reviews many publications in order to uncover notices on bearer securities.~~

When DTC receives notice of a partial call it creates an **envelope (file) announcement** in its ~~Automated Call Lottery~~ **redemption processing** system prior to processing the call lottery. This preliminary call notice information is made available immediately to Participants via the following ~~systems:~~ **mediums: CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search.**

- ~~Preliminary Notice PTS Ticket (Unsolicited Message)~~
- ~~Redemption Inquiry (ACLP) Function of PTS~~

~~☐ Reorganization Notice (REORGN) Computer to Computer Facility (CCF) File~~

~~Receive notification from DTC of the impending call via a Preliminary PTS Flash on PTS. The notification includes all pertinent information made available by the Trustee, as well as the security description.~~

~~Note: Participants can obtain DTC lottery information by using the ACLP function of PTS. The information available will assist Participants in their call lottery processing and in researching out-of-balance conditions resulting from missed lottery results, thus minimizing the need to make inquiries to DTC's Call Processing Unit. DTC also maintains a called certificate database. Participants can obtain called certificate information by checking the ACLP function of PTS. Refer to Section 2.15 of the PTS Manual for additional information.~~

In addition, after the call lottery is processed by DTC, the ~~preliminary notice information is added to the Reorg Inquiry for Participants (RIPS) function of PTS.~~ announcement information is updated and is available via CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search. This ~~function~~ forementioned functionality also indicates to the Participant whether or not they had a position in the called security in their DTC account as of the close of business the day prior to the publication date of the call. ~~Participants should note, however, that partial call envelopes are added to the RIPS function several days after they appear in the ACLP function. Thus, a partial call will appear on the New Redemption Envelope Index on the RIPS function well after Participants are notified of the call via the ACLP function. Once the envelope exists on the RIPS function, however, any updates to it, Any updates to the announcement such as changes in the payment rate, are immediately reflected on the RIPS function. Refer to Section 2.27 of the PTS Manual for additional information regarding RIPS.~~ will be available for review by Participants via CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search.

## The Call Lottery

DTC will:

~~Receive notification of called certificates on or about the publication date.~~

- **Capture position as of the close of business the evening prior to the publications date. The captured position will be subject to the call.**
- **Perform pre-lottery procedures to determine the total amount of DTC called securities**
- Determine the total amount of called bonds or the number of preferred shares ~~to be allocated by the amount of fully or partially called certificates on deposit with DTC.~~
- **Determine the procedure to be used to report called positions to Participants. Provide Participants with access to lottery results via CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search**

In general, DTC allocates total called positions to Participants' Called Securities With Interest and Called Securities Without Interest accounts. For some types of partial calls, however, DTC does not segregate Participants' called positions into these accounts. In these instances, the called positions are instead segregated within Participants' General Free account but under a contra CUSIP number assigned to the issue at the time of the call lottery. The contra CUSIP number assigned to a particular partial call is announced to Participants via ~~the ACLP and RIPS functions of PTS and the REORGNCA Web, PTS/PBS (RIPS),~~ CCF file transmissions, ISO 20022 messaging and SMART/Search.

Types of partial calls that use a contra CUSIP number:

- ~~SDFS-Eligible Issues~~

~~All partial calls on SDFS issues are processed via contra CUSIP numbers.~~

- **Concurrent Full and Partial Calls**

In the event that both a partial and full call are announced on an issue for the same redemption date, the partial call is processed ~~via a contra CUSIP number. Full and then full~~ call processing occurs on the remaining positions ~~under the original.~~

**In certain circumstances, DTC may process such events via a contra CUSIP number.**

- **Convertible Issues**

All partial calls on convertible issues are processed via contra CUSIP numbers. ~~A special activity code on the RIPS function of PTS is used to identify such calls.~~ Called positions segregated under the contra CUSIP number are treated as an expiring conversion. A conversion expiration ~~activity event~~ is announced on the contra CUSIP via the **RIPS function of PTSCA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search** and Participants wishing to convert their

called securities into the underlying security must do so by the conversion expiration date. ~~Refer to Section J—REORGANIZATION of this manual and Section 3.09 (Reorg Conversion Instruction) of the PTS Manual for additional information regarding conversion processing.~~

- **Foreign Currency Denominated Issues**

In the event of a partial call on a foreign currency denominated issue, DTC runs a call lottery using a contra CUSIP number. This permits Participants to submit instructions electing to receive payment proceeds (outside of DTC) in the foreign currency, if they wish to do so. ~~Refer to procedure Q140, Special Cases, under the heading, Foreign Currency Denominated Issues, for additional information.~~

- **Other Activities**

In the event that a portion of an issue becomes the target of a voluntary activity (e.g., partial mandatory tender with retainment option), DTC runs a call lottery using a contra CUSIP number. DTC then sets up the voluntary ~~activity event~~ with the contra CUSIP number as the target security. Thus, only positions selected in the lottery are eligible for the voluntary ~~activity~~. ~~Refer to Section J—REORGANIZATION for additional information regarding voluntary activity event.~~

~~DTC will:~~ **To execute the impartial call lottery process, DTC:**

- ~~Conduct~~ **Conducts** an impartial lottery based on Participants' positions as of the close of business the day prior to the publication date.

In 1975, DTC issued a description of the impartial lottery method used to allocate called positions. That method was reviewed and found satisfactory by the New York Stock Exchange. Copies of the New York Stock Exchange memoranda and ~~that the~~ lottery method description appear in ~~this procedure.~~ **the Appendix.** DTC currently uses this method, with slight procedural modifications, to allocate called positions.

- ~~Allocate~~ **Allocates** the total called positions to the Called Securities With Interest and Called Securities Without Interests accounts (or to the appropriate contra CUSIP number, as required).

### **Lottery Results**

**Upon performing its call lottery, DTC immediately broadcasts the results to the Participants via the CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search.**

**The Security Position Inquiry Function of Settlement Web and the (POS) function of PTS/PBS contains two additional security fields for called securities, one security field for Called Securities With Interest (i.e., Participant is due accrued interest) and the other for Called Securities Without Interest.**

**Note: DTC accepts PTS Participants' deposits of municipal securities with distinctions in purpose (that is, the purpose for which the proceeds of the**

original issuance were used) or series. These distinctions are generally not recognized in the assignment of CUSIP numbers, with the same CUSIP number designating securities which may have different purposes or series (although they are identical in all other details).

Securities deposited by Participants become part of DTC's overall inventory of certificates in the issue, and no distinction is made as to the purpose or series a particular Participant holds. Thus, if an issuer announces a partial or full call of bonds of a particular purpose or series, DTC will process a partial call against all Participant positions recorded under the CUSIP number assigned to that issue. It is possible that a Participant that had previously deposited securities of one purpose or series may have all or part of its position selected in DTC's call lottery even if the call applies to securities of a different purpose or series.

In allocating the results of a partial call by means of a lottery, DTC uses all positions maintained by a Participant, whether the position is a general free position, a Pledged position, an investment position or a segregated position. The call lottery system has been designed, however, so that the amount of called securities allocated to a given Participant is deducted only from the Participant's position in its General Free account, even though this deduction may drive the Participant's General Free account short. For example, if a Participant that is long 10 bonds in its general free account and 90 bonds in its Pledged account is allocated 20 bonds in a call lottery, the 20 allocated called bonds are deducted from its general free position, leaving it short 10 uncalled bonds in its general free position, long 90 uncalled bonds in its Pledged position, and long 20 called bonds in its called with/without interest account. The Participant will be subject to DTC's standard penalty charge on any short position in the General Free account resulting from call lottery allocations; these charges can be easily averted, however, by arranging for a prompt release of the Pledged securities for an equivalent amount of called securities.

The allocation of call lottery results exclusively against a Participant's general free account eliminates delays in Participants receiving credit for call redemptions due to a failure to release Pledges of positions and simplifies Participants reconciliation of call lottery results. It also encourages Participants to release Pledges or segregation of securities that are the subject of partial calls on a timely basis.

Certificates held outside DTC in Cede & Co.'s name, in Street name or in any other name, including any certificates represented by short positions in DTC Participants' accounts, may be called by the Transfer Agent/Trustee. The called amounts of such certificates are not included in DTC's lottery. Control and redemption of such certificates are the responsibility of the Participants.

All changes in positions from the General Free account to the called with/without interest accounts are effective on the day the lottery is run and appear on the Dividend/Reorganization Participant Statement, CA Web,

**PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging, SMART/Search and Settlement Web.**

**The Participant can combine the result of the DTC lottery with any called amount of the same issue held by the Participant outside DTC. The Participant conducts an impartial lottery to allocate called amounts to accounts for which the securities are being held, in accordance with any applicable regulations.**

**Note:**

- 1. On and after publication date, called certificates will be rejected except when an entire issue is called or when the transaction is specifically in called securities**
- 2. Participants can use DTC's Short Position Reclamation Procedure to recall book-entry deliveries of callable securities made between the call publication date and the DTC call lottery date. (Any short positions created before this date are excluded from this procedure.)**
- 3. Contact the Pledgee to arrange release or substitution prior to redemption date where a called amount has been allocated to Pledged securities by DTC's lottery system.**
- 4. Release securities from Investment Identification and Segregated status, where a call has been allocated by DTC's lottery system. Called securities in Investment Identification and Segregated status on redemption date will be redeemed together with all other called securities.**

#### **Lottery Cancellations/ Reversals**

**When DTC receives a notice of lottery cancellation, Participants are notified via CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search. DTC will reverse the call by reinstating Participants' positions and reversing the funds allocation (if funds have been allocated).**

#### **Supplemental Lotteries**

**Upon receipt of revised instructions to call an additional amount of securities in reference to a redemption which has been completed, DTC will process a supplemental lottery to comply with these instructions. The supplemental lottery is run identically to an original partial call lottery except that any position already hit in the original lottery is not included in the supplemental lottery (e.g., if the Participant's publication date position is 100 bonds and 40 bonds are called in the original lottery, the Participant's publication date position for purposes of the supplemental lottery will be adjusted to 60 bonds [100 minus 40]).**



## Partial Calls of Uniquely Denominated Securities

A uniquely denominated security has authorized certificate or trading denominations that are not an integral multiple of its minimum denomination. For example, a uniquely denominated ~~variable-rate demand obligation (VRDO)~~security might have a \$100,000 ~~minimum denomination and larger denominations of \$105,000, \$110,000, \$115,000, and so forth (whereas another VRDO that is not uniquely denominated might have denominations of \$100,000, \$200,000, \$300,000, and so forth)~~base denomination and integral multiples of \$5,000 thereof.

Although DTC makes every effort to ensure that Participant holders will continue to hold at least the base denominations and multiples thereof after the lottery has been run, there are instances where DTC must adjust the called amounts prior to affecting DTC's books and records, DTC's procedures for processing partial calls on such issues recognize four possible scenarios. Under all four scenarios, DTC rounds the called quantity and all Participants' positions to the nearer even amount (that is, to an amount that is an integral multiple of the issue's minimum, base denomination) for the purpose of running a first lottery. The four scenarios are then the following:

### Scenario #1:

No adjustments are needed after running the first lottery because the amount called is an even amount and no Participant's remaining uncalled position is less than the issue's base denomination.

DTC rounds Participants' unique positions up or down to the nearer even amount so that all Participant positions are even amounts for the purpose of the first lottery, and runs the first lottery. The denomination for the first lottery is the base denomination of the issue.

### Scenario #2:

Adjustments are needed after running the first lottery because the amount called is not an even amount and/or one or more Participants' remaining uncalled position is less than the issue's base denomination. The sum of the adjustments is zero.

DTC rounds the called quantity and Participants' unique positions up or down to the nearer even amount so that all amounts are even amounts for the purpose of the first lottery, and runs the first lottery. The denomination for the first lottery is the base denomination of the issue.

If any Participant's remaining uncalled position after the first lottery is less than the base denomination of the issue and not equal to zero, DTC adjusts each such position as follows:

- A. If the remaining uncalled position is less than 50% of the issue's base denomination, or negative, DTC ~~clears~~calls the position ~~to zero (call it)in full.~~
- B. If the remaining uncalled position is equal to or greater than 50% of the issue's base denomination, and the original position was greater than the issue's base denomination, DTC restores ~~(uncalls)~~ the original position up

to the issue's base denomination **and the Participant is not affected by the lottery.**

- C. If the remaining uncalled position is equal to or greater than 50% of the issue's base denomination, and the original position held was already less than the issue's base denomination, DTC does not adjust the remaining uncalled position since it is already equal to the original position.
- D. Adjusting for any overall called amount to be allocated or unwound.

DTC sums up the adjustments made in A, B, and D. A zero answer means the adjustments offset one another, and the lottery is completed.

### **Scenario #3:**

Adjustments are needed after running the first lottery because the amount called is not an even amount and/or one or more Participants' remaining uncalled position is less than the issue's base denomination. The sum of the adjustments is a positive amount.

DTC rounds the called quantity and Participants' unique positions up or down or to the nearer even amount so that the denomination for this lottery is the base denomination of the issue.

- A. Allocate as much as possible of any remaining even amount to be called (including any remaining even portion of a unique amount to be called) to the remaining uncalled positions of Participants whose original positions were even amounts. The purpose is to avoid driving other Participants' remaining uncalled positions below the issue's minimum, base denomination. DTC excludes from this lottery the remaining uncalled positions of Participants whose positions are unique amounts.

The denomination for this lottery is the base denomination of the issue.

- B. Allocate as much as possible of any remaining amount to be called to the remaining uncalled positions of Participants whose original positions were already below the issue's minimum, base denomination. The purpose is to avoid driving other Participants' remaining uncalled positions below the issue's minimum, base denomination or converting them into unique amounts. DTC excludes from this lottery all other Participants' remaining uncalled positions.

The denomination for this lottery is the incremental denomination above the base denomination of the issue.

- C. Allocate as much as possible of any remaining amount to be called to the remaining uncalled positions above the issue's base denomination of Participants whose original positions were unique amounts. The purpose is to avoid driving any Participant's remaining uncalled position below the issue's minimum, base denomination or converting other Participants' even positions into unique amounts. DTC excludes from this lottery the base denomination portion of the remaining uncalled positions of Participants whose original positions were unique amounts, and the entire remaining

uncalled positions of Participants whose original positions were even amounts.

The denomination for this lottery is the incremental denomination above the base denomination of the issue.

- D.** Allocate as much as possible of any remaining amount to be called to the remaining uncalled positions above the issue's base denomination of Participants whose original positions were even amounts. The purpose is to avoid driving any Participant's remaining uncalled position below the issue's minimum, base denomination, but at this point at least one Participant's even position will be converted into a unique amount.

If at least one Participant's remaining uncalled position above the issue's base denomination is equal to or greater than the remaining amount to be called, DTC inputs the remaining amount to be called for the lottery denomination as though it were the issue's base denomination so that one Participant will be hit in the lottery for the entire remaining amount to be called. The purpose is to minimize converting Participant's even positions into unique amounts. If all Participants' remaining uncalled positions above the issue's base denomination are less than the remaining amount to be called, the denomination for this lottery is the incremental denomination above the base denomination of the issue.

- E.** Allocate any remaining amount to be called to the remaining uncalled positions. At this point, at least one Participant's remaining uncalled position after the allocation will be below the issue's minimum, base denomination. DTC will not exclude from this lottery any remaining uncalled positions.

If at least one Participant's remaining uncalled position is equal to or greater than the remaining amount to be called, DTC inputs the remaining amount to be called for the lottery denomination as though it were the issue's base denomination so that one Participant will be hit in the lottery for the entire remaining amount to be called. The purpose is to minimize driving Participants' positions below the issue's minimum, base denomination. If all Participants' remaining uncalled positions are less than the remaining amount to be called, the denomination for this lottery is the incremental denomination above the base denomination of the issue.

**Scenario #4:**

Adjustments are needed after running the first lottery because the amount called is not an even amount and/or one or more Participants' remaining uncalled position is less than the issue's base denomination. The sum of the adjustments is a negative amount.

DTC rounds the called quantity and Participants' unique positions up or down to the nearer even amount so that all amounts are even amounts for the purpose of the first lottery, and runs the first lottery. The denomination for the first lottery is the base denomination of the issue.

If any Participant's remaining uncalled position after the first lottery is less than the base denomination of the issue and not equal to zero, DTC adjusts each such position as follows:

- A. If the remaining uncalled position is less than 50% of the issue's base denomination, or negative, DTC clears the position to zero (calls it).
- B. If the remaining uncalled position is equal to or greater than 50% of the issue's base denomination, and the original position held was greater than the issue's base denomination, DTC restores (uncalls) the original position up to the base denomination.
- C. If the remaining uncalled position is equal to or greater than 50% of the issue's base denomination, and the original position held was already less than the issue's base denomination, DTC does not adjust the remaining uncalled position since it is already equal to the original position.
- D. Adjust for any overall called amount to be allocated or unwound.

DTC sums up the adjustments made in A, B, and D. A negative answer means an amount greater than the called quantity has been allocated to Participants' positions.

DTC runs additional lotteries to unwind the excess amount called as follows:

- A. Allocate as much as possible of any even amount to be unwound (including any even portion of a unique amount to be unwound) to the even portions of the remaining called positions of Participants whose positions were adjusted down or up to zero previously. The purpose is to first unwind in even amounts among Participants whose positions were cleared (called) by the previous adjustments, without creating the need for further adjustments. DTC excludes from this lottery the unique portions of the remaining called positions, and the entire remaining called positions of Participants whose positions were not adjusted down or up to zero previously.

The denomination for this lottery is the base denomination of the issue.

- B. Allocate as much as possible of any remaining even amount to be unwound (including any remaining even portion of a unique amount to be unwound) to the even portions of the remaining called positions of the Participants whose positions were not adjusted down or up to zero previously. The purpose is to unwind in even amounts among these Participants, without creating the need for further adjustments or converting Participants' even uncalled positions into unique amounts. DTC excludes from this lottery the unique portions of the remaining called positions.

The denomination for this lottery is the base denomination of the issue.

- C. Allocate as much as possible of any remaining amount to be unwound to the remaining called positions of Participants whose original positions were unique amounts and remaining uncalled positions are not equal to

zero. The purpose is to avoid converting Participant's even uncalled positions into unique amounts or driving Participants' uncalled positions below the issue's minimum, base denomination. DTC excludes from this lottery the remaining called positions of Participants whose original positions were even amounts or remaining uncalled positions are equal to zero.

The denomination for this lottery is the incremental denomination above the base denomination of the issue.

- D. Allocate as much as possible of any remaining amount to be unwound to the remaining called positions of Participants whose original positions were even amounts and remaining uncalled positions are not equal to zero. The purpose is to avoid driving Participants' uncalled positions below the issue's minimum, base denomination, but at this point at least one Participant's even uncalled position will be converted into a unique amount. DTC excludes from this lottery the remaining called positions of Participants whose remaining uncalled positions are equal to zero.

If at least one Participant's remaining called position is equal to or greater than the remaining amount to be unwound, DTC inputs the remaining amount to be unwound for the lottery denomination as though it were the issue's base denomination so that one Participant will be hit in the lottery for the entire remaining amount to be unwound. The purpose is to minimize converting Participants' even uncalled positions into unique amounts. If all Participants' remaining called positions are less than the remaining amount to be unwound, the denomination for this lottery is the incremental denomination above the base denomination of the issue.

- E. Allocate any remaining amount to be unwound to the remaining called positions. At this point, at least one Participant's remaining uncalled position after the allocation will be below the issue's minimum, base denomination. DTC does not exclude from this lottery any remaining called positions.

If at least one Participant's remaining called position is equal to or greater than the remaining amount to be unwound, DTC inputs the remaining amount to be unwound for the lottery denomination as though it were the issue's base denomination so that one Participant will be hit in the lottery for the entire remaining amount to be unwound. The purpose is to minimize driving Participants' remaining uncalled positions below the issue's minimum, base denomination. If all Participants' remaining called positions are less than the remaining amount to be unwound, the denomination for this lottery is the incremental denomination above the base denomination of the issue.

The procedure fairly and equitably allocates partial calls among Participants while avoiding or at least minimizing, first, the driving of Participants' positions below the issue's minimum, base denomination and, second, the converting of Participants' even positions (integral multiples of the issue's base denomination)

into unique amounts (authorized amounts, though not integral multiples of the issue's base denomination).

### **Partial Calls of Odd-Lot Denominated Securities (Baby Bonds)**

An odd-lot denominated security has authorized certificate or trading denominations that are less than \$1,000 principal amount. Such securities, commonly known as baby bonds, may have denominations of \$500, \$100 or other small value.

DTC's procedures for processing partial calls on odd-lot denominated issues are consistent with those described previously for uniquely denominated securities. In all cases, DTC initially runs a lottery using the issue's standard denomination (typically \$1,000 principal amount). In cases where an unallocated called position remains after this initial lottery, DTC will allocate that position using the special procedures described previously ("scenarios" #2 through #4).

### **Lottery Results**

~~Upon performing its call lottery, DTC immediately broadcasts the results to the Participants via the ACLP function of PTS and the Automated Call Lottery Results (ACLRPA) CCF File. A Completion Notice PTS Ticket (Unsolicited message) is also sent.~~

~~In addition, after the call lottery is processed, the call information (excluding results) is added to the RIPS function of PTS. Refer to Sections 2.27 (RIPS) and 2.15 (ACLP) of the PTS Manual for additional information.~~

~~The Security Position Inquiry Function (POS) function of PTS contains two additional security fields for called securities, one security field for Called Securities With Interest (i.e., Participant is due accrued interest) and the other for Called Securities Without Interest. Refer to Section 2.02 of the PTS Manual for additional information regarding POS.~~

### **Note:**

- ~~1. If the Participant is coded to receive Reorganization Broadcast messages, DTC will broadcast the information over its PTS Network.~~
- ~~2. DTC accepts PTS Participants' deposits of municipal securities with distinctions in purpose (that is, the purpose for which the proceeds of the original issuance were used) or series. These distinctions are generally not recognized in the assignment of CUSIP numbers, with the same CUSIP number designating securities which may have different purposes or series (although they are identical in all other details). Securities deposited by Participants become part of DTC's overall inventory of certificates in the issue and no distinction is made as to the purpose or series a particular Participant holds. Thus, if an issuer announces a partial or full call of bonds of a particular purpose or series, DTC will process a partial call against all Participant~~

~~positions recorded under the CUSIP number assigned to that issue. It is possible that a Participant who had previously deposited securities of one purpose or series may have all or part of its position selected in DTC's call lottery even if the call applies to securities of a different purpose or series.~~

~~Receive notification from DTC of the completion of a call via a Completion Flash on PTS.~~

~~In allocating the results of a partial call by means of a lottery, DTC uses all positions maintained by a Participant, whether the position is a general free position, a pledged position, an investment position or a segregated position. The call lottery system has been designed, however, so that the amount of called securities allocated to a given Participant is deducted only from the Participant's position in its General Free account, even though this deduction may drive the Participant's General Free account short. For example, if a Participant which is long 10 bonds in its general free account and 90 bonds in its pledged account is allocated 20 bonds in a call lottery, the 20 allocated called bonds are deducted from its general free position, leaving it short 10 uncalled bonds in its general free position, long 90 uncalled bonds in its pledged position, and long 20 called bonds in its called with/without interest account. The Participant will be subject to DTC's standard penalty charge on any short position in the General Free account resulting from call lottery allocations; these charges can be easily averted, however, by arranging for a prompt release of the pledged securities for an equivalent amount of called securities.~~

~~The allocation of call lottery results exclusively against a Participant's general free account eliminates delays in Participants receiving credit for call redemptions due to a failure to release pledges of positions and simplifies Participants reconciliation of call lottery results. It also encourages Participants to release pledges or segregation of securities which are the subject of partial calls on a timely basis.~~

~~Certificates held outside DTC in Cede & Co.'s name, in Street name or in any other name, including any certificates represented by short positions in DTC Participants' accounts, may be called by the Transfer Agent/Trustee. The called amounts of such certificates are not included in DTC's lottery. Control and redemption of such certificates are the responsibility of the Participants.~~

~~All changes in positions from the General Free account to the called with/without interest accounts are effective on the day the lottery is run and appear on the Dividend/Reorganization Participant Statement.~~

~~In some circumstances, DTC is notified after publication date. In such cases, DTC captures positions as of the close of business the evening prior to publication date, and those positions are subject to call.~~

~~The Participant can combine the result of the DTC lottery with any called amount of the same issue held by the Participant in a fungible mass outside DTC. The Participant conducts an impartial lottery to allocate called amounts to accounts for which the securities are being held, in accordance with any applicable regulations.~~

*Note:*

- ~~1. On and after publication date, called certificates and DTC book-entry transfers of called security positions are not a good delivery except when an entire issue is called or when the transaction is specifically in called securities (refer to applicable rules of the self-regulatory organizations).~~
- ~~2. Participants can use DTC's Reclamation Procedure to recall book-entry deliveries of callable securities made between the call publication date and the DTC call lottery date. (Any short positions created before this date are excluded from this procedure.) Refer to Section C—DELIVERIES of this manual and Section 6.12 (Broadcast Function) of the PTS Manual for additional information.~~
- ~~3. Contact the pledgee to arrange release or substitution prior to redemption date where a called amount has been allocated to pledged securities by DTC's lottery system.~~
- ~~4. Release securities from Investment Identification and Segregated status, where a call has been allocated by DTC's lottery system. Called securities in Investment Identification and Segregated status on redemption date will be redeemed together with all other called securities.~~

~~Special Cases~~

## OTHER REDEMPTION SERVICES

### Full Pre-Refundings

The issuer has deposited in escrow sufficient funds to pay all of the bonds on a scheduled redemption date in advance of the original maturity date.

**Generally, DTC learns is notified** of full pre-refundings more than 60 days prior to the pre-refunded redemption date. **In some cases DTC is notified less than 60 days prior and possibly even years in advance:**

- DTC changes the maturity date of the issue to the pre-refunded redemption date on its security master file. In addition, a less-than sign (<) is placed in the seventh character of DTC's 20-character security description for the issue. Maturity processing is then invoked on such issues identically to other maturing issues.



DTC ~~learns~~ **notified** of full pre-refunding 60 days or less prior to the pre-refunded redemption date:

- DTC processes these issues identically to full **redemptionscalls**.

**Note:** In some cases an issue may be fully pre-refunded but to several redemption dates rather than one. In such cases DTC first processes the issue similarly to a partial call by running lotteries to determine which positions will be swung to each new redemption date. Positions selected for a new date are assigned a new CUSIP number with a maturity date set to the pre-refunded redemption date.

### **Partial Pre-Refundings**

The issuer is refunding only a portion of the issue to an earlier maturity date. Funds are put into escrow to pay at this earlier date.

DTC processes these issues identically to a partial **redemptioncall** and then swings the Participants' positions (resulting from the lottery) to the new refunded CUSIP number with its maturity date set to the pre-refunded redemption date. The remainder of the issue is swung from the original CUSIP number to a new non-refunded CUSIP number having the same maturity date as the original. The original CUSIP number is no longer eligible for DTC services.

**Note:** In some cases, the portion of the issue that is being pre-refunded is being refunded to several different redemption dates. In these cases DTC will run multiple lotteries to allocate positions to each of the pre-refunded redemption dates, with each differentiated by CUSIP number.

### **Full Defeasances**

The issuer has deposited in escrow sufficient funds to pay all of the bonds as they come due.

DTC ~~publishes an Important Notice disseminating the~~ **provides** information on ~~the defeasance~~ **defeasances** to ~~the~~ Participants **via CA Web, PTS/PBS, CCF file transmissions, ISO 20022 messaging and SMART/Search.**

### **Partial Defeasances**

The issuer has deposited in escrow sufficient funds to pay only a portion of the bonds as they come due.

DTC processes the partial defeasance identically to a partial pre-refunding, except that the maturity date of the defeased portion of the issue does not change.

### **Lottery Cancellations**

~~When DTC receives a notice of partial redemption of an issue, the information is set up on the Automated Call Lottery (ACL) system and a preliminary notice of redemption (flash) is automatically generated via the ACL system (to alert Participants to the call) after verification of the called inventory held at DTC. A cancellation notice (flash) is sent via the ACL system only when DTC holds no called inventory.~~

### **Supplemental Lotteries**

~~Upon receipt of revised instructions to call an additional amount of securities in reference to a redemption which has been completed (mainlined), DTC will process a supplemental lottery to comply with these instructions. The supplemental lottery is run identically to an original partial call lottery except that any position already hit in the original lottery is not included in the supplemental lottery (e.g., if the Participant's publication date position is 100 bonds and 40 bonds are called in the original lottery, the Participant's publication date position for purposes of the supplemental lottery will be adjusted to 60 bonds [100 minus 40]).~~

### **Lottery Reversals**

~~Upon written instructions from the agent rescinding the call, DTC will reverse the call by reinstating Participants' positions and reversing the funds allocation (if funds have been allocated).~~

### **Conditional Redemptions**

#### **Reorg Deposit Service**

**DTC's Reorg Deposits Service allows DTC Participants to deposit any DTC-eligible securities currently undergoing, or that have undergone, redemptions and maturity processing. DTC will credit the deposited securities to Participants' accounts and will submit them to the paying agent for payment. DTC will then credit redemption proceeds (or new securities to Participants' securities accounts) to Participants' settlement accounts and delete their positions in the deposited security.**

**Any DTC-eligible security undergoing call or maturity processing plus any DTC-eligible security that has matured or been called after August 1, 1993 is eligible for the Reorg Deposits Service. Beginning August 1, 1995, deposits of past due issues will only be accepted on issues that have matured or been called during the period up to two years prior to that date of deposit.**

**For deposits made by Participants beginning on the day DTC's regular deposit procedures are terminated (DTC terminates regular deposit services 30 business days prior to maturity date or upon receipt of a full call notice) and ending on the cutoff date (10 business days prior to the redemption/maturity date), DTC will allocate redemption proceeds to Participants on the day it allocates such proceeds to Participants for positions deposited prior to regular deposit procedure termination (generally the redemption date of the issue).**

~~Some full and partial call notices contain language stating that the payment of the redemption proceeds is conditioned upon some event. DTC only allocates redemption proceeds to Participants upon receipt of funds from the redemption agent. Participants are notified of conditional redemptions via Important Notice.~~**For deposits made after the cutoff date, DTC will allocate redemption proceeds to Participants upon receipt of funds from the paying agent.**

### **Accrued Interest/Dividend Due on Maturity or Redemption Date**

**Payments of interest and dividends made on regular interest or dividend payment dates ("on-cycle" payments made to holders as of the record date) for an issue are treated as Distribution events and are paid separately from the redemption event. Payments of interest or dividends made on a redemption date that is not a regular interest or dividend payment date ("off-cycle" payments) represent interest or dividends that have accrued since the previous interest or dividend payment date and are to be paid to presenting holders. These payments are combined with the principal payment allocated to Participants on redemption date. The rate of such payments is included with other information regarding the maturity or redemption on CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 20022 messaging and SMART/Search.**

### **SPECIAL PROCESSING SCENARIOS**

#### **Initial and Interim Distributions on Defaulted Issues Distributions Requiring Certificate Presentation**

From time to time, DTC may receive and allocate a distribution of ~~monies~~**monies** due on a defaulted issue to Participants. In cases where certificates must be presented in connection with an initial distribution, information regarding the distribution is made available ~~through the Redemption Inquiry (ACLP) and Reorganization Inquiry for Participants (RIPS) functions of PTS.~~**via CA Web, PTS/PBS (RIPS), CCF file transmissions and ISO 20022 messaging.**

In the case of an interim distribution on such issues (that is, where additional distributions are expected to be made), DTC will continue to report each Participant's position in the defaulted issue under the original CUSIP number for the issue. Positions will be deleted when a final distribution on the security is made.

If no presentation of certificates is required (that is, the distribution is paid to holders as of a particular record date), the distribution is paid **as a Distribution event** by DTC's ~~Dividend Division. Refer to Section F – DIVIDEND/INTEREST DISTRIBUTIONS for additional information.~~

### **Final Distribution on Defaulted Issues Requiring Certificate Presentation**

DTC processes these issues identically to full **redemptionscalls**.

### **Final Principal Distribution on Asset-Backed Securities (e.g.,**

**An example of this would be** Collateralized Mortgage Obligations), DTC processes these issues identically to full **redemptionscalls**.

### **Foreign Currency Denominated Issues**

DTC receives payments on foreign currency denominated issues only in U.S. Dollars. Participants wishing to receive maturity or call proceeds on these issues in U.S. Dollars need not take any action. DTC will allocate such payments to Participants on payment date ~~(on confirmation with the agent in the case of NDFS issues; upon receipt of funds for SDFS issues).~~ The U.S. Dollar payment rate is normally available on the second business day prior to the payment date and is **displayed on the ACLP or RIPS functions of PTS and the REORGM or REORGN CCF files available via CA Web, PTS/PBS (RIPS), CCF file transmissions, ISO 2002 messaging and SMART/Search.**

With the agreement of the redemption agent for the issue, DTC will make an issue eligible for the Redemptions Foreign Currency (RCUR) function of PTS. For such issues, a Participant wishing to receive maturity or call proceeds in the foreign currency may elect to do so by submitting an instruction on the RCUR function. A Participant that has submitted an election instruction on the RCUR function will receive the foreign currency proceeds on the position that is the subject of the instruction directly from the agent for the issue outside of DTC; DTC will have no payment obligation to the Participant relating to the position that is the subject of the processed RCUR instruction.

In the event of a partial call on a foreign currency denominated issue, Participants' called positions will be recorded under a contra CUSIP number. This contra CUSIP number will be made eligible for submission of election instructions on the RCUR function.

If the redemption agent for the issue does not agree to have the issue eligible on the RCUR function, Participants wishing to receive maturity or call proceeds in the foreign currency must withdraw their certificates from DTC **prior to record date** and present them directly with their foreign currency elections prior to the issue's cutoff date for such election.

DTC uses its best efforts to identify foreign currency denominated issues and to notify Participants of these. Participants aware of foreign currency denominated issues on which they have not received notification from DTC are urged to notify DTC's ~~Reorganization/Redemption Department's Redemption Payments service desk at the telephone number listed on the back of the Eligible Securities book.~~ Customer Service hotline at 1 888 382 2721.

**Accrued Interest/Dividend Due on Maturity or Redemption Date Called Certificates Withdrawn by Certificate-on-Demand (COD) after Publication Date**

~~Payments of interest and dividends made on regular interest or dividend payment dates ("on-cycle" payments made to holders as of the record date) for an issue are covered in Section F – DIVIDEND/INTEREST DISTRIBUTIONS.~~

~~Payments of interest or dividends made on a redemption date that is not a regular interest or dividend payment date ("off-cycle" payments) represent interest or dividends that have accrued since the previous interest or dividend payment date and are to be paid to presenting holders. These payments are combined with the principal payment allocated to Participants on redemption date. The rate of such payments is included with other information regarding the maturity or redemption on the Reorganization Inquiry For Participants (RIPS) function of PTS. Refer to Section 2.27 of the PTS Manual for additional information regarding such accrued/dividend payments.~~

**In the event that a called certificate is withdrawn by COD, or a deposit reject is inadvertently processed, DTC makes an effort to contact the Participant in question and requests the return of the called certificate which was included in DTC's total lottery quantity. If in a reasonable period of time, the Participant cannot return the certificate to DTC, DTC charges the Participant's account the corresponding funds and reinstates its position for the appropriate quantity, upon DTC's allocation of the redemption proceeds.**

**Recall of Delivery**

**Participants whose accounts have been driven short because of a call lottery can use DTC's Short Position Reclamation Procedure to recall book-entry deliveries of callable securities made between the call publication date and the DTC call lottery date. (Any short positions created before this date are excluded from this procedure.)**

**REDEMPTION REFUNDS**

The overwhelming majority of redemption proceeds are allocated by DTC to Participants on payable date. In the event that DTC does not pay Participants' redemption proceeds on redemption date, Participants may be entitled to a refund.

A redemption refund is caused by two types of events, both of which involve late allocations of redemption proceeds by DTC to Participants:

- receipt of funds by DTC on payable date, followed by allocation of funds by DTC to Participants after payable date .

OR

- receipt of funds by DTC and allocation of funds by DTC to Participants after payable date .

The first type of event results in a refund to Participants of their pro-rata share of DTC's investment earnings. The second type of event does not generate a refund of investment earnings; rather, it results in DTC submitting compensation claims to redemption agents. Participants receive their pro-rata share of the total amount received on DTC's claim.

Redemption refunds are paid to Participants monthly via credits to their monthly DTC bill. ~~Two separate total refunds are reported:~~

~~SDFS redemption refund (SDFS-eligible issues)~~

~~NDFS redemption refund (NDFS-eligible issues)~~

Supporting schedules listing details of items included in each refund are attached to Participants' ~~hard-copy~~ monthly bill.

### ~~Commercial Paper/Money Market Instrument Maturities and Redemptions~~

~~Procedures relating to maturities and redemptions of commercial paper (CP) and certain money market instruments (MMIs) are not covered by this procedure. CP procedures are included in DTC's CP General Operating Procedures for CP Issuing/Paying Agents, dated July 27, 1990. Proposed procedures for soon to be DTC-eligible MMIs are included in DTC's Proposal For Money Market Programs, dated December 30, 1992.~~

### Charge-Backs and Adjustments

#### Overview

Charge-backs and Adjustments are an important part of redemption allocations. It is necessary for ~~you~~ Participants to understand how DTC processes charge-backs and adjustments to ~~your~~ their DTC account (s).

## About Charge-Backs and Adjustments

~~After crediting~~DTC does not credit you with a redemption payment, DTC occasionally determines that this credit was improper due to an issuer's default on the payment, an error on the part of DTC, or some other reasonredemption proceeds to Participants until it is funded by the issuer/agent. Occasionally, it is determined that the proceeds credited were incorrect. In this event, DTC may, in accordance with established procedures, charge ~~you~~ the Participant's account for the amount of the improper credit and adjust ~~your~~ the position accordingly.

Also, from time to time DTC may determine that a payment received by ~~you~~ a Participant or ~~your~~ a Participant's customer directly from the paying agent was rightfully due to DTC. In this event, DTC may, in accordance with established procedures, charge ~~your~~ the Participant's account for the amount of the improper payment and adjust the position accordingly.

In addition, from time to time DTC may determine that ~~you~~ a Participant has received insufficient payment. In this event, DTC may, in accordance with established procedures, credit ~~your~~ the account.

These adjustments will appear on ~~your Participant Statement and can be viewed using the PTS functions~~ ADJICA Web, PTS/PBS (ADJI), CCF file transmissions, ISO 20022 messaging and SMART/Search.

## ~~Reasons for Charge Backs and Adjustments~~

~~The following are conditions under which DTC processes charge backs:~~

### ~~Return of Funds to Paying Agents~~ Due to Default or Bankruptcy of the Issuer

If DTC has received the funding from an issuer's agent and has allocated the payment to ~~you~~ a Participant, and the agent, within one business day of the funding, requests a return of funds, due to default or bankruptcy of the issuer, ~~your~~ the Participant's account will be charged back and collected funds will be returned to the paying agent no later than one business day following the request.

- ~~A Participant~~ You will receive one day advance notification before the adjustment is processed to ~~your~~ its account.
- If such a request is received more than one business day after the funding date, DTC will cooperate with both the payor and ~~you~~ the Participant to resolve the matter by contacting the affected parties to ascertain the Participant's ~~your~~ willingness to accept a charge for funds that may have been distributed to its ~~your~~ customers. Funds collected from ~~you~~ the Participant will be promptly remitted to the paying agent. In cases where ~~you~~ the Participant is unwilling or unable to immediately comply with the request, DTC will provide the agent with ~~p~~ Participant names and contacts to assist in the collection process.

### **Called Certificates Withdrawn by Certificate-on-Demand (COD) after Publication Date**

~~In the event that a called certificate is withdrawn by COD, or a deposit reject is inadvertently processed, DTC makes an effort to contact the Participant in question and requests the return of the called certificate which was included in DTC's total lottery quantity. If in a reasonable period of time, the Participant cannot return the certificate to DTC, DTC charges the Participant's account the corresponding funds and reinstates its position for the appropriate quantity, upon DTC's allocation of the redemption proceeds.~~

### **Recall of Delivery**

~~Participants can use DTC's Reclamation Procedure to recall book entry deliveries of callable securities made between the call publication date and the DTC call lottery date. (Any short positions created before this date are excluded from this procedure.) Refer to Section C – DELIVERIES of this manual and Section 6.12 (Broadcast Function) of the PTS Manual for additional information.~~

### **ACTIVITY VERIFICATION**

Activity involving called positions is recorded on the Participant Daily Activity Statement.

**Participants should** ~~check~~ **their** statements to be sure ~~your~~ **their** transactions were properly processed and recorded.

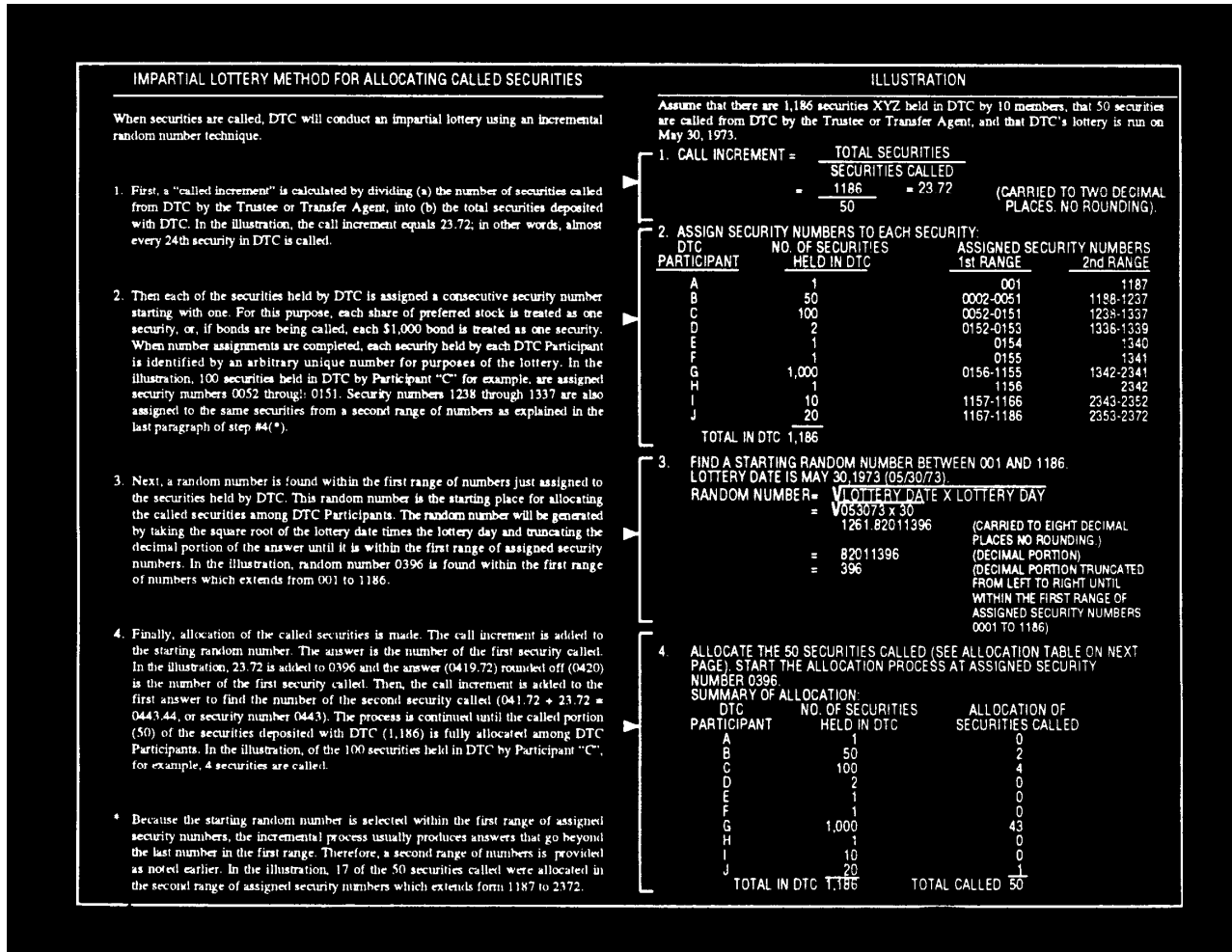
Any discrepancy with DTC's Daily Activity Participant Statement must be reported to DTC's ~~Reconciliation Division~~ **Customer Help Center at 888 382 2721** as soon as possible after the statement is received.

**Warning:** It is the Participant's responsibility under DTC's Rules and Procedures to verify the accuracy of the Daily Activity Participant Statement. ~~Refer to Section N – STATEMENTS/AUDITS for additional information.~~

~~**Note:** The Participant Terminal System Inquiry (PTSI) function of PTS currently lets the Participant inquire about available PTS functions, giving a brief description of the functions and the corresponding section in the PTS Manual that details operating instructions. To avoid unnecessary inquiries, Participants should check PTSI, along with any pertinent DTC reports and statements, before submitting activity differences for inquiries to DTC. Refer to Section 2.01 of the PTS Manual for additional information regarding PTSI.~~



**APPENDIX A: ILLUSTRATIONS**

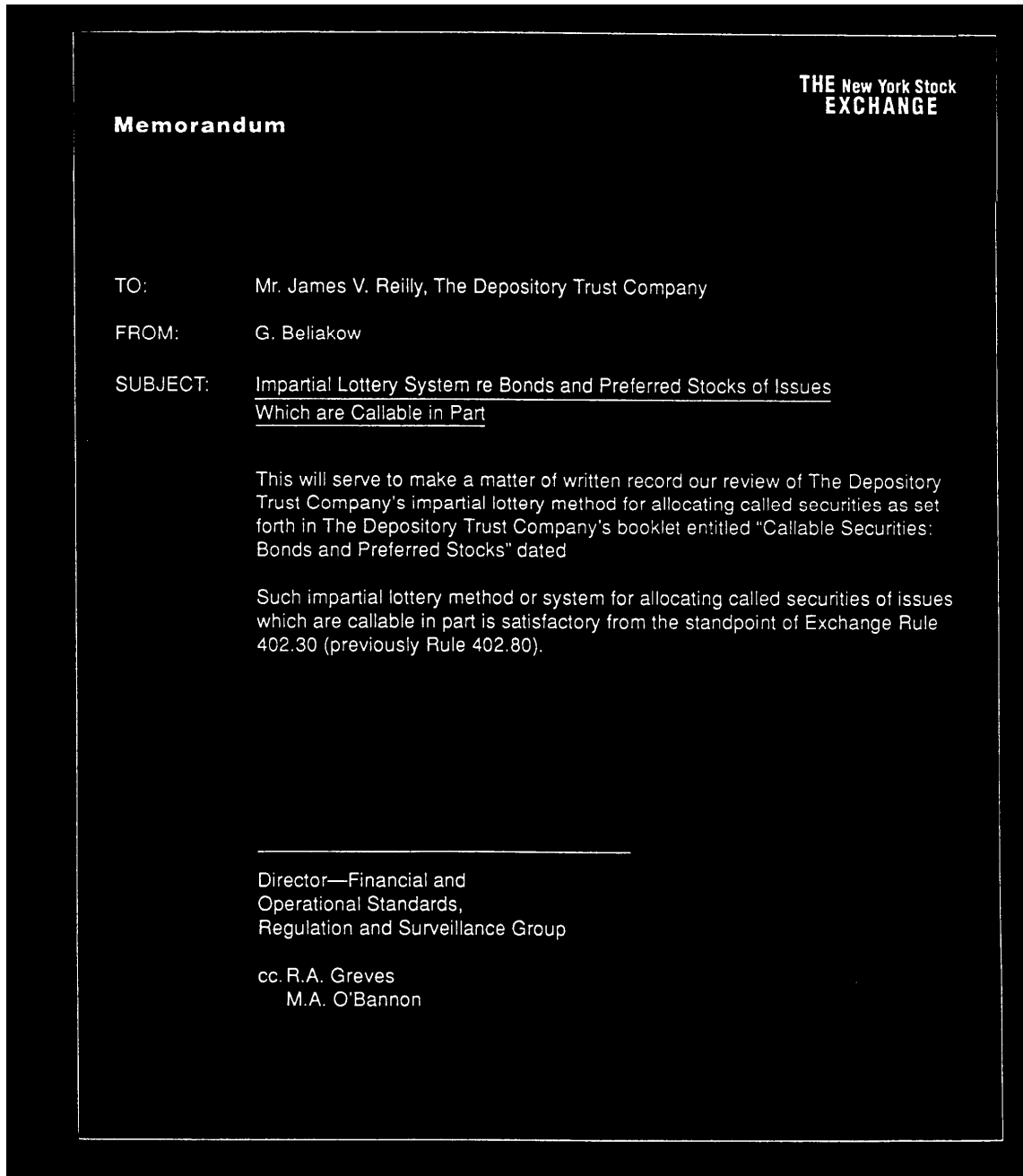


**Figure 1: Lottery Methodology for a Partial Call**

ALLOCATION TABLE							
<u>RANDOM NUMBER</u>	<u>ROUNDED RANDOM NUMBER*</u>	<u>DTC PARTICIPANT</u>	<u>NO. OF SECURITIES ALLOCATED</u>	<u>RANDOM NUMBER</u>	<u>ROUNDED RANDOM NUMBER*</u>	<u>DTC PARTICIPANT</u>	<u>NO. OF SECURITIES ALLOCATED</u>
0396.00	Start			1012.72			
+ 23.72	Increment			+ 23.72			
0419.72	0420	G	1	1036.44	1036	G	1
+ 23.72				+ 23.72			
0443.44	0443	G	1	1060.16	1060	G	1
+ 23.72				+ 23.72			
0467.16	0467	G	1	1083.88	1084	G	1
+ 23.72				+ 23.72			
0490.88	0491	G	1	1107.60	1108	G	1
+ 23.72				+ 23.72			
0514.60	0515	G	1	1131.32	1131	G	1
+ 23.72				+ 23.72			
0538.32	0538	G	1	1155.04	1155	G	1 32
+ 23.72				+ 23.72			
0562.04	0562	G	1	1178.76	1179	J	1 1
+ 23.72				+ 23.72			
0585.76	0586	G	1	1202.48	1202	B	1
+ 23.72				+ 23.72			
0609.48	0609	G	1	1226.20	1226	B	1 2
+ 23.72				+ 23.72			
0633.20	0633	G	1	1249.92	1250	C	1
+ 23.72				+ 23.72			
0656.92	0657	G	1	1273.64	1274	C	1
+ 23.72				+ 23.72			
0680.64	0681	G	1	1297.36	1297	C	1
+ 23.72				+ 23.72			
0704.36	0704	G	1	1321.08	1321	C	1 4
+ 23.72				+ 23.72			
0728.08	0728	G	1	1344.80	1345	G	1
+ 23.72				+ 23.72			
0751.80	0752	G	1	1368.52	1369	G	1
+ 23.72				+ 23.72			
0775.52	0776	G	1	1392.24	1394	G	1
+ 23.72				+ 23.72			
0799.24	0799	G	1	1415.96	1416	G	1
+ 23.72				+ 23.72			
0822.96	0823	G	1	1439.68	1440	G	1
+ 23.72				+ 23.72			
0846.68	0847	G	1	1463.40	1463	G	1
+ 23.72				+ 23.72			
0870.40	0870	G	1	1487.12	1487	G	1
+ 23.72				+ 23.72			
0894.12	0894	G	1	1510.84	1511	G	1
+ 23.72				+ 23.72			
0917.84	0918	G	1	1534.56	1535	G	1
+ 23.72				+ 23.72			
0941.56	0942	G	1	1558.28	1558	G	1
+ 23.72				+ 23.72			
0965.28	0965	G	1	1582.00	1582	G	1 11
+ 23.72							
0989.00	0989	G	1				
+ 23.72							
1012.72	1013	G	1				

\* Rounded to nearer integer.

**Figure 2: Allocation Table for a Partial Call**



THE New York Stock  
EXCHANGE

**Memorandum**

TO: Mr. James V. Reilly, The Depository Trust Company

FROM: G. Bellakow

SUBJECT: Impartial Lottery System re Bonds and Preferred Stocks of Issues  
Which are Callable in Part

This will serve to make a matter of written record our review of The Depository Trust Company's impartial lottery method for allocating called securities as set forth in The Depository Trust Company's booklet entitled "Callable Securities: Bonds and Preferred Stocks" dated

Such impartial lottery method or system for allocating called securities of issues which are callable in part is satisfactory from the standpoint of Exchange Rule 402.30 (previously Rule 402.80).

---

Director—Financial and  
Operational Standards,  
Regulation and Surveillance Group

cc. R.A. Greves  
M.A. O'Bannon

**Figure 3: Opinion - Partial Call Lottery Method, part 1**

**THE New York Stock  
EXCHANGE**

**Memorandum**

TO: Mr. James V. Reilly, Ass't Vice Pres., The Depository Trust Company  
FROM: Norman C. Miller, Director of Policy Planning, Research Dept.  
SUBJECT: Callable Bonds and Preferred Stocks

This is to inform you that, in our opinion, the lottery method you are using to select bonds and preferred stocks subject to call is a fair and equitable approach to allocation among DTC participants. By using a widely accepted and mathematically sound sampling technique, the method meets all criteria for assuring a fair selection of securities to be called.

Therefore, the method meets the requirements set forth in NYSE Rule 402.80.

NCM/vp

**Figure 4: Opinion - Partial Call Lottery Method, part 2**

\*\*\*

## DTC Fee Schedule

\*\*\*

### Corporate Actions

\*\*\*

### *Other Services*

CCF File Fee for Distributions  
Announcements

50,000

Charged once **during each from**  
January 1, **2016<sup>st</sup>**-through  
December 31, **2016<sup>st</sup>** **period**,  
upon Participant's initial receipt  
of CCF files for Distributions  
announcements during the  
period.

Once a Participant that is part of  
an Affiliated Family is charged  
the CCF File Fee for  
Distributions announcements,  
the other Participants that are  
part of the Affiliated Family will  
not be charged the CCF File Fee  
for Distributions announcements  
during that period.

CCF File Fee for Redemptions Announcements <sup>1</sup>	50,000	Charged once <del>during each</del> <u>from July 1, 2016<sup>1</sup></u> through June 30, <u>2017<sup>2</sup></u> <del>period</del> , upon Participant's initial receipt of CCF files for Redemptions announcements during the period.
---	--------	--

Once a Participant that is part of an Affiliated Family is charged the CCF File Fee for Redemptions announcements, the other Participants that are part of the Affiliated Family will not be charged the CCF File Fee for Redemptions announcements during that period.

CCF File Fee for Reorganizations Announcements <sup>2</sup>	50,000	Charged once <u>from January 1, 2018 through December 31, 2018</u> <del>during a twelve month period to be determined</del> , upon Participant's initial receipt of CCF files for Reorganizations announcements during the period.
---	--------	--

Once a Participant that is part of an Affiliated Family is charged the CCF File Fee for

---

<sup>1</sup> ~~The CCF File Fee for Redemptions announcements will be effective July 1, 2016.~~

<sup>2</sup> ~~The specific effective date and fee period for the CCF File Fee for Reorganizations announcements will be announced by Important Notice.~~

Reorganizations announcements, the other Participants that are part of the Affiliated Family will not be charged the CCF File Fee for Reorganizations announcements during that period.