

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 52	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2018 - * 004	Amendment No. (req. for Amendments *)	
Filing by The Depository Trust Company Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input checked="" type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *).  Modifications to the DTC Underwriting Service Guide					
<b>Contact Information</b> 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 * John Last Name * Petrofsky Title * Director and Assistant General Counsel E-mail * jpetrofsky@dtcc.com Telephone * (813) 470-2115 Fax					
<b>Signature</b> 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 07/20/2018 By Lois J. Radisch (Name *) Managing Director and Deputy General Counsel  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.  lradisch@dtcc.com					

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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

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

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

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

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

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

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Exhibit Sent As Paper Document

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

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

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

## 1. Text of the Proposed Rule Change

(a) The proposed rule change of The Depository Trust Company (“DTC”)<sup>1</sup> is annexed hereto as Exhibit 5 and consists of proposed modifications to the DTC Underwriting Service Guide (“Underwriting Guide”)<sup>2</sup> to (i) promote consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, (ii) make clarifying and technical changes and (iii) provide enhanced readability and transparency for users of DTC’s underwriting service (“Underwriting Service”), as described below.

(b) Not applicable.

(c) Not applicable.

## 2. Procedures of the Clearing Agency

The proposed rule change was approved by the Deputy General Counsel of DTC on July 20, 2018.

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<sup>1</sup> Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC (the “Rules”), available at [www.dtcc.com/~media/Files/Downloads/legal/rules/dtc\\_rules.pdf](http://www.dtcc.com/~media/Files/Downloads/legal/rules/dtc_rules.pdf), and the DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) (“OA”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

<sup>2</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Underwriting-Service-Guide.pdf>. The Underwriting Guide and the OA constitute Procedures of DTC. Pursuant to the Rules, the term “Procedures” means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27, as amended from time to time. See Rule 1, Section 1, supra note 1. DTC’s Procedures are filed with the Securities and Exchange Commission (“Commission”). They are binding on DTC and each Participant in the same manner as they are bound by the Rules. See Rule 27, supra note 1. The OA is also binding on each Issuer and Agent of an Eligible Security. See OA at 5, supra note 1. DTC also maintains service guides that constitute Procedures relating to other services it offers, including the “Canadian-Link Service Guide,” “Custody Service Guide” (defined below as “Custody Guide”), “Deposits Service Guide,” “Distributions Service Guide,” “Redemptions Service Guide,” “Reorganizations Service Guide” and “Settlement Service Guide.” Available at <http://www.dtcc.com/legal/rules-and-procedures?subsidiary=DTC&pgs=1>.

### 3. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

#### (a) Purpose

The proposed rule change consists of proposed modifications to the Underwriting Guide to (i) promote consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, (ii) make clarifying and technical changes and (iii) provide enhanced readability and transparency for users of DTC’s Underwriting Service, as described below.

#### Background

Eligible Securities<sup>3</sup> may be introduced into DTC as new issuances (“New Issues”) through the Underwriting Service, in connection with a Participant, or a correspondent working through a Participant’s Account, submitting an eligibility request.<sup>4</sup> In addition to the process for New Issues, there are separate eligibility processes for (i) older issues (“Older Issues”), i.e., those already available in the market but not previously made eligible for deposit at DTC<sup>5</sup> and (ii) Eligible Securities in the MMI Program.<sup>6</sup> Other issues of Securities may be added through corporate actions with respect to existing Eligible Securities, including events such as name changes, mergers and spinoffs, which are also reviewed for continuing eligibility.<sup>7</sup>

The Underwriting Service also supports other DTC functions and services relating to the underwriting function, including the IPO Tracking system,<sup>8</sup> eligibility processing for the DTC

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<sup>3</sup> Generally, Eligible Securities must have been issued in a transaction: (i) registered with the Commission pursuant to the Securities Act; (ii) exempt from registration pursuant to a Securities Act exemption without transfer or ownership restrictions; or (iii) pursuant to Rule 144A, 17 C.F.R. 230.144A, or Regulation S, 17 C.F.R. 230.901-230.905, under the Securities Act. See OA, supra note 1 at 2-3.

<sup>4</sup> See OA, supra note 1 at 1-2.

<sup>5</sup> Id.

<sup>6</sup> Id. at 3.

<sup>7</sup> Id. at 1.

<sup>8</sup> The IPO Tracking system allows a Participant that is the lead underwriter of an issue to track certain Deliveries of equity Securities during the period known as the underwriting stabilization period (“Stabilization Period”). See Underwriting Guide, supra note 2 at 3. The Stabilization Period is the duration of time immediately after the Closing of an issue during which the lead manager of an underwriting may purchase Securities in the open market in order to stop a decline in the price of the Securities. Id. at 5.

custody service (“Custody Service”),<sup>9</sup> and the security holder tracking service (“Security Holder Tracking Service”).<sup>10</sup>

The proposed rule change would make modifications to the Underwriting Guide to (i) promote consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, specifically the OA<sup>11</sup> and the Custody Guide,<sup>12</sup> (ii) make clarifying and technical changes and (iii) provide enhanced readability and transparency for users of DTC’s Underwriting Service, as described in the sections below. These would include (1) the modification of applicable text of the Underwriting Guide relating to (a) the section currently titled “Introduction,” (b) a section on the closing of an initial issue (“Closing”), (c) MMI Securities, (d) New Issue Eligibility, (e) Older Issues, (f) the Custody Service and (g) packaging inquires; (2) technical changes; and (3) the deletion of a section titled “Processing Inquiries,” as described below.

### Proposed Changes to the Underwriting Guide

#### **Introduction/Overview Section**

The text of the Introduction section of the Underwriting Guide contains four subsections, titled, respectively, “Overview,” “About Underwriting,” “Preparing to Use the Products,” and “Understanding Relevant Dates.” Pursuant to the proposed rule change, to enhance readability and improve the overall flow of this section, the (i) title of the section would be changed from “Introduction” to “Overview,” and (ii) subsection titles mentioned above would be deleted and the four subsections would be consolidated into one section under the new “Overview” title.

In addition, the text of the consolidated section would be revised for enhanced clarity of the description of the Underwriting Service and overall readability for Participants.

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<sup>9</sup> See Custody Service Guide (“Custody Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Custody.pdf>, at 17-18. In 2016, DTC’s Custody Service Procedures were revised pursuant to a rule change (“Custody Rule Filing”) that amended the text of the Custody Guide with respect to making Securities eligible for the Custody Service. See Securities Exchange Act Release No. 34-79252 (November 7, 2016), 81 FR 79543 (November 14, 2016) (SR-DTC-2016-011). As described more fully below, the proposed change would conform the Custody Service section of the Underwriting Guide for consistency to the provisions set forth in the Custody Rule Filing.

<sup>10</sup> The Security Holder Tracking Service facilitates the ability of an issuer or a third party administrator designated by the issuer to track the number of beneficial holders of an issue. See Underwriting Guide, supra note 2 at 22-23.

<sup>11</sup> Supra note 1.

<sup>12</sup> Supra note 9.

References to the DTC Participant Terminal System (“PTS”) and other systems that Participants may use in connection with the Underwriting Service would be deleted from this section, because, as proposed and discussed below, other sections of the Underwriting Guide would include information on systems applicable to the aspect of the Underwriting Service covered by the respective sections, obviating the necessity of including such systems-related information in the Overview.

Also, because DTC’s Securities eligibility Procedures are primarily contained in the OA, a cross-reference to, and a brief description of, the OA would be added under the Overview section to promote a more comprehensive understanding by readers with respect to the DTC requirements to make Securities eligible for DTC services. Also, to reduce repetition between the Underwriting Guide and the OA, (i) a description of eligibility criteria for Securities would be deleted from this section of the Underwriting Guide and (ii) a table of requirements and relevant dates included in the Understanding Relevant Dates subsection would be deleted and, as discussed below, would be replaced with a cross-reference in the Closing section to the requirements and dates as set forth in Exhibit B<sup>13</sup> of the OA.

### **Closing**

In order to provide for enhanced clarity, readability and flow of the text in the Underwriting Guide with respect to Closing processing, the proposed rule change would (i) revise text describing the function of the DTC Closing area and (ii) consolidate the Closing section into one section from two subsections that are titled “About the Product” and “How the Product Works,” respectively, and eliminate the respective titles of the subsections. The proposed rule change would also update information for Participants to contact the DTC Closing desk.

Also, as mentioned above, to reduce repetition of the content of the Underwriting Guide versus the OA, a table of requirements and relevant dates included in the Understanding Relevant Dates subsection of the Introduction to the Underwriting Guide would be deleted and would be replaced with a cross-reference to these requirements and dates as set forth in Exhibit B<sup>14</sup> of the OA. The cross-reference would be positioned at the end of the Closing section as the referenced information in the OA includes key dates that must be met in relation to the closing date for an issue. In this regard, the proposed rule change would also remove a reference in the Closing section to deadlines for notifications that must be made to DTC with respect to the processing of the distribution of Securities on closing date, because the applicable timeframes are covered within the Exhibit B to the OA, cited above.

### **MMI Program**

In order to provide enhanced clarity and readability in the Underwriting Guide with respect to Procedures for processing eligibility requests for the MMI Program, the proposed rule change would (i) revise the text of the description of the MMI Program and its eligibility

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<sup>13</sup> See OA, supra note 1 at 60.

<sup>14</sup> Id.

process, (ii) revise information relating to systems used to access MMI Program eligibility services and include a reference to DTC's web-based underwriting application, (iii) remove a descriptive sentence relating to functionality for issuances and deliveries by an Issuing and Paying Agent ("IPA") in the MMI Program, because it is not relevant to the eligibility process covered by the Underwriting Guide, but rather to issuances and deliveries of MMI Securities that are conducted through DTC's settlement service in accordance with the Rules<sup>15</sup> and the Settlement Service Guide,<sup>16</sup> and (iv) update a reference relating to documentation that must be submitted in connection with an MMI Program eligibility request, to remove an outdated reference to an "Issuer Program Eligibility Form" signed by the IPA, and instead add a list of required program-level details which would be submitted in place of the form in an online format through the MMI Program web-based application.

### **New Issue Eligibility**

The provisions governing DTC's Securities eligibility processes for New Issues are primarily contained in the Rules and the OA; however the Underwriting Guide does contain text intended to provide information that enhances transparency for Participants regarding applicable Procedures.

In order to provide enhanced clarity in the Underwriting Guide with respect to Procedures for processing eligibility requests for New Issues and promote enhanced consistency of the content of the Underwriting Guide with the provisions of the OA, the proposed rule change would (i) eliminate details in the text describing the New Issue eligibility Procedures and requirements that are repetitive or inconsistent with text contained in the OA, including with respect to (a) the documentation requirements for eligibility requests and (b) types of issues that require additional documentation or special processing, (ii) replace outdated references to the DTC website with a link to the OA for Procedures relating to eligibility and related requirements, and (iii) update references with respect to systems used for access to New Issue-related services to (a) delete references to PTS and PTS functions and (b) add a reference to UW Source, because, in accordance with the OA, UW Source is the system that Participants are required to use to access eligibility services.<sup>17</sup>

### **Older Issue Eligibility**

As mentioned above, the provisions governing DTC's Securities eligibility processes for Older Issues are primarily contained in the Rules and the OA; however the Underwriting Guide also contains information in this regard.

In order to provide consistency of the content of the Underwriting Guide with the provisions of the OA, the proposed rule change would rename the section relating to Older Issues

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<sup>15</sup> See Rule 9(A), Rule 9(B) and Rule 9(C), supra note 1.

<sup>16</sup> See Settlement Service Guide, available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Settlement.pdf>.

<sup>17</sup> See OA, supra note 1 at 2.

from “Older Issue Eligibility” to “Secondary Market (Older Issue) Eligibility” for clarity and to reflect that Older Issues are issues that are on the secondary market when they are made eligible at DTC (as opposed to New Issues that are the subject of initial offerings), and insert a link to the OA for Procedures relating to eligibility and related requirements.

### **Custody Service**

In order to provide enhanced clarity and transparency in the Underwriting Guide with respect to Procedures for processing eligibility requests for the Custody Service, the proposed rule change would (i) change the Custody Service section from being a subsection of the Older Issue Eligibility section to its own section of the Underwriting Guide, because the Custody Service, while administered by the same area within DTC that administers eligibility processing for Older Issues and New Issues, is a separate function with different eligibility requirements,<sup>18</sup> (ii) update the text for enhanced readability and consistency of content, including with respect to systems requirements, with applicable Procedures set forth in the Custody Guide,<sup>19</sup> (iii) add a link to the Custody Guide for cross-reference purposes, and (iv) add a link to the DTCC website that provides additional information regarding the Custody Service.

### **Packaging Inquiries**

The proposed rule change would modify the text of the section titled “Packaging Inquiries” (i) for readability, (ii) to eliminate content that is repetitive of related content in the OA section named “Possession and Inspection,”<sup>20</sup> (iii) to add a link to the OA for additional information and (iv) to provide an updated link to the DTC form of letter of securities possession, which must be executed by a lead underwriter in order for DTC to process a distribution of an issue by book-entry on closing date if a Security certificate has not been provided to DTC within required timeframes.<sup>21</sup>

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<sup>18</sup> Compare Custody Guide, supra note 9 at 11-16 (describing the Custody Service function and eligibility requirements), with OA, supra note 1 at 1-9 (describing DTC’s eligibility requirements for Securities to be made eligible for DTC’s book-entry services, including New Issues and Older Issues).

<sup>19</sup> See Custody Guide, supra note 9 at 15-16. In 2016, DTC’s Custody Service Procedures were revised pursuant to the Custody Rule Filing, which amended the applicable text of the Custody Guide. See Securities Exchange Act Release No. 34-79252 (November 7, 2016), 81 FR 79543 (November 14, 2016) (SR-DTC-2016-011). The proposed change would conform the Custody Service section of the Underwriting Guide for consistency to the provisions set forth in the Custody Rule Filing.

<sup>20</sup> See OA, supra note 1 at 15.

<sup>21</sup> See Underwriting Guide, supra note 2 at 18-19.



## **Processing Inquiries**

The proposed rule change would remove the section titled “Processing Inquiries” from the Underwriting Guide. This section contains information relating to internal processes for data entry and billing information that is not necessary to be included in a Procedure. In addition, this section refers to special forms for the processing of eligibility of retail certificates of deposit, unit investment trusts and municipal and corporate products, which forms are obsolete because eligibility requests for all Security types, other than Securities in the MMI Program, must be submitted through UW Source.<sup>22</sup>

## **Other Proposed Changes**

The proposed rule change would make technical changes to (i) add to the front of the Underwriting Guide a title page with DTC’s name and the title “Underwriting Service Guide,” (ii) update (a) the address of DTC’s Internet site and (b) the copyright date of the Underwriting Guide, (iii) delete outdated contact information within the “Important Legal Information” included at the beginning of the Underwriting Guide and (iv) add a link to a user guide relating to the IPO Tracking system that is referenced in the “IPO Tracking System” section of the Underwriting Guide.

### **(b) Statutory Basis**

Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 (“Act”)<sup>23</sup> requires that the rules of the clearing agency be designed, inter alia, to promote the prompt and accurate clearance and settlement of securities transactions. DTC believes that the proposed rule change is consistent with this provision of the Act because by amending the text of the Underwriting Guide to (i) promote consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, specifically the OA and Custody Guide, (ii) make clarifying changes, (iii) provide enhanced readability and transparency for users of DTC’s Underwriting Service, and (iv) make other technical changes, the proposed rule change would provide Participants with an enhanced understanding with respect to the DTC Procedures relating to making Securities eligible for DTC services, as described above. Therefore, by providing Participants with enhanced understanding of DTC eligibility requirements and processing in this regard, and therefore facilitating their ability to request that Securities be made eligible for DTC services, DTC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions consistent with the Act.

## **4. Clearing Agency’s Statement on Burden on Competition**

DTC does not believe that the proposed rule change would have any impact on competition. The proposed rule change would merely clarify and provide enhanced transparency with respect to the DTC Underwriting Service by amending the text of the Underwriting Guide

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<sup>22</sup> See OA, supra note 1 at 1-2.

<sup>23</sup> 15 U.S.C. 78q-1(b)(3)(F).

(i) for enhanced readability, transparency and flow of content, (ii) to update (a) details on existing processes and (b) contact information, (iii) for enhanced consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, specifically the OA and Custody Guide and (iv) to make other technical changes, as described above, which amendments would not significantly affect the rights and obligations of users of DTC's services, and would not disproportionately impact any users.

**5. Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

DTC has not received or solicited any written comments relating to this proposal. DTC will notify the Commission of any written comments received by DTC.

**6. Extension of Time Period for Commission Action**

Not applicable.

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

(a) The proposed rule change is to take effect immediately upon filing pursuant to Section 19(b)(3)(A) of the Act.<sup>24</sup>

(b) The proposed rule change effects a change in an existing DTC service that would not (i) adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible or (ii) significantly affect any securities clearing operations of DTC or any rights or obligations of DTC with respect to securities clearing or users of DTC's services, because it consists of proposed changes that would merely clarify and provide enhanced transparency with respect to DTC's Underwriting Services by revising text in the Underwriting Guide to be consistent with existing provisions set forth in the Rules, the OA and the Custody Guide, as described above.<sup>25</sup>

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

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

Not applicable.

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

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

**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

Exhibit 4 – Not applicable

Exhibit 5 – Proposed change to the Rules

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_\_]; File No. SR-DTC-2018-004)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Make Clarifying Changes and Updates to the DTC Underwriting Service Guide

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July \_\_, 2018, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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<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).

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

The proposed rule change of DTC<sup>5</sup> consists of modifications to the DTC Underwriting Service Guide (“Underwriting Guide”)<sup>6</sup> to (i) promote consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, (ii) make clarifying and technical changes and (iii) provide enhanced readability and transparency for users of DTC’s underwriting service (“Underwriting Service”), as described below.

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

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the proposed rule change and discussed any

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<sup>5</sup> Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC (the “Rules”), available at [www.dtcc.com/~media/Files/Downloads/legal/rules/dtc\\_rules.pdf](http://www.dtcc.com/~media/Files/Downloads/legal/rules/dtc_rules.pdf), and the DTC Operational Arrangements for Securities to Become and Remain Eligible for DTC Services (“OA”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

<sup>6</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Underwriting-Service-Guide.pdf>. The Underwriting Guide and the OA constitute Procedures of DTC. Pursuant to the Rules, the term “Procedures” means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27, as amended from time to time. See Rule 1, Section 1, supra note 5. DTC’s Procedures are filed with the Commission. They are binding on DTC and each Participant in the same manner as they are bound by the Rules. See Rule 27, supra note 5. The OA is also binding on each Issuer and Agent of an Eligible Security. See OA at 5, supra note 5. DTC also maintains service guides that constitute Procedures relating to other services it offers, including the “Canadian-Link Service Guide,” “Custody Service Guide” (defined below as “Custody Guide”), “Deposits Service Guide,” “Distributions Service Guide,” “Redemptions Service Guide,” “Reorganizations Service Guide” and “Settlement Service Guide.” Available at <http://www.dtcc.com/legal/rules-and-procedures?subsidiary=DTC&pgs=1>.

comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The proposed rule change consists of proposed modifications to the Underwriting Guide to (i) promote consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, (ii) make clarifying and technical changes and (iii) provide enhanced readability and transparency for users of DTC's Underwriting Service, as described below.

Background

Eligible Securities<sup>7</sup> may be introduced into DTC as new issuances ("New Issues") through the Underwriting Service, in connection with a Participant, or a correspondent working through a Participant's Account, submitting an eligibility request.<sup>8</sup> In addition to the process for New Issues, there are separate eligibility processes for (i) older issues ("Older Issues"), i.e., those already available in the market but not previously made

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<sup>7</sup> Generally, Eligible Securities must have been issued in a transaction: (i) registered with the Commission pursuant to the Securities Act; (ii) exempt from registration pursuant to a Securities Act exemption without transfer or ownership restrictions; or (iii) pursuant to Rule 144A, 17 C.F.R. 230.144A, or Regulation S, 17 C.F.R. 230.901-230.905, under the Securities Act. See OA, supra note 5 at 2-3.

<sup>8</sup> See OA, supra note 5 at 1-2.

eligible for deposit at DTC<sup>9</sup> and (ii) Eligible Securities in the MMI Program.<sup>10</sup> Other issues of Securities may be added through corporate actions with respect to existing Eligible Securities, including events such as name changes, mergers and spinoffs, which are also reviewed for continuing eligibility.<sup>11</sup>

The Underwriting Service also supports other DTC functions and services relating to the underwriting function, including the IPO Tracking system,<sup>12</sup> eligibility processing for the DTC custody service (“Custody Service”),<sup>13</sup> and the security holder tracking service (“Security Holder Tracking Service”).<sup>14</sup>

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<sup>9</sup> Id.

<sup>10</sup> Id. at 3.

<sup>11</sup> Id. at 1.

<sup>12</sup> The IPO Tracking system allows a Participant that is the lead underwriter of an issue to track certain Deliveries of equity Securities during the period known as the underwriting stabilization period (“Stabilization Period”). See Underwriting Guide, supra note 6 at 3. The Stabilization Period is the duration of time immediately after the Closing of an issue during which the lead manager of an underwriting may purchase Securities in the open market in order to stop a decline in the price of the Securities. Id. at 5.

<sup>13</sup> See Custody Service Guide (“Custody Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Custody.pdf>, at 17-18. In 2016, DTC’s Custody Service Procedures were revised pursuant to a rule change (“Custody Rule Filing”) that amended the text of the Custody Guide with respect to making Securities eligible for the Custody Service. See Securities Exchange Act Release No. 34-79252 (November 7, 2016), 81 FR 79543 (November 14, 2016) (SR-DTC-2016-011). As described more fully below, the proposed change would conform the Custody Service section of the Underwriting Guide for consistency to the provisions set forth in the Custody Rule Filing.

<sup>14</sup> The Security Holder Tracking Service facilitates the ability of an issuer or a third party administrator designated by the issuer to track the number of beneficial holders of an issue. See Underwriting Guide, supra note 6 at 22-23.

The proposed rule change would make modifications to the Underwriting Guide to (i) promote consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, specifically the OA<sup>15</sup> and the Custody Guide,<sup>16</sup> (ii) make clarifying and technical changes and (iii) provide enhanced readability and transparency for users of DTC's Underwriting Service, as described in the sections below. These would include (1) the modification of applicable text of the Underwriting Guide relating to (a) the section currently titled "Introduction," (b) a section on the closing of an initial issue ("Closing"), (c) MMI Securities, (d) New Issue Eligibility, (e) Older Issues, (f) the Custody Service and (g) packaging inquires; (2) technical changes; and (3) the deletion of a section titled "Processing Inquiries," as described below.

#### Proposed Changes to the Underwriting Guide

##### **Introduction/Overview Section**

The text of the Introduction section of the Underwriting Guide contains four subsections, titled, respectively, "Overview," "About Underwriting," "Preparing to Use the Products," and "Understanding Relevant Dates." Pursuant to the proposed rule change, to enhance readability and improve the overall flow of this section, the (i) title of the section would be changed from "Introduction" to "Overview," and (ii) subsection titles mentioned above would be deleted and the four subsections would be consolidated into one section under the new "Overview" title.

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<sup>15</sup> Supra note 5.

<sup>16</sup> Supra note 13.



In addition, the text of the consolidated section would be revised for enhanced clarity of the description of the Underwriting Service and overall readability for Participants.

References to the DTC Participant Terminal System (“PTS”) and other systems that Participants may use in connection with the Underwriting Service would be deleted from this section, because, as proposed and discussed below, other sections of the Underwriting Guide would include information on systems applicable to the aspect of the Underwriting Service covered by the respective sections, obviating the necessity of including such systems-related information in the Overview.

Also, because DTC’s Securities eligibility Procedures are primarily contained in the OA, a cross-reference to, and a brief description of, the OA would be added under the Overview section to promote a more comprehensive understanding by readers with respect to the DTC requirements to make Securities eligible for DTC services. Also, to reduce repetition between the Underwriting Guide and the OA, (i) a description of eligibility criteria for Securities would be deleted from this section of the Underwriting Guide and (ii) a table of requirements and relevant dates included in the Understanding Relevant Dates subsection would be deleted and, as discussed below, would be replaced with a cross-reference in the Closing section to the requirements and dates as set forth in Exhibit B<sup>17</sup> of the OA.

### **Closing**

In order to provide for enhanced clarity, readability and flow of the text in the Underwriting Guide with respect to Closing processing, the proposed rule change would

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<sup>17</sup> See OA, supra note 5 at 60.

(i) revise text describing the function of the DTC Closing area and (ii) consolidate the Closing section into one section from two subsections that are titled “About the Product” and “How the Product Works,” respectively, and eliminate the respective titles of the subsections. The proposed rule change would also update information for Participants to contact the DTC Closing desk.

Also, as mentioned above, to reduce repetition of the content of the Underwriting Guide versus the OA, a table of requirements and relevant dates included in the Understanding Relevant Dates subsection of the Introduction to the Underwriting Guide would be deleted and would be replaced with a cross-reference to these requirements and dates as set forth in Exhibit B<sup>18</sup> of the OA. The cross-reference would be positioned at the end of the Closing section as the referenced information in the OA includes key dates that must be met in relation to the closing date for an issue. In this regard, the proposed rule change would also remove a reference in the Closing section to deadlines for notifications that must be made to DTC with respect to the processing of the distribution of Securities on closing date, because the applicable timeframes are covered within the Exhibit B to the OA, cited above.

### **MMI Program**

In order to provide enhanced clarity and readability in the Underwriting Guide with respect to Procedures for processing eligibility requests for the MMI Program, the proposed rule change would (i) revise the text of the description of the MMI Program and its eligibility process, (ii) revise information relating to systems used to access MMI Program eligibility services and include a reference to DTC’s web-based underwriting

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<sup>18</sup> Id.

application, (iii) remove a descriptive sentence relating to functionality for issuances and deliveries by an Issuing and Paying Agent (“IPA”) in the MMI Program, because it is not relevant to the eligibility process covered by the Underwriting Guide, but rather to issuances and deliveries of MMI Securities that are conducted through DTC’s settlement service in accordance with the Rules<sup>19</sup> and the Settlement Service Guide,<sup>20</sup> and (iv) update a reference relating to documentation that must be submitted in connection with an MMI Program eligibility request, to remove an outdated reference to an “Issuer Program Eligibility Form” signed by the IPA, and instead add a list of required program-level details which would be submitted in place of the form in an online format through the MMI Program web-based application.

### **New Issue Eligibility**

The provisions governing DTC’s Securities eligibility processes for New Issues are primarily contained in the Rules and the OA; however the Underwriting Guide does contain text intended to provide information that enhances transparency for Participants regarding applicable Procedures.

In order to provide enhanced clarity in the Underwriting Guide with respect to Procedures for processing eligibility requests for New Issues and promote enhanced consistency of the content of the Underwriting Guide with the provisions of the OA, the proposed rule change would (i) eliminate details in the text describing the New Issue eligibility Procedures and requirements that are repetitive or inconsistent with text

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<sup>19</sup> See Rule 9(A), Rule 9(B) and Rule 9(C), supra note 5.

<sup>20</sup> See Settlement Service Guide, available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Settlement.pdf>.

contained in the OA, including with respect to (a) the documentation requirements for eligibility requests and (b) types of issues that require additional documentation or special processing, (ii) replace outdated references to the DTC website with a link to the OA for Procedures relating to eligibility and related requirements, and (iii) update references with respect to systems used for access to New Issue-related services to (a) delete references to PTS and PTS functions and (b) add a reference to UW Source, because, in accordance with the OA, UW Source is the system that Participants are required to use to access eligibility services.<sup>21</sup>

### **Older Issue Eligibility**

As mentioned above, the provisions governing DTC's Securities eligibility processes for Older Issues are primarily contained in the Rules and the OA; however the Underwriting Guide also contains information in this regard.

In order to provide consistency of the content of the Underwriting Guide with the provisions of the OA, the proposed rule change would rename the section relating to Older Issues from "Older Issue Eligibility" to "Secondary Market (Older Issue) Eligibility" for clarity and to reflect that Older Issues are issues that are on the secondary market when they are made eligible at DTC (as opposed to New Issues that are the subject of initial offerings), and insert a link to the OA for Procedures relating to eligibility and related requirements.

### **Custody Service**

In order to provide enhanced clarity and transparency in the Underwriting Guide with respect to Procedures for processing eligibility requests for the Custody Service, the

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<sup>21</sup> See OA, supra note 5 at 2.

proposed rule change would (i) change the Custody Service section from being a subsection of the Older Issue Eligibility section to its own section of the Underwriting Guide, because the Custody Service, while administered by the same area within DTC that administers eligibility processing for Older Issues and New Issues, is a separate function with different eligibility requirements,<sup>22</sup> (ii) update the text for enhanced readability and consistency of content, including with respect to systems requirements, with applicable Procedures set forth in the Custody Guide,<sup>23</sup> (iii) add a link to the Custody Guide for cross-reference purposes, and (iv) add a link to the DTCC website that provides additional information regarding the Custody Service.

### **Packaging Inquiries**

The proposed rule change would modify the text of the section titled “Packaging Inquiries” (i) for readability, (ii) to eliminate content that is repetitive of related content in the OA section named “Possession and Inspection,”<sup>24</sup> (iii) to add a link to the OA for additional information and (iv) to provide an updated link to the DTC form of letter of securities possession, which must be executed by a lead underwriter in order for DTC to

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<sup>22</sup> Compare Custody Guide, supra note 13 at 11-16 (describing the Custody Service function and eligibility requirements), with OA, supra note 5 at 1-9 (describing DTC’s eligibility requirements for Securities to be made eligible for DTC’s book-entry services, including New Issues and Older Issues).

<sup>23</sup> See Custody Guide, supra note 13 at 15-16. In 2016, DTC’s Custody Service Procedures were revised pursuant to the Custody Rule Filing, which amended the applicable text of the Custody Guide. See Securities Exchange Act Release No. 34-79252 (November 7, 2016), 81 FR 79543 (November 14, 2016) (SR-DTC-2016-011). The proposed change would conform the Custody Service section of the Underwriting Guide for consistency to the provisions set forth in the Custody Rule Filing.

<sup>24</sup> See OA, supra note 5 at 15.

process a distribution of an issue by book-entry on closing date if a Security certificate has not been provided to DTC within required timeframes.<sup>25</sup>

### **Processing Inquiries**

The proposed rule change would remove the section titled “Processing Inquiries” from the Underwriting Guide. This section contains information relating to internal processes for data entry and billing information that is not necessary to be included in a Procedure. In addition, this section refers to special forms for the processing of eligibility of retail certificates of deposit, unit investment trusts and municipal and corporate products, which forms are obsolete because eligibility requests for all Security types, other than Securities in the MMI Program, must be submitted through UW Source.<sup>26</sup>

### **Other Proposed Changes**

The proposed rule change would make technical changes to (i) add to the front of the Underwriting Guide a title page with DTC’s name and the title “Underwriting Service Guide,” (ii) update (a) the address of DTC’s Internet site and (b) the copyright date of the Underwriting Guide, (iii) delete outdated contact information within the “Important Legal Information” included at the beginning of the Underwriting Guide and (iv) add a link to a user guide relating to the IPO Tracking system that is referenced in the “IPO Tracking System” section of the Underwriting Guide.

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<sup>25</sup> See Underwriting Guide, supra note 6 at 18-19.

<sup>26</sup> See OA, supra note 5 at 1-2.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act<sup>27</sup> requires that the rules of the clearing agency be designed, inter alia, to promote the prompt and accurate clearance and settlement of securities transactions. DTC believes that the proposed rule change is consistent with this provision of the Act because by amending the text of the Underwriting Guide to (i) promote consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, specifically the OA and Custody Guide, (ii) make clarifying changes, (iii) provide enhanced readability and transparency for users of DTC's Underwriting Service, and (iv) make other technical changes, the proposed rule change would provide Participants with an enhanced understanding with respect to the DTC Procedures relating to making Securities eligible for DTC services, as described above. Therefore, by providing Participants with enhanced understanding of DTC eligibility requirements and processing in this regard, and therefore facilitating their ability to request that Securities be made eligible for DTC services, DTC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions consistent with the Act.

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

DTC does not believe that the proposed rule change would have any impact on competition. The proposed rule change would merely clarify and provide enhanced transparency with respect to the DTC Underwriting Service by amending the text of the Underwriting Guide (i) for enhanced readability, transparency and flow of content, (ii) to update (a) details on existing processes and (b) contact information, (iii) for enhanced

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<sup>27</sup> 15 U.S.C. 78q-1(b)(3)(F).

consistency with respect to processes and requirements described in other Procedures that are related to those set forth in the Underwriting Guide, specifically the OA and Custody Guide and (iv) to make other technical changes, as described above, which amendments would not significantly affect the rights and obligations of users of DTC's services, and would not disproportionately impact any users.

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

DTC has not received or solicited any written comments relating to this proposal.

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) of the Act<sup>28</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>29</sup> 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:

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<sup>28</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>29</sup> 17 CFR 240.19b-4(f).



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-2018-004 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-DTC-2018-004. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information

from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2018-004 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

Secretary

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<sup>30</sup> 17 CFR 200.30-3(a)(12).

**Bold and underlined** text indicates proposed additions.

~~**Bold and strikethrough**~~ text indicates proposed deletions.

## **The Depository Trust Company**

### **Underwriting Service Guide**

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## **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.

From time to time, DTC receives from outside sources notices, other documents, 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.

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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, <https://login.dtcc.com/dtccorg> [www.dtcc.com](http://www.dtcc.com). DTC Important Notices are available at <http://www.dtcc.com/legal/important-notice?subsidiary=DTC&pgs=1>. 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 the Customer Training and Information Services Department, The Depository Trust Company, 55 Water Street, 27th Floor, New York, NY 10041-0099, USA, fax number: (212) 855-2283, e-mail address: [training-administrator@dtcc.com](mailto:training-administrator@dtcc.com).~~

## About Underwriting Services:

### Introduction Overview

#### Overview

~~This chapter describes DTC's Underwriting products. Each section includes a description of the product, how it works, and a list of associated Participant Terminal System (PTS) functions you can use to access information about the product.~~

DTC, through its underwriting department ("Underwriting Department"), serves the financial industry by making securities eligible for depository services. Through DTC, Participants have the ability to distribute new and secondary offerings quickly and economically by electronic book-entry delivery and settlement. These securities are then available for depository services. DTC maintains a master file of all CUSIP numbers representing securities made eligible at DTC.

This guide describes services offered through Underwriting and related requirements.

In addition, DTC's Operational Arrangements ("OA"), available at <http://www.dtcc.com/~ /media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>, set forth the criteria for an issue to become and remain eligible at DTC and should be used in conjunction with this Service Guide. The OA outlines the various eligibility requirements, including, but not limited to:

- Securities Eligible for DTC's services
- Standard time frames for providing underwriting information to DTC
- Documentation including Letters of Representations and applicable riders
- Opinions of counsel
- Ownership thresholds

#### About Underwriting

~~DTC qualifies the eligibility of both new and old issues for DTC services and maintains a CUSIP master file. For new issues, underwriters can distribute both new and secondary offerings of securities quickly and economically through electronic book-entry delivery and settlement while making the new issue eligible for DTC services. Underwriting services also includes the Money Market Instrument (MMI) Program, which provides customers and issuing/paying agents with a fully automated book-entry environment for the issuance and settlement of money market securities, and the Initial Public Offering (IPO) Tracking Service, which allows underwriters to track deliveries of equity securities by syndicate members during the underwriting stabilization period.~~

~~Generally, the only securities that can be made eligible for DTC's book-entry delivery services are those that~~

- ~~Have been registered with the Securities and Exchange Commission (SEC) pursuant to the Securities Act of 1933 (the Securities Act), as amended, or~~
- ~~Are exempt from registration pursuant to a Securities Act exemption that does not involve transfer or ownership restrictions, or~~
- ~~Are eligible for resale pursuant to Rule 144A or Regulation S (and otherwise meet DTC's eligibility criteria).~~

~~Instruments that are eligible for DTC's Underwriting service include corporate equities and debt securities, municipal debt, money market instruments, asset and mortgage-backed securities, and S. Treasury and agency bonds.~~

Glossary Term	Abbreviation	Definition
book-entry-only security	BEO	An issue authorized for deposit at DTC in the form of one or more global certificates for each tranche of an issue. Ownership positions and transactions in each security are reflected in DTC's records and in the records of participating banks and brokers. Transaction confirmations and periodic account statements provided to investors identify securities the investor owns and report on activity in the investor's account.
Blanket Letter of Representations	BLOR	An agreement accepted by DTC from municipal issuers in which the issuer agrees to comply with the requirements stated in the Operational Arrangements, as they may be amended from time to time. DTC requires an issuer to submit a BLOR only once for all its future municipal issues distributed through DTC.
closing date		The date on which the Underwriting Department will distribute an issue to the underwriter's DTC participant account for book-entry delivery and settlement upon notification by both the underwriter and the issuer that an issue has closed. Also referred to as the distribution date.
CUSIP number		The identification number created by the American Banking Association's Committee on Uniform Security Identification Procedures (CUSIP) to uniquely identify issuers and issues of securities and financial instruments. The CUSIP number consists of nine digits; the first six digits identify the issuer and have been assigned to issuers in alphabetic sequence, and the next two characters (alphabetic or numeric) identify the issue. The ninth digit is the check digit.
data distribution box	DD	A receptacle located in the central delivery area of DTC used for distributing hard-copy reports and notices to participants.
Fast Automated Securities Transfer	FAST	An arrangement between DTC and transfer agents to eliminate the movement of securities certificates. By signing the Balance Certificate Agreement with DTC, agents agree to maintain DTC-eligible inventory in the form of jumbo certificates registered in the name of DTC's nominee name, Cede & Co. DTC and FAST agents electronically reconcile the results of participants' daily deposit and withdrawal activities.
flipping		The sale of shares of a security in the secondary market during the stabilization period or penalty-bid period.
global		An issue that is eligible to trade and settle at a domestic as well as an international depository.
initial public offering	IPO	A corporation's first offering of stock to the public. In an IPO, a corporation must comply with registration requirements of the Securities and Exchange Commission (SEC).

Glossary Term	Abbreviation	Definition
lead manager		The institution that organizes and leads a syndicate of underwriters in purchasing and distributing shares of an offering to investors. Also known as lead underwriter.
Letter of Representations	LOR	An agreement that contains certain representations that must be made to DTC by the issuer and others before various issue types (for example, book- entry-only issues, Rule 144A issues, and Regulation S issues) can be made eligible for DTC's services.
offering documents		A formal written offer to sell securities that sets forth the plan for the proposed business enterprise (or the facts concerning an existing one) that an investor needs in order to make an informed investment decision.
operational arrangements		The requirements for an issue to become eligible for DTC services that incorporates standards for income, reorganization, and redemption payments ("Principal and Income Payments"), adopting the guidelines set by the U. S. Working Committee Group of Thirty (G-30) Clearance and the Settlement Project Same-Day Funds Task Force (P Task Force).
penalty-bid period		Established time period in which the lead manager has the right to penalize syndicate members for their customers' flipping activity.
private placement		The sale of securities directly to private persons, institutional investors, or both outside a public offering. Unlike a public offering, a private placement does not have to be registered with the SEC.
SEC-registered company		An offering of securities that is filed with the Securities and Exchange Commission (SEC).
stabilization period		The duration of time immediately after the closing of an issue during which the lead manager may purchase securities in the open market in order to stop a decline in the price of the securities.
syndicate		A group of investment banks assembled by a lead manager to underwrite a new issue. Also known as a selling group.

## Preparing to Use the Products

~~In order to use the products associated with this service, you must have access to one of the following:~~

- ~~• The PTS network. Contact your Relationship Manager for more information.~~
- ~~• GCF, GCF II, or MDH.~~

~~Contact your Relationship Manager for more information.~~

~~Note: DTC also provides various hard-copy reports.~~



## Understanding Relevant Dates

The following table describes the information and materials needed by DTC to process an underwriting in a timely manner.

DTC requires	By this date
<p><del>Submission of the following items to the Eligibility area of the Underwriting Department:</del></p> <ul style="list-style-type: none"> <li><del>• Preliminary offering document (for example, official statement, prospectus, offering memorandum) that provides information about the issue (for example, issuer name, description of the security, denominations, names of paying and transfer agents, underwriter, applicable put option, tender, and redemption features)</del></li> <li><del>• Completed and signed Eligibility Questionnaire</del></li> </ul> <p><del>Note—You can electronically fill out and submit the Eligibility Questionnaire for new issues through DTC's Web site at <a href="https://login.dtec.com/dteorg">https://login.dtec.com/dteorg</a>.</del></p> <p><del>Eligibility Questionnaires are not required for issues submitted for eligibility to DTC via the PTS function PUND, which captures the same information independently. Issues submitted via PUND, the Web, or other automated means that DTC may offer, can be accepted in shorter time frames, but in no instance later than 4 business days before the closing date.</del></p>	<p><del>At least 10 business days before the closing date</del></p> <p><del>Note—Municipal Securities Rulemaking Board (MSRB) Rule G-34 requires underwriters to apply for depository eligibility for a new issue of securities within one business day of either the award from the issuer or after the execution of the contract to purchase the securities from the issuer. DTC understands that in the vast majority of cases either of these events occurs in time to meet this 10-business-day standard. DTC will, however, work with underwriters when these events occur fewer than 10 business days before the closing date.</del></p>
<p><del>For BEO issues and all Rule 144A or Regulation S issues,</del></p> <ul style="list-style-type: none"> <li><del>• Draft Letter of Representations (LOR), if a Blanket Letter of Representations (BLOR) for the issuer has not been filed with DTC</del></li> </ul> <p><del>Note—BLORs are currently available only for municipal issues. BLORs and LORs for municipal issues must be sent to DTC's Underwriting Department; LORs for corporate issues must be sent to DTC's General Counsel's Office.</del></p> <ul style="list-style-type: none"> <li><del>• Cover page and securities description section of the preliminary offering document</del></li> </ul>	<p><del>At least 10 business days before the closing date</del></p>

DTC requires	By this date
<p><del>Submission of the following information to the Eligibility area of the Underwriting Department:</del></p> <ul style="list-style-type: none"> <li>• <del>Identity of the lead underwriter (normally identified from the preliminary offering statement in negotiated deals; identification must be available on the seventh business day before the closing for competitive deals)</del></li> <li>• <del>CUSIP numbers and principal amount per CUSIP</del></li> <li>• <del>Interest rates and maturity dates</del></li> </ul> <p><del>Note: For corporate issues, interest rates and maturity dates should be provided to DTC upon pricing of the issue.</del></p>	<p><del>At least 7 business days before the closing date</del></p>
<p><del>For IPO-tracked issues, a written request from the lead underwriter to DTC's Underwriting Department to make the issue eligible for DTC's IPO Tracking System</del></p>	<p><del>3:00 p.m. eastern time, two business days before the closing date</del></p>
<ul style="list-style-type: none"> <li>• <del>Receipt of securities, or</del></li> </ul> <p><del>Note: If registered certificates cannot be made available to DTC within this time period, the lead underwriter must submit a signed Letter of Securities Possession to process the distribution of the issue by book entry on the closing date. You can request a copy of this letter from the DTC Web site at <a href="https://login.dtec.com/dtcorg">https://login.dtec.com/dtcorg</a> or by calling the Underwriting Packaging Department at (212) 855-8820.</del></p> <ul style="list-style-type: none"> <li>• <del>Confirmation by the agent, via the PTS function FRAC, of the issue's FAST balance</del></li> </ul> <p><del>Note: DTC must receive balance confirmation from the agent before it will credit securities to a participant's account. In addition, in no event will credit be given to a participant's account unless the Underwriting Department has received a closing call from the underwriter and the agent.</del></p>	<ul style="list-style-type: none"> <li>• <del>Noon eastern time on the business day before the closing date</del></li> </ul> <p><del>Note: A Receipt and Safekeeping Agreement is automatically provided to the issuer at this time.</del></p> <ul style="list-style-type: none"> <li>• <del>As early as the opening of business but no later than noon eastern time on the closing date</del></li> </ul>
<p><del>Notification from the underwriter and the agent about the issue's closing</del></p>	<p><del>1:15 p.m. eastern time on the closing date</del></p> <p><del>Note: Requests for limited extensions will be considered for issues of \$100 million or more and must be received by 1:00 p.m. eastern time.</del></p>

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## Service Topics:

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### Closing

#### About the Product

~~The Closing area is responsible for ensuring that the lead underwriter's participant account is credited on settlement date with the position for the new issue. Position is moved from a DTC internal account to the lead underwriter's participant account for book-entry delivery and settlement upon notification by both the issuer (or its agent) and the underwriter that an issue has closed.~~

#### How the Product Works

~~Each morning the Closing area checks the Underwriting internal account to ensure that it has correct position for each issue scheduled to close that day.~~ When an issuer or its agent and the underwriter call the Closing area to confirm that the issue has closed and verifies pertinent data, the Closing area releases the position from an internal DTC account and credits the lead underwriter's participant account, provided that DTC received the certificates or that the FAST balance was approved. Once the issue has closed and position is released into the underwriter's DTC participant account, pending deliveries from the underwriter to the syndicate members are made within minutes.

~~The DTC Closing Desk can be reached by calling the Underwriting Hotline at 866-724-4402.~~

*Note-* Occasionally the issuer or its agent sends DTC a letter of authorization informing DTC that only persons designated in the letter are authorized to release position to the participant's DTC account.

~~DTC must be notified of an issue's closing by 1:15 p.m. eastern time to process the distribution on closing date. It will, however, grant an extension for certain "high-dollar-value" issues of \$100 million or more. DTC must receive requests for extensions by 1:00 p.m. eastern time.~~

~~Issues can be closed using a Letter of Securities Possession (see Packaging) when the lead underwriter will not be able to have securities made available to DTC within a specified period.~~

#### Understanding Relevant Dates

See Exhibit B of the Operational Arrangements for the "Underwriting Standard Time Frames" which provide the time frames for information and materials needed by DTC to process an underwriting in a timely manner.

#### Associated Participant Terminal System (PTS) Functions

You can use the following PTS functions in association with Closing.

This function	Allows you to
ART	Inquire about the details of transactions processed by DTC
FRAC	Confirm or reject FAST Underwriting Shipment Control Lists (SCL)  <i>Note-</i> This function is generally available to transfer agents only. Agents are encouraged to update FRAC before an issue closes in order to ensure timely updates to an underwriter's account and to more quickly identify possible discrepancies in amounts or CUSIP numbers.
GWIZ	View the details of eligible issues.
PUND	Add, update, or inquire about an issue; delete a pending transmission; or get a certificate denomination breakdown.

### Closing Contact Number

~~For more information on Closing, call the DTC Customer Support Center at (888) 382-2721.~~

## IPO Tracking System

### About the Product

The IPO Tracking System tracks the movement of IPO shares for a designated period. The system monitors the market activity of an IPO issue, including the sale ("flipping") of IPO shares during the tracking (stabilization) period and generates daily reports for the lead manager and syndicate members itemizing that activity. Cumulative IPO tracking reports for lead managers and syndicate members are issued daily in hard-copy form and are distributed through DTC's data distribution (DD) boxes or through DTC's Interface Department.

Daily reports are also available in machine-readable format from approximately 4:00 a.m. to 5:00 p.m. eastern time.

### How the Product Works

In order to track a new issue, the lead manager must submit the necessary documentation as required by DTC's Underwriting Department to make an issue DTC-eligible (see New Issue Eligibility). In addition, the IPO tracking indicators must be activated as more fully described in the next subsection.

*Note-* You must learn to use the appropriate IPO functions to deliver IPO-tracked shares or you will be unable to successfully complete transactions. Moreover, brokers must prepare be prepared to include their IPO Control Account when balancing their internal records. Therefore, all lead managers will be required to test with DTC before tracking their first issue. For information on scheduling a test, please call the Underwriting Department at (212) 855-3704.

The following table shows you how to set up the tracking of an IPO issue by DTC.

Action	Result
Submit to DTC's Underwriting Department a prospectus and completed Eligibility Questionnaire at least 10 days before the closing date.	DTC will call the underwriter to confirm that the issue can be made DTC- eligible.
Provide the Underwriting department with the CUSIP numbers of the issue 7 days before the closing date.	CUSIP numbers will be added to the CUSIP master file and become eligible for all DTC services. For issues that are non-FAST, DTC will provide a denominational breakdown of the certificates to be submitted before closing.
The lead manager should notify DTC's Underwriting Department as early as possible that an IPO issue should be tracked, but must instruct DTC in writing no later than 3:00 p.m. eastern time 2 days before the issue closes. The manager should include the estimated length of the tracking period (the maximum tracking period is 90 calendar days).	When DTC makes the issue eligible, a tracking indicator on DTC's master file is turned on. The indicator defaults to "on" for all common stock IPO CUSIPs but will be turned off if DTC is not instructed in writing by 3:00 p.m. eastern time to track the IPO issue. Tracking information is available via the PTS functions IPOI and GWIZ and over the Computer-to-Computer Facility (CCF) eligibility files (ELISCA).

DTC ends tracking at the close of business on the 90th calendar day of tracking, or any day prior, as instructed by the lead manager. If the lead manager wants to extend or shorten the end tracking date after the issue closes, the Underwriting Department must receive a written request by 3:00 two days before the current end tracking date.

After DTC ends tracking, at the close of business on the specified date, shares in the brokers' IPO control accounts are moved to their free accounts and are subject to normal collateralization rules, unless the lead underwriter has made prior arrangements to move shares into the subaccount segregation locations. You can perform activities (such as COD withdrawals and deposits) that were chilled during the tracking period. DTC updates the PTS function GWIZ and the CCF files ELISCA to indicate that tracking for that issue has been turned off and generates a final tracking report. (See About the Product for instructions on DD boxes.)

For more information on IPO Tracking, refer to the *IPO Tracking System User Guide* [at http://www.dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/Underwriting/IPO.pdf](http://www.dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/Underwriting/IPO.pdf).

### Associated PTS Functions

You can use the following PTS functions in association with IPO Tracking:

This function	Allows you to
GWIZ	View whether tracking for an IPO issue has been turned on or off.
IPOI	View information about tracked IPO issues.
IPOU	Perform transactions for IPO tracked issues

## IPO Tracking Contact Number

For more information on the IPO Tracking System, call DTC's Customer Support Center at (888) 382-2721.

## Money Market Instruments Program

### About the Product

The Money Market Instrument (MMI) Program facilitates the distribution and settlement of continuously offered securities, including, but not limited to:

- Commercial paper (CP), including municipal and corporate CP and variable rate demand obligations (VRDO CP)
- Institutional certificates of deposit
- Medium-term notes (MTN)
- Bank notes
- Deposit notes
- Bankers' acceptances.

~~Through this program, an issuing/paying agent (IPA) can send issuance and delivery instructions to DTC electronically via the Participant Terminal System (PTS), Computer-to-Computer Facility (CCF), or Mainframe Dual Host (MDH).~~ All MMIs are issued in book-entry-only (BEO) form and are held by the IPA as custodian for DTC.

### Preparing to Use the Service

In order to use the MMI Eligibility service, you must have access to one of the following:

- MMI Web Underwriting Application
- The PTS network

### How the Product MMI Eligibility Works

~~To make an MMI issue DTC-eligible, an IPA must submit to DTC's Underwriting department the following documentation:~~

- ~~• Issuer Program Eligibility Form signed by the IPA~~
- ~~• CUSIP numbers obtained from Standard & Poor's CUSIP Service Bureau~~
- ~~• Letter of Representations (LOR), signed by the IPA and the issuer, that details the administrative responsibilities of each party~~
- ~~• A completed Certificate Agreement outlining the IPA's role as DTC custodian for the master notes.~~
- ~~• Offering documentation (such as a prospectus) for VRDO CP and MTNs.~~

~~DTC must receive these documents 8 business days before settlement date. The Underwriting Department will call the IPA to inform the agent that the program has been made eligible for DTC services.~~

~~When all documents are submitted and approved, the Eligibility area creates an issuer control table on the DTC MMI system that allows the IPA to begin transmitting issuance instructions for the particular MMI program. The settlement date specified in the issuance instructions is normally the issuance date but may vary from 1 to 15 days after the issuance date.~~

~~The issuance instruction contains the CUSIP numbers, terms of the security, and other relevant information for DTC to update its master files for the issue. The instruction also creates a deposit to the IPA's account and triggers a deliver order to the dealer. In addition, the program allows the IPA to cancel pending issuances and perform withdrawal activities for previously settled MMIs.~~

An Issuing and Paying Agent ("IPA") seeking DTC eligibility for MMI issues must complete and submit to DTC via its MMI - web-based application the following documentation:

- Program-level details including the IPA's DTC account number, issuer name, SEC registration or exemption information, issuer contact information, state/country of domicile and program features (e.g., indexed to principal, variable rate, redeemable prior to maturity).
- MMI product-specific Letter of Representations (LOR).
- MMI Certificate Master Note /Global Certificate Agreement (executed by IPA upon becoming an IPA)
- Exhibit A (amendment to MMI certificate agreement listing the issuer name and CUSIP base).
- CUSIP base numbers issued by the CUSIP Service Bureau representing the issuer's program (e.g., discount CP, MTN).

DTC may also require additional documentation as deemed necessary.

After reviewing and approving a submission, the Underwriting group produces the MMI issuer control table (ICT). The MMI ICT allows the IPA to create an instruction to add the CUSIP and security-level details (e.g., interest rate, maturity date, payment frequency) to DTC's masterfile.

For more information on MMI Eligibility contact our Underwriting Hotline at (866) 724-4402.

## Associated PTS Functions

You can use the following PTS functions in association with the Money Market Instrument Program:

This function	Allows you to
IMPP	View Important Notices about underwriting, transfer agents, and money market instruments.
MMBI	Inquire about information on bankers' acceptances.
MMII	Issue, inquire about, withdraw, or cancel instructions for all money market instruments.
MMIQ	Inquire about instructions for all money market instruments.
MMUW	Inquire about information on current underwriting notices.

## Money Market Instrument Program Contact Number

~~For more information on the Money Market Instrument Program, call DTC's Customer Support Center at (888) 382-2721.~~

## New Issue Eligibility

### About the Product

DTC reviews new issue documentation (such as prospectuses, official statements, or offering memoranda) for corporate and municipal issues submitted by underwriters for distribution and settlement at DTC. Each issue is reviewed to determine whether it meets the standards of DTC's Operational Arrangements (OA) to qualify for DTC's full services. As part of the review process, DTC's eligibility staff will contact the underwriter and agent bank (and, if the underwriter is not a direct participant, the participant clearing the issue at DTC) to review and confirm relevant issue information. ~~For issues in book-entry-only (BEO) form, DTC requires that a Letter of Representations (LOR) be filed and signed by the issuer and issuer's agent or agents. Municipal issue LORs are reviewed and LORs for BEO corporate issues must be submitted and approved by DTC's General Counsel's office. The following types of issues are made eligible:~~

For information relating to DTC's securities eligibility requirements, and related required documentation and systems requirements to request eligibility, please see the OA, available at <http://www.dtcc.com/~/media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

- ~~• Corporate debt and equity issues, including Rule 144A and Regulation S securities, Section 3 (c) (7) qualified purchaser issues that are also Rule 144A or Regulation S securities, American Depositary Receipts (ADRs), and global issues~~
- ~~• Municipal issues, including municipal bonds, notes, and variable rate demand obligations (VRDOs).~~

~~For information on the eligibility of money market instruments, see the Money Market Instrument (MMI) Program section. Information on the eligibility of retail certificates of deposit, unit investment trusts, and municipal and corporated insured products is available in the Processing section.~~

### How the Product Works

#### Corporate and Municipal Issues

~~For each new corporate or municipal issue being considered for eligibility, DTC requires the following documentation:~~

- ~~• *Preliminary offering document.*  
The lead underwriter submits a copy of the prospectus or offering statement to DTC for initial review of eligibility criteria.~~
- ~~• *Eligibility Questionnaire*  
The lead underwriter submits to DTC an Eligibility Questionnaire specifying the basic details of the issue. The Eligibility Questionnaire must be completed and signed by the underwriter, financial adviser, or clearing broker on behalf of a correspondent. The questionnaire requests specific information about the issue, such as whether it is registered with the Securities and Exchange Commission (SEC) or eligible for resale under Rule 144A~~
  - ~~1. Whether it is BEO, with no certificates available to investors~~
  - ~~2. CUSIP information~~
  - ~~3. Offering amount and price of the issue.~~

~~*Note*—You can also electronically fill out and submit the Eligibility Questionnaire to DTC through the DTC Web site at <https://login.dtcc.com/dtcorg>. A separate Eligibility Questionnaire is not required for issues submitted through the PTS function PUND; the same information is requested via the function.~~



• ~~Operational Arrangements (OA) letter.~~

~~The transfer agent submits to DTC a signed, one-time Operational Arrangements letter as assurance that the issuer's agent will comply with applicable provisions as outlined in DTC's OA.~~

~~These arrangements incorporate standards for ensuring timely dividend, interest, principal, and redemption payments. The arrangements include guidelines for~~

- ~~1. Timeliness of payments and payment detail~~
- ~~2. Notifications of redemption and calls~~
- ~~3. Use of CUSIP numbers~~
- ~~4. Certificate format~~
- ~~5. Transfer turnaround time.~~

• ~~BEO Letters of Representations~~

~~Issuers and trustees of BEO municipal and corporate issues must submit a Letter of Representations to DTC before making an issue eligible. The LOR is a document signed by the issuer and agent bank or banks and acknowledged by DTC. The LOR outlines the administrative responsibilities of both the issuer and the agent bank or banks and states that they represent to DTC that they will comply with the requirements set forth in the Operational Arrangements.~~

~~For all municipal bonds and notes (except private placement issues), the issuer can sign and file with DTC a Blanket Letter of Representations (BLOR). A BLOR is executed one time only and is retained in DTC's files. Individual LORs are then no longer required for that issuer.~~

~~Note You can obtain copies of the Eligibility Questionnaire, the Operational Arrangements, and the standard Letters of Representations and riders by e-mail from DTC's Web site (<https://login.dtec.com/dteorg>) or by calling DTC's Underwriting Department at (212) 855-3704.~~

~~Failure to submit the required LOR or BLOR may adversely affect the timely closing of the issue.~~

~~When all of the preceding documents have been submitted and approved, the CUSIP numbers are added to DTC's security master file and are eligible for DTC services. The issue is then ready to be packaged and closed. This procedure applies to all new issues offered by underwriters. Several types of issues require additional documentation and/or have special requirements in order to make them eligible.~~

## **Additional Requirements**

~~The following table lists issues that require additional documentation or have special requirements, or both, to become eligible at DTC.~~

Type of issue	Additional documentation or special requirements
<p><del>Rule 144A securities</del></p>	<p><del>Securities eligible for resales under Rule 144A are exempt from registration with the SEC. These securities can be sold (under Rule 144A) exclusively to qualified institutional buyers (QIB). To make a Rule 144A issue eligible for DTC services, the lead underwriter must</del></p> <ul style="list-style-type: none"> <li><del>• Submit the appropriate Letter of Representations, including a rider titled "Representations for Rule 144A Securities."</del></li> </ul> <p><del><i>Note</i> You can request a copy of the rider by e-mail from DTC's Web site (<a href="https://login.dtcc.com/dtcorg">https://login.dtcc.com/dtcorg</a>).</del></p> <ul style="list-style-type: none"> <li><del>• If the security is not investment grade debt or preferred stock, the issue must be made eligible with the National Association of Securities Dealers' (NASD) PORTAL system.</del></li> <li><del>• If a Regulation S offering is made in conjunction with a Rule 144A offering and the securities are not subject to precisely the same restrictions on transfer, obtain separate identification numbers (CUSIP or CINS) for the Rule 144A security and the Regulation S security. In this case, a Regulation S rider should also be included in the appropriate Letter of Representations.</del></li> </ul>
<p><del>Section 3 (e) (7) securities (which are also Rule 144A or Regulation S issues)</del></p>	<p><del>Under Section 3 (e) (7) of the Investment Company Act of 1940 (the 1940 Act), certain issuers are exempt from SEC registration when sales of their issues are restricted to entities defined as Qualified Purchasers in the 1940 Act. A 3 (e) (7) issue that is also eligible for resale under Rule 144A or Regulation S may be made DTC-eligible. Additionally, the underwriter or the issuer may instruct the Underwriting Department to</del></p> <ul style="list-style-type: none"> <li><del>• Add "3 (e) (7)" to the 20- and 48-character descriptions as displayed on the PTS function GWIZ</del></li> <li><del>• Attach to the Underwriting Important Notice special instructions outlining the issue's 3 (e) (7) restrictions</del></li> <li><del>• Add the name of the issue and CUSIP number to the listing of 3 (e) (7) issues in the <i>DTC Reference Directory</i> in order to aid the issuer in keeping track of purchases to Qualified Purchasers.</del></li> </ul>
<p><del>Certificated (non-BEO) debt issues</del></p>	<p><del>To make a certificated (non-BEO) debt issue eligible for DTC services, issuers must supply written assurance that the issue will be structured in such a way as to ensure that the paying agent can pay DTC on time. DTC requires that issuers sign a Principal and Income (P&amp;I) Letter stating that issuers shall remit by 1:00 p.m. eastern time on the payable date all principal and income to the paying agent to guarantee that the paying agent can wire the funds to DTC no later than 3:00 p.m. eastern time on the payable date.</del></p> <p><del><i>Note</i> The need for agents to sign an Operational Arrangements letter remains part of this eligibility process.</del></p>

Type of issue	Additional documentation or special requirements
<p><del>Securities with ownership restrictions, including communication, maritime, and gaming issues</del></p>	<p><del>In certain cases there may be restrictions on the quantity of a security that can be owned by a defined category of investors (for example, persons who are not U. S. citizens, persons who are nationals of a particular country). DTC may require the use of its Segregation Account 100 (Seg 100) program for issues with such restrictions before making them eligible. The transfer agent must also accept withdrawals by transfer (WT) electronically via DTC's auto-certification process.</del></p> <p><del><i>Note:</i> For more information on Seg 100 and auto-certification, call DTC's Customer Support Center at (888) 382-2721</del></p>

~~After the Eligibility area completes the review of a new issue, the issue proceeds through three other areas of the Underwriting Department: Processing, Packaging, and Closing.~~

### ~~Limited Underwriting Service~~

~~DTC offers lead underwriters a Limited Underwriting Service for non-BEO municipal issues with a principal value of \$1 million or less. Lead underwriters must submit to DTC a preliminary offering document and an Eligibility Questionnaire. The issue does not go through the closing process; rather, the issue is made eligible for deposit and participants submit deposits for credit to their DTC account. Use of this service reduces the Underwriting fee.~~

~~*Note:* For more information on the Limited Underwriting Service, call DTC's Customer Support Center at (888) 382-2721.~~

### ~~Direct Participant Entry of Underwriting (PUND) Function~~

~~PUND, a function available through DTC's Participant Terminal System (PTS), allows participants to input issue information directly into DTC's underwriting database, expediting the approval of new issues and reducing paperwork and phone communication with DTC. The function improves your processing efficiency and decreases underwriting fees.~~

~~Through PUND, you can track an issue's progress throughout the underwriting process (for example, approval and eligibility dates, packaging and closing status), determine DTC certificate denomination requirements, and research a file dating back at least 15 months from an issue's first settlement date.~~

~~*Note:* To find how to gain access to PUND, call your DTC Relationship Manager.~~

### ~~Eligibility Questionnaire via the Web~~

~~The Eligibility Questionnaire is available from DTC through the DTC Web site (<https://login.dtc.com/dtcorg>). You can either~~

- ~~Through the public site, download the questionnaire as a PDF (Adobe Acrobat) file, print it, and mail or fax it to DTC; or~~
- ~~Through the members-only site, fill in the questionnaire electronically and submit it to DTC through WUN. An ID and password are required.~~

#### *Legal Considerations*

~~By using this service, participants agree that~~

- ~~They will be bound by the submission as though it were submitted by a written agreement~~
- ~~They will limit the use of the sign-on password to the indicated person, and~~
- ~~The person acting in this regard is authorized to make such submission on behalf of the participant.~~

~~Note: For instruction on how to use the Web questionnaire call your DTC Relationship Manager.~~

### **Associated PTS Functions**

~~You can use the following PTS functions in association with New Issue Eligibility.~~

<del>This function</del>	<del>Allows you to</del>
<del>GWIZ</del>	<del>View the details of a DTC-eligible issue.</del>
<del>HMPP</del>	<del>View Underwriting Important Notices for corporate and municipal and MMI issues.</del>
<del>PUND</del>	<del>Add, update, or inquire about an issue; delete a pending transmission; or get a certificate denomination breakdown.</del>

### **New Issue Eligibility Contact Number**

~~For more information on New Issue Eligibility, call DTC's Customer Support Center at (888) 382-2721.~~

## **Secondary Market (Older Issue) Eligibility**

### **About the Product**

The DTC Underwriting Department reviews eligibility requests ("Older Issue Eligibility Requests") from Participants for equity, corporate and municipal securities previously distributed outside DTC ("Older Issues").

### **How the Product Works**

For Older Issue Eligibility Requests, the Participant must present to DTC the appropriately completed "Older Eligibility Questionnaire"<sup>1</sup> together with a copy of the physical certificate or certificates

<sup>1</sup> The Older Eligibility Questionnaire is a form that a Participant must complete with respect to the Older Issue to provide DTC with the issuer's name, issue description, CUSIP number, information

representing the securities and an agent attestation form (“Agent Attestation Form”)<sup>2</sup> through DTC’s Securities Origination, Underwriting and Reliable Corporate Action Environment (UW SOURCE) system as an Eligibility Only request. Further documents and information may be required as part of the eligibility review. (Note that all eligibility requests, whether for an underwritten distribution through DTC or for older securities already outstanding in the secondary market, require a copy of the offering documentation be provided to DTC for review.) Participants should see the OA<sup>3</sup> for DTC’s eligibility criteria and information on required documentation for eligibility requests.

**For information relating to DTC’s securities eligibility requirements, and related required documentation and systems requirements to request eligibility, please see the OA, available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.**

## **Custody Service Custody Service**

Some issues cannot be made eligible for full DTC services because of transfer restrictions or other factors. In these cases, the issue can be made eligible for DTC’s Custody Service. The Custody Service enables participants to outsource the safekeeping and processing of physical securities not eligible for regular depository services and allows participants to deposit securities not traditionally eligible for DTC, including

- Restricted securities
- Customer-registered custodial assets
- Non-DTC-eligible securities, including certificated and money market instruments, private placements, and limited partnerships.

DTC’s Custody Service, used in conjunction with the *New York Window Service* and DTC’s *Branch Deposit Service*, allows you to retain control of your securities without having to physically handle and secure them. The Older Issue Eligibility area supports the Custody Service by reviewing issues for eligibility and adding the CUSIP numbers to the security master file.

## **Preparing to Use the Custody Service**

**In order to use the Custody Eligibility service, a Participant must have access to the Underwriting System Applications (USA).**

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relating to compliance with Eligibility Requirements, contact information, and other information required in order for DTC to process the issue. In addition, by signing the Older Eligibility Questionnaire the Participant (i) represents and warrants (a) that the issuer complies with all applicable securities laws, rules and regulations, and banking regulations, (b) the registration or exemption status of the Older Issue under the Securities Act of 1933, and (c) that the information provided on the form is true, accurate and complete, (ii) agrees to indemnify DTC and its affiliates for any loss, damage, cost or expense, arising out of the eligibility request and the Deposit of the referenced Security, and (iii) certifies that it complies with the Rules regarding compliance with sanctions administered and enforced by the Office of Foreign Assets Control (OFAC) and that the Participant has implemented a risk-based OFAC compliance program.

<sup>2</sup> By signing the Agent Attestation Form, the Agent for the issue represents that the Agent will comply with the requirements stated in the DTC Operational Arrangements with respect to the issue upon acceptance of the issue as eligible for deposit at DTC (“OA”). The OA is available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

<sup>3</sup> Supra note 2.

### How Custody Eligibility Works

In order for a Participant to make a deposit through the Custody Service, the security must first be setup on DTC's masterfile.

~~For more information on custody, see the *Custody* service guide.~~

Participants should see the Custody Service Guide, available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Custody.pdf>, for DTC's Procedures on how to make a security eligible for the Custody Service.

For more on Custody visit our website: <http://www.dtcc.com/matching-settlement-and-asset-services/securities-processing/custody-service>

## Associated PTS Functions

You can use the PTS function GWIZ to view the details of a DTC-eligible issue.

### ~~Older Issue Eligibility Contact Number~~

~~For more information on Older Issue Eligibility, call DTC's Customer Support Center at (888) 382-2721.~~

## Packaging Inquiries

The Packaging area inspects the physical certificates received from transfer agents, counsel, and Participants for NON-FAST securities to verify certain information about the issue previously entered via UW SOURCE. Issuers (or their underwriters) are required to submit the certificates to DTC by noon on the day prior to closing date in accordance with DTC's OA.

For BEO securities, DTC requires a deposit of one or more certificates registered in the name of DTC's nominee name, Cede & Co., for each maturity of the securities. If the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued for each \$500 million of principal amount and an additional certificate will be issued for any remaining principal amount of such issue.

If registered certificates cannot be made available to DTC according to this schedule, the lead underwriter must submit a signed Letter of Securities Possession in order to process the distribution of the issue by book entry on the closing date.

### ~~About the Product~~

~~Before an issue can close, non-FAST securities to be distributed through DTC should be in the depository's possession by noon eastern time 1 day before closing. This allows DTC to ensure that certificates contain certain required elements and to address any irregularities before closing.~~

~~The Packaging area inspects the physical certificates received from transfer agents, counsel, and participants to verify certain information about the issue previously entered into the underwriting database and to create position so that the issue can be distributed through DTC's system. (For more information see Closing Inquiries.)~~

### ~~How the Product Works~~

~~Before a non-FAST issue closes, Packaging updates the Underwriting database by creating a long position in Underwriting's internal account. Packaging staff verify the~~

~~amount, CUSIP numbers, registration, and interest rates and maturity dates, if applicable.~~

~~Note Registered certificates, excluding those for book entry only (BEO) issues, must comply with American National Standards Institute (ANSI) standards and must have a standard assignment area.~~

~~For BEO securities, DTC requires a deposit of one or more certificates registered in the name of DTC's nominee name, Cede & Co., for each maturity of the securities. If the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued for each \$500 million of principal amount and an additional certificate will be issued for any remaining principal amount of such issue.~~

~~For a FAST issue, the transfer agent confirms the CUSIP number and the amount of the issue via the PTS function FRAC (FAST Reject and Confirmation). The FAST agent must confirm the balance as early as the opening of business, but no later than noon, for DTC to credit securities to a participant's account on the closing date of the issue. (For more information see New Issue Eligibility.)~~

~~If registered certificates cannot be made available to DTC according to this schedule, the lead underwriter must submit a signed Letter of Securities Possession in order to process the distribution of the issue by book entry on the closing date.~~

~~Note- You can request a copy of this letter from the DTC Web site at <http://www.dtcc.com/~media/Files/pdf/2014/9/11/1647-14.pdf> (<https://login.dtcc.com/dtccorg>) or by calling the Underwriting Department at (212) 855-8820.~~

## Associated PTS Functions

~~You can use the following PTS functions in association with Packaging:~~

<del>This functions</del>	<del>Allows you to</del>
<del>ART</del>	<del>Inquire about the details of transactions processed by DTC.</del>
<del>FRAC</del>	<del>Confirm or reject FAST Underwriting Shipment Control Lists (SCL).  <del>Note- This function is generally available to transfer agents only. Agents are encouraged to update FRAC before an issue closes in order to ensure timely updates to an underwriter's account and to more quickly identify possible discrepancies in amounts or CUSIP numbers.</del></del>
<del>GWIZ</del>	<del>View the details of a DTC-eligible issue.</del>
<del>PUND</del>	<del>View or update information on packaging of an issue.</del>

## Packaging Contact Number

~~For more information on Packaging, call DTC's Customer Support Center at (888) 382-2721.~~

## Processing Inquiries

### About the Product

The Processing area is responsible for entering into DTC's Underwriting database critical information on all corporate and municipal issues. Processing also approves and processes retail certificates of deposit (CD), unit investment trusts (UIT), and municipal and corporate insured products.

### How the Product Works

After a corporate or municipal issue is made eligible (see New Issue Eligibility), the Processing area enters the relevant details of an issue and ensures that all data processed have been updated on the DTC security master file. You can view these details via the PTS function GWIZ or request DTC's Eligibility Security File (ELISCA) as an automated input via Computer-to-Computer Facility (CCF), CCF II, or Mainframe Dual Host (MDH).

In addition, Processing adjusts billing to include late fees for municipal and corporate issues that were submitted late to DTC for eligibility or that have incurred billing surcharges, or both.

Following are the procedures for providing to the Processing area information on eligibility requests for retail CDs, UITs, and municipal and corporate insured products:

### Retail Certificates of Deposit

DTC requires	By this date
<p>A completed and signed DTC Eligibility CD Request form faxed by the underwriter to the Processing area with the following information on the cover sheet:</p> <p>Attention: Corporate Processing</p> <p>Underwriting Department</p> <p>The Depository Trust Company</p> <p>The fax number is (212) 855-5004. The underwriter must verify receipt of the form by calling the Underwriting Department at (212) 855-3765 or (212) 855-3772.</p> <p>Each issuer must have on file with DTC a one-time, signed Certificate of Deposit Letter of Representations. The underwriter can determine if a letter is required or if a letter is needed by calling the Underwriting Department at (212) 855-3765.</p> <p>Note: You can request CD eligibility forms by calling the Underwriting Department at (212) 855-3765 or (212) 855-3772.</p>	<p>Five days before closing date</p>
<p>Confirmation by the underwriter of final offering amounts:</p>	<p>2:00 p.m. eastern time 2-business days before closing date</p>



DTC requires	By this date
<ul style="list-style-type: none"> <li>• <del>Verification by the underwriter that its CD issues have been correctly added to DTC's security master file. Discrepancies must be reported immediately.</del></li> <li>• <del>Certificates must be delivered to DTC at the following address: Attn: Supervisor Interface Receiving/Packaging Department The Depository Trust Company 55 Water Street, 1st Floor South New York, NY 10041 Phone Number: (212) 855-8820</del></li> </ul> <p><del>Note: The certificate format of CD book-entry-only issues must conform to DTC's master certificate format. DTC urges underwriters to arrange for DTC to receive all information according to the standard schedule specified earlier. Late notification of changes will be processed only on a "best efforts" basis.</del></p>	<ul style="list-style-type: none"> <li>• <del>2:00 p.m. eastern time 1 business day before closing date</del></li> <li>• <del>4:00 p.m. eastern time 1 business day before closing date</del></li> </ul>

### Unit Investment Trusts

DTC requires	By this date
<p><del>A completed and signed DTC UIT Eligibility form and an offering document sent by the underwriter to</del></p> <p><del>Underwriting Department</del></p> <p><del>The Depository Trust Company 55</del></p> <p><del>Water Street, 19th floor New York, NY</del></p> <p><del>10041</del></p> <p><del>The underwriter must confirm receipt of delivery of the documents by calling the Underwriting Department at (212) 855-3765 or (212) 855-3772.</del></p> <p><del>For book-entry-only (BEO) UIT issues the issuing/paying agent must provide DTC's General Counsel office with a signed Letter of Representations (see New Issue Eligibility for more information on LORs).</del></p> <p><del>You can request a copy of an LOR by e-mail from DTC's Web site (<a href="https://login.dtcc.com/dtcorg">https://login.dtcc.com/dtcorg</a>)</del></p>	<p><del>Five days before closing date</del></p>
<p><del>Verification by the underwriter that its UIT issues have been correctly added to DTC's security master file. Discrepancies must be reported to DTC immediately.</del></p>	<p><del>2:00 p.m. eastern time 1 business day before closing date</del></p>

## Municipal and Corporate Insured Products

DTC requires	By this date
<p><del>A completed and signed DTC Eligibility Insured Request form faxed by the underwriter to the Processing area at (212) 855-5004.</del></p> <p><del>Please write the following on the cover sheet:</del></p> <p><del>Attention: Corporate/Municipal Insured Processing</del></p> <p><del>Underwriting Department</del></p> <p><del>The Depository Trust Company</del></p> <p><del>The underwriter must verify receipt of the form by calling the Underwriting Department at (212) 855-3765 or (212) 855-3772.</del></p> <p><del>Note You can request municipal and corporate insured eligibility forms by calling the Underwriting Department at (212) 855-3765 or (212) 855-3772.</del></p>	<p><del>Five days before closing date</del></p>
<p><del>Confirmation by the underwriter of final offering amounts:</del></p>	<p><del>2:00 p.m. eastern time 2 business days before closing date</del></p>
<p><del>Verification by the underwriter that its insured issues have been correctly added to DTC's security master file. Discrepancies must be reported immediately.</del></p>	<p><del>2:00 p.m. eastern time 1 business day before closing date</del></p>

### Associated PTS Functions

~~You can use the PTS function GWIZ to view the details of a DTC-eligible issue:~~

### Processing Contact Number

~~For more information on Processing, call DTC's Customer Support Center at (888) 382-2721.~~

## Security Holder Tracking Service

### About the Product

The Security Holder Tracking Service allows a third party administrator to track the number of beneficial holders of an issue.

## Background

The Security Holder Tracking Service or the SH Tracking Service will allow issuers, either themselves or through an issuer-designated administrator, to track and limit the number of beneficial owners for an individual CUSIP.

In order to support the settlement and asset servicing of certain securities, DTC was asked to build a mechanism which would allow issuers to track and limit the number of beneficial owners of its securities.

For more information, contact DTCC Relationship Management at (800) 422-0582.

## Process Overview

To support the tracking of holders in a designated security, DTC will provide access to its Inventory Management System (IMS) to those administrators assigned by the issuer. Once the issue is established on the DTC master file as one that requires tracking, all transactions will be held in IMS awaiting administrator approval to proceed to settlement.

In order to use the service, DTC must be notified during the underwriting eligibility process that the issue requires third-party tracking. Upon receipt of all required documentation, DTC will activate the tracking indicator on its security master file and provide IMS access to the assigned administrator, but only to allow for inquiry and approval/disapproval of transactions assigned to the respective administrator.

During the Underwriting closing process, the position will move from a DTC internal account to a designated sub-account of the lead underwriter. The move from the DTC internal account to the lead underwriter is subject to the approval of the administrator. Once the shares are moved into the designated sub-account, all share movement from that point on will require the approval of the designated administrator through IMS.

Once transaction approval has been received, and all other settlement risk controls have been met, the shares will move from the delivering participant's sub-account to the receiving participant's sub-account, either free or versus payment. These Security Holder Tracking transactions will use a new Account Transaction Processor (ATP) activity code in DTC (42). Normally, deliver orders move position from one participant's general free account to another participant's general free account, either free or versus payment.

For risk management purposes, these issues will be designated as having zero collateral within DTC's settlement system.

## Eligibility

The eligibility process for a tracked security to be made and remain DTC-eligible will remain the same. In addition to the traditional process, DTC must be instructed in writing to set up a specific CUSIP for tracking. At the same time, the issuer must instruct DTC as to whom will perform the function of the administrator for the CUSIP within the SH Tracking Service.

Upon receipt of all of the aforementioned documentation, DTC will make the CUSIP DTC-eligible and will activate the tracking indicator on its security master file. Additionally, once it is made eligible, DTC will perform asset servicing for the issue. The administrator appointed by the issuer will control movements of the particular CUSIP for which it has been appointed. Once the tracking indicator has been activated on the master file and the administrator has been appointed, no transfer of the securities shall take place in the tracked security without the approval of the administrator through the Inventory Management System (IMS). The administrator, based on requirements of the issuer, shall be solely responsible for determining whether a transaction should be effected in DTC. Once approved by the administrator, DTC may perform centralized book-entry settlement.

IMS will only allow an administrator access to view and approve transactions for CUSIPs for which they have been appointed administrator as reflected in DTC's records.<sup>1</sup>

The tracked securities will not be held as part of a participant's general free account nor will they be considered eligible collateral in DTC's settlement system.

Although the Security Holder Tracking Service was developed to address the specific concerns of closely held Rule 144A issues, in practice it could be used for other types of securities for which the number or character of the beneficial owners requires some level of control by a third-party administrator.

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<sup>1</sup> As DTC is relying solely on the instructions of the administrator in order to effect settlement in tracked securities and has no knowledge of the number or character of the underlying beneficial owners, use of the SH Tracking Service by any party will constitute an agreement that DTC shall not be liable for any loss or damages related to the use of the SH Tracking System. Each user of the SH Tracking Service agrees to indemnify and hold harmless DTC and its affiliates from and against any and all losses, damages, liabilities, costs, judgments, charges, and expenses arising out of or relating to the use of the SH Tracking Service.