

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 20	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2019 - * 006	Amendment No. (req. for Amendments *)
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Filing by The Depository Trust Company  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input checked="" type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(6)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

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

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

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

Amend the Distributions Service Guide

**Contact Information**

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

First Name \* John      Last Name \* Petrofsky

Title \* Director and Assistant General Counsel

E-mail \* jpetrofsky@dtcc.com

Telephone \* (813) 470-2115      Fax

**Signature**

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

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

(Title \*)

Date 08/13/2019      Managing Director and Deputy General Counsel

By Lois J. Radisch     

(Name \*)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

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

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

Add Remove View

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

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

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

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

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Exhibit Sent As Paper Document

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

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

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

## 1. Text of Proposed Rule Change

(a) The proposed rule change of The Depository Trust Company (“DTC”) is attached hereto as Exhibit 5.<sup>1</sup> The proposed rule change would amend the Distributions Guide to (i) update its U.S. tax withholding service (“UTW Service”) to transition functions related to the service from DTC’s Participant Terminal System (“PTS”) and its Participant Brower Service (“PBS”)<sup>2</sup> to the Corporate Actions Web system (“CA Web”) and (ii) make ministerial and clarifying changes to text, as discussed below.

(b) Not applicable.

(c) Not applicable.

## 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Deputy General Counsel of DTC on August 13, 2019.

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

### (a) Purpose

The proposed rule change would amend the Distributions Guide to (i) update the UTW Service to transition functions related to the service from PTS and PBS to CA Web and (ii) make ministerial and clarifying changes to text, as discussed below.

#### Transition of PTS/PBS Reorganizations Functions to CA Web

Beginning in 2012, DTC has filed a series of rule changes to update DTC’s corporate action services by migrating the corporate action services for Distributions (as defined below) from PTS/PBS to CA Web, a then new browser user interface.<sup>3</sup> After a Participant testing phase,

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<sup>1</sup> Each capitalized term not otherwise defined herein has its respective meaning as set forth in the Rules, By-Laws and Organization Certificate of DTC (the “Rules”), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>, and the Distributions Service Guide (the “Distributions Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Service%20Guide%20Distributions.pdf>.

<sup>2</sup> PTS and PBS are user interfaces for DTC’s settlement and asset services functions. PTS is mainframe-based, and PBS is web-based with a mainframe back-end. Participants may use either PTS or PBS, as they are functionally equivalent. References to a particular PTS function in this rule filing include the corresponding PBS function.

<sup>3</sup> See Securities Exchange Act Release No. 68114 (October 26, 2012); 77 FR 66497 (November 5, 2012) (SR-DTC-2012-08).

DTC retired PTS/PBS functions for Distributions in 2015, and the use of CA Web for processing Distributions became mandatory for all Participants.<sup>4</sup>

In 2016, DTC submitted a rule filing to transition PTS/PBS functions for redemptions to CA Web, and to update the Redemptions Service Guide<sup>5</sup> to add the appropriate references.<sup>6</sup> After a Participant testing phase, DTC retired PTS/PBS functions for redemptions in 2017, and the use of CA Web for processing redemptions became mandatory for all Participants.

Most recently, DTC submitted proposed changes to amend the Reorganizations Service Guide<sup>7</sup> for the further transition of corporate action functions to CA Web.<sup>8</sup>

Pursuant to the proposed rule change, DTC would transition PTS/PBS functions for the UTW Service to CA Web.

### UTW Service Background

DTC offers services for processing corporate action events, including, but not limited to, the distributions service for the announcement and processing of cash and stock dividends, principal and interest, and capital gain distributions (collectively, “Distributions”).

The U.S. Internal Revenue Code (“Code”) generally requires U.S. payors such as DTC to deduct and withhold 30 percent from U.S.-source income paid to a foreign payee, unless lower U.S. withholding tax rates or exemptions apply under provisions of the Code, regulations, or applicable tax treaties.<sup>9</sup>

In its role as a U.S. tax withholding agent, through the UTW Service, DTC (i) accepts from a foreign Participant instructions relevant to determining the withholding tax rates, (ii) pays dividends, interest and other securities distributions to the Participant net of appropriate taxes, if any, based on the applicable withholding rates, and (iii) reports and remits the taxes to the IRS.

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<sup>4</sup> See Securities Exchange Act Release No. 73864 (December 17, 2014); 79 FR 77063 (December 23, 2014) (SR-DTC-2014-012) (“2014 Rule Filing”).

<sup>5</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Redemptions.pdf>.

<sup>6</sup> See Securities Exchange Act Release No. 79746 (January 5, 2017), 82 FR 3372 (January 11, 2017) (SR-DTC-2016-014).

<sup>7</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Reorganizations.pdf>.

<sup>8</sup> See Securities Exchange Act Release No. 85986 (May 31, 2019); 84 FR 26466 (June 6, 2019) (SR-DTC-2019-003).

<sup>9</sup> See Sections 1441, 1442 and 1443 of the Code and the regulations promulgated thereunder.

The UTW Service utilizes the PTS/PBS Elective Dividend Service (“EDS”) function to solicit and receive the instructions from foreign Participants.

### Proposed Rule Change

While most EDS functions were moved to CA Web pursuant to the 2014 ruling, the EDS UTW Service functionality has continued to be offered through PTS and PBS. To enhance the end-to-end processing of corporate actions for Participants, DTC is proposing to move the EDS UTW Service functionality from PTS/PBS to CA Web and amend the section of the Distributions Guide titled “U.S. Tax Withholding” (“UTW Section”) to remove a reference that states that users of the UTW Service can access the menu item to use the service through the EDS function on PTS/PBS, and to instead state that Participants can access the UTW Service menu item on CA Web. The proposed rule change would simplify Participants’ use of DTC’s corporate actions by allowing foreign Participants to submit instructions relating to tax withholding within the same systemic platform as they use for other corporate action-related activity, CA Web.

Pursuant to the proposed rule change, DTC would also make the following ministerial and clarifying changes to the text of the UTW Section:

- (1) DTC would delete the word “non-withholding” from text that states: “To the extent allowable under U.S. federal income tax laws, UTW allows non-withholding qualified intermediaries<sup>10</sup> to submit withholding instructions to DTC on U.S. source income payments.” This change would make the sentence consistent with existing U.S. tax practice where in certain circumstances a full-withholding qualified intermediary does not perform withholding and would instead instruct DTC to perform withholding on its behalf. Therefore, the distinction between a full-withholding and non-withholding qualified intermediary is no longer necessary.
- (2) For the same reason cited in 1 immediately above, DTC would delete the word “non-withholding” from text that states: “As a U.S. tax withholding agent, DTC: . . . Informs non-withholding QI users of the “instruction window” during which they must send withholding rate instructions to the depository; . . . .”

DTC would also update the copyright date that is set forth in the “Important Legal Information” section of the Distributions Guide to change text that shows the copyright date as “Copyright © 1999-2014” to “Copyright © 1999-2019.”

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<sup>10</sup> A qualified intermediary (“QI”) is any non-U.S. intermediary (or non-U.S. branch of a U.S. intermediary) that has entered into a qualified intermediary withholding agreement with the IRS. See Distributions Guide, supra note 1.

### Implementation Timeframe

The proposed rule change would become effective upon filing with the Securities and Exchange Commission (“Commission”).

#### (b) Statutory Basis

DTC believes that this proposal is consistent with the requirements of the Securities Exchange Act of 1934<sup>11</sup> (the “Act”), as described below.

Section 17A(b)(3)(F) of the Act requires, inter alia, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>12</sup> DTC believes that the proposed rule change with respect to the migration of the processing functions described above from PTS/PBS to CA Web is consistent with this provision of the Act because it would migrate UTW Service processing to a more flexible interface that utilizes market standard language and incorporates the entire lifecycle of an event into one platform. By providing Participants with more efficient access to UTW Services, DTC believes that the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions relating to Distributions, consistent with Section 17A(b)(3)(F) of the Act.<sup>13</sup>

DTC believes that the proposed rule change with respect to the clarification of the Distributions Guide is consistent with Section 17A(b)(3)(F) of the Act.<sup>14</sup> DTC believes that the proposed rule change would enhance the clarity and transparency of the Distributions Guide, which would allow a Participant to more efficiently conduct its business in connection with UTW Service processing. Therefore, DTC believes that the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions related to Distributions, consistent with Section 17A(b)(3)(F) of the Act.<sup>15</sup>

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

DTC believes that the proposed rule changes with respect to the migration of UTW Service processing functions from PTS/PBS to CA Web may have an impact on competition, because it would facilitate a more efficient process for communicating and processing UTW Service information. Having a more efficient process could promote competition by potentially reducing Participants’ operating costs. In addition, CA Web is an existing DTC platform that all Participants are required to use to access other types of services, including other Distributions functions, reorganizations and redemptions processing, and so would not affect the rights and

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<sup>11</sup> 15 U.S.C. 78q-1.

<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>13</sup> Id.

<sup>14</sup> Id.

<sup>15</sup> Id.

obligations of any Participant. Therefore, DTC believes that the proposed rule changes with respect to the migration of functions from PTS/PBS to CA Web may promote competition but would not create a burden on competition.<sup>16</sup>

DTC believes that the proposed rule changes with respect to clarifying the Distributions Guide would not have an impact on competition. The proposed rule changes would enhance the clarity and transparency of the Distributions Guide to better reflect DTC's UTW Services and practices. Improving the clarity and transparency of the Distributions Guide would help Participants to better understand their rights and obligations regarding DTC services, and so would not affect the rights and obligations of any Participant or other interested party.

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

Written comments relating to this proposed rule change have not been solicited or received. DTC will notify the Commission of any written comments received by DTC.

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

Not applicable.

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

(a) The proposed rule changes are to take effect immediately upon filing pursuant to Section 19(b)(3)(A) of the Act.<sup>17</sup>

(b) The proposed rule change effects a change in an existing service of DTC that would not (i) adversely affect the safeguarding of securities in the custody or control of DTC or for which it is responsible, or (ii) significantly affect the respective rights or obligations of DTC or persons using this service,<sup>18</sup> as it would facilitate a more efficient process for communicating and processing UTW Service information. To the extent that the proposed rule change would provide clarifying and technical updates, the proposed rule change would merely provide for a more relevant Distributions Guide, without any significant impact on Participant rights and obligations.

(c) Not applicable.

(d) Not applicable.

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<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(I).

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(4).

**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.

**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 changes to the Distributions Guide.

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_\_]; File No. SR-DTC-2019-006)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Distributions 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 August \_\_, 2019, 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.

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

The proposed rule change<sup>5</sup> of DTC consists of amendments to the Distributions Guide to (i) update its U.S. tax withholding service (“UTW Service”) to transition

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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).

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

functions related to the service from DTC's Participant Terminal System ("PTS") and its Participant Brower Service ("PBS")<sup>6</sup> to the Corporate Actions Web system ("CA Web") and (ii) make ministerial and clarifying changes to text, as discussed 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 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 would amend the Distributions Guide to (i) update the UTW Service to transition functions related to the service from PTS and PBS to CA Web and (ii) make ministerial and clarifying changes to text, as discussed below.

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<http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Service%20Guide%20Distributions.pdf>.

<sup>6</sup> PTS and PBS are user interfaces for DTC's settlement and asset services functions. PTS is mainframe-based, and PBS is web-based with a mainframe back-end. Participants may use either PTS or PBS, as they are functionally equivalent. References to a particular PTS function in this rule filing include the corresponding PBS function.

Transition of PTS/PBS Reorganizations Functions to CA Web

Beginning in 2012, DTC has filed a series of rule changes to update DTC's corporate action services by migrating the corporate action services for Distributions (as defined below) from PTS/PBS to CA Web, a then new browser user interface.<sup>7</sup> After a Participant testing phase, DTC retired PTS/PBS functions for Distributions in 2015, and the use of CA Web for processing Distributions became mandatory for all Participants.<sup>8</sup>

In 2016, DTC submitted a rule filing to transition PTS/PBS functions for redemptions to CA Web, and to update the Redemptions Service Guide<sup>9</sup> to add the appropriate references.<sup>10</sup> After a Participant testing phase, DTC retired PTS/PBS functions for redemptions in 2017, and the use of CA Web for processing redemptions became mandatory for all Participants.

Most recently, DTC submitted proposed changes to amend the Reorganizations Service Guide<sup>11</sup> for the further transition of corporate action functions to CA Web.<sup>12</sup>

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<sup>7</sup> See Securities Exchange Act Release No. 68114 (October 26, 2012); 77 FR 66497 (November 5, 2012) (SR-DTC-2012-08).

<sup>8</sup> See Securities Exchange Act Release No. 73864 (December 17, 2014); 79 FR 77063 (December 23, 2014) (SR-DTC-2014-012) ("2014 Rule Filing").

<sup>9</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Redemptions.pdf>.

<sup>10</sup> See Securities Exchange Act Release No. 79746 (January 5, 2017), 82 FR 3372 (January 11, 2017) (SR-DTC-2016-014).

<sup>11</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Reorganizations.pdf>.

<sup>12</sup> See Securities Exchange Act Release No. 85986 (May 31, 2019); 84 FR 26466 (June 6, 2019) (SR-DTC-2019-003).

Pursuant to the proposed rule change, DTC would transition PTS/PBS functions for the UTW Service to CA Web.

#### UTW Service Background

DTC offers services for processing corporate action events, including, but not limited to, the distributions service for the announcement and processing of cash and stock dividends, principal and interest, and capital gain distributions (collectively, “Distributions”).

The U.S. Internal Revenue Code (“Code”) generally requires U.S. payors such as DTC to deduct and withhold 30 percent from U.S.-source income paid to a foreign payee, unless lower U.S. withholding tax rates or exemptions apply under provisions of the Code, regulations, or applicable tax treaties.<sup>13</sup>

In its role as a U.S. tax withholding agent, through the UTW Service, DTC (i) accepts from a foreign Participant instructions relevant to determining the withholding tax rates, (ii) pays dividends, interest and other securities distributions to the Participant net of appropriate taxes, if any, based on the applicable withholding rates, and (iii) reports and remits the taxes to the IRS. The UTW Service utilizes the PTS/PBS Elective Dividend Service (“EDS”) function to solicit and receive the instructions from foreign Participants.

#### Proposed Rule Change

While most EDS functions were moved to CA Web pursuant to the 2014 ruling, the EDS UTW Service functionality has continued to be offered through PTS and PBS.

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<sup>13</sup> See Sections 1441, 1442 and 1443 of the Code and the regulations promulgated thereunder.

To enhance the end-to-end processing of corporate actions for Participants, DTC is proposing to move the EDS UTW Service functionality from PTS/PBS to CA Web and amend the section of the Distributions Guide titled “U.S. Tax Withholding” (“UTW Section”) to remove a reference that states that users of the UTW Service can access the menu item to use the service through the EDS function on PTS/PBS, and to instead state that Participants can access the UTW Service menu item on CA Web. The proposed rule change would simplify Participants’ use of DTC’s corporate actions by allowing foreign Participants to submit instructions relating to tax withholding within the same systemic platform as they use for other corporate action-related activity, CA Web.

Pursuant to the proposed rule change, DTC would also make the following ministerial and clarifying changes to the text of the UTW Section:

(1) DTC would delete the word “non-withholding” from text that states: “To the extent allowable under U.S. federal income tax laws, UTW allows non-withholding qualified intermediaries<sup>14</sup> to submit withholding instructions to DTC on U.S. source income payments.” This change would make the sentence consistent with existing U.S. tax practice where in certain circumstances a full-withholding qualified intermediary does not perform withholding and would instead instruct DTC to perform withholding on its behalf. Therefore, the distinction between a full-withholding and non-withholding qualified intermediary is no longer necessary.

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<sup>14</sup> A qualified intermediary (“QI”) is any non-U.S. intermediary (or non-U.S. branch of a U.S. intermediary) that has entered into a qualified intermediary withholding agreement with the IRS. See Distributions Guide, supra note 5.

(2) For the same reason cited in 1 immediately above, DTC would delete the word “non-withholding” from text that states: “As a U.S. tax withholding agent, DTC: . . . Informs non-withholding QI users of the “instruction window” during which they must send withholding rate instructions to the depository; . . . .”

DTC would also update the copyright date that is set forth in the “Important Legal Information” section of the Distributions Guide to change text that shows the copyright date as “Copyright © 1999-2014” to “Copyright © 1999-2019.”

#### Implementation Timeframe

The proposed rule change would become effective upon filing with the Commission.

#### 2. Statutory Basis

DTC believes that this proposal is consistent with the requirements of the Act<sup>15</sup> as described below.

Section 17A(b)(3)(F) of the Act requires, *inter alia*, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>16</sup>

DTC believes that the proposed rule change with respect to the migration of the processing functions described above from PTS/PBS to CA Web is consistent with this provision of the Act because it would migrate UTW Service processing to a more flexible interface that utilizes market standard language and incorporates the entire lifecycle of an event into one platform. By providing Participants with more efficient access to UTW

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<sup>15</sup> 15 U.S.C. 78q-1.

<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(F).

Services, DTC believes that the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions relating to Distributions, consistent with Section 17A(b)(3)(F) of the Act.<sup>17</sup>

DTC believes that the proposed rule change with respect to the clarification of the Distributions Guide is consistent with Section 17A(b)(3)(F) of the Act.<sup>18</sup> DTC believes that the proposed rule change would enhance the clarity and transparency of the Distributions Guide, which would allow a Participant to more efficiently conduct its business in connection with UTW Service processing. Therefore, DTC believes that the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions related to Distributions, consistent with Section 17A(b)(3)(F) of the Act.<sup>19</sup>

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

DTC believes that the proposed rule changes with respect to the migration of UTW Service processing functions from PTS/PBS to CA Web may have an impact on competition, because it would facilitate a more efficient process for communicating and processing UTW Service information. Having a more efficient process could promote competition by potentially reducing Participants' operating costs. In addition, CA Web is an existing DTC platform that all Participants are required to use to access other types of services, including other Distributions functions, reorganizations and redemptions processing, and so would not affect the rights and obligations of any Participant.

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<sup>17</sup> Id.

<sup>18</sup> Id.

<sup>19</sup> Id.

Therefore, DTC believes that the proposed rule changes with respect to the migration of functions from PTS/PBS to CA Web may promote competition but would not create a burden on competition.<sup>20</sup>

DTC believes that the proposed rule changes with respect to clarifying the Distributions Guide would not have an impact on competition. The proposed rule changes would enhance the clarity and transparency of the Distributions Guide to better reflect DTC's UTW Services and practices. Improving the clarity and transparency of the Distributions Guide would help Participants to better understand their rights and obligations regarding DTC services, and so would not affect the rights and obligations of any Participant or other interested party.

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

Written comments relating to this proposed rule change have not been solicited or received. DTC will notify the Commission of any written comments received by DTC.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>21</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>22</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

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<sup>20</sup> 15 U.S.C. 78q-1(b)(3)(I).

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

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

appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2019-006 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-2019-006. 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-2019-006 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>23</sup>

Secretary

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<sup>23</sup> 17 CFR 200.30-3(a)(12).

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

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

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## Distributions Service Guide

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### IMPORTANT LEGAL INFORMATION

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## U.S. Tax Withholding

The U.S. Tax Withholding service (UTW) is available to non-U.S. participants, including subaccounts of U.S. participants.

To the extent allowable under U.S. federal income tax laws, UTW allows ~~non-withholding~~ qualified intermediaries to submit withholding instructions to DTC on U.S. source income payments.

A qualified intermediary (QI) is any non-U.S. intermediary (or non-US branch of a U.S. intermediary) that has entered into a qualified intermediary withholding agreement with the IRS. Non-qualified intermediaries (NQIs) cannot make elections to secure reductions in applicable maximum statutory withholding rates. All U.S. source payments made to NQI participants will be withheld at the maximum statutory rate. A non-U.S. participant with a direct account at DTC that has provided a Form W-8BEN-E may be paid at a reduced rate of withholding depending on the certifications associated with the tax form.

## Foreign Account Tax Compliance Act ("FATCA") Requirements

DTC's Rules generally require that any DTC Participant (or applicant) that is treated as a non-U.S. entity for U.S. federal income tax purposes, must be FATCA compliant as set forth in DTC Rule 2.

## How it Works

As a U.S. tax withholding agent, DTC:

- Provides certain users of the service with access to the U.S. Tax Withholding menu item on the **EDS function on PTS/PBS-CA Web**
- Notifies non-U.S. participants of taxable events
- Informs ~~non-withholding~~-QI users of the "instruction window" during which they must send withholding rate instructions to the depository; the instruction window generally extends from one day after the record date ("record date +1") to one day before the payable date ("payable date -1")
- Pays U.S. source income to non-U.S. participants on the payable date, net of appropriate withholding tax
- Issues settlement statements that will reflect the gross dividend amount, tax amounts withheld at each designated rate and net dividends paid
- Remits tax funds to the IRS on a quarter-monthly schedule
- Prepares and sends the appropriate year-end 1042-S tax forms to non-U.S. participants

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