

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 25	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2014 - * 01 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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input 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 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	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 *).

Proposed Rule change to revise the Settlement Service Guide of The Depository Trust Company in connection with a change relating to the Aggregate Affiliated Family Net Debit Cap and associated changes with respect to the Required Preferred Stock Investment.

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 * Associate 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 01/24/2014 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.

Persona Not Validated - 1358276726871,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

Add Remove View

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

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

Add Remove View

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of the Proposed Rule Change

(a) The proposed Rule change annexed hereto as Exhibit 5 consists of modifications to the Settlement Service Guide (“Service Guide”) of The Depository Trust Company (“DTC”) to: (i) lower the amount of the maximum Net Debit Cap for an affiliated family of Participants, and (ii) make other changes as more fully described below.¹

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed Rule change has been approved by the following committees of the Board of Directors at meetings duly called and held on the dates as indicated in parenthesis: (i) Businesses and Products Committee (August 13, 2013), (ii) Finance/Capital Committee (August 13, 2013), and (iii) Risk Committee (August 14, 2013).

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

(a)

Purpose

Introduction

By this filing, DTC seeks to amend the Service Guide to: (i) lower the amount of the maximum Net Debit Cap² for an affiliated family of Participants (“Affiliated

¹ Terms not defined herein have the meaning set forth in DTC’s Rules & Procedures (the “Rules”). Please note that DTC’s Procedures include its service guides, including but not limited to the Settlement Service guide.

² Pursuant to Rule 1 the term: (a) “Net Debit Cap” of a Participant means an amount determined by the Corporation in the manner specified in the Procedures; provided, however, that the maximum Net Debit Cap of the Participant shall be the least of: (i) a maximum amount applicable to all Participants based on the liquidity resources of the Corporation, (ii) the Settling Bank Net Debit Cap applicable to such Participant or (iii) any other amount determined by the Corporation, in its sole discretion.

Family”),³ and (ii) make other changes to the Service Guide as more fully described below.

Background

The Net Debit Cap is a risk management control under the Rules to limit the net debit balance of any Participant and of any Affiliated Family to no more than the amount of liquidity resources available to DTC to complete system-wide settlement in the event of a failure to settle by the largest Participant or Affiliated Family. Liquidity resources for DTC include cash deposits to the Participants Fund and a committed line of credit with a syndicate of commercial lenders.

Pursuant to the Rules each Participant must: (i) make a Required Participants Fund Deposit in cash and (ii) purchase an amount of DTC Series A Preferred Stock (“DTC Preferred Stock”) (the “Required Preferred Stock Investment”).⁴ The aggregate of these amounts across all Participants is currently (i) \$1.15 billion and (ii) \$150 million, respectively, equal to an aggregate funded amount of \$1.3 billion.⁵ This amount, plus a committed line of credit of \$1.9 billion,⁶ provides DTC with \$3.2 billion in liquidity resources. In accordance with the Rules, the maximum Net Debit Cap of any Participant and its Affiliated Family may not exceed this total amount of liquidity. The Net Debit Cap of each Participant is set at or below the maximum based on historic activity of the Participant; the aggregate amount of the Net Debit Caps of Participants in an Affiliated Family (the “Aggregate Affiliated Family Net Debit Cap”)⁷ is likewise limited by the

³ Pursuant to Rule 1 the term “Affiliated Family” means each Participant that controls or is controlled by another Participant and each Participant that is under the common control of any Person. For purposes of this definition, “control” means the direct or indirect ownership of more than 50% of the voting securities or other voting interests of any Person.

⁴ See DTC Rule 4, Section 2 *et seq.*

⁵ Securities Exchange Act Release Nos. 41529 (Jun. 15, 1999), 64 FR 33333 (Jun. 22, 1999) (SR-DTC-1999-08); 43197 (Aug. 23, 2000), 65 FR 52459 (Aug. 29, 2000) (SR-DTC-2000-02); 54775 (Nov. 17, 2006), 71 FR 68662 (Nov. 27, 2006) (SR-DTC-2006-14); 59612 (Mar. 20, 2009), 74 FR 13488 (Mar. 27, 2009) (SR-DTC-2009-06); and 62567 (Dec. 16 2010), 75 FR 80878 (Dec. 23, 2010) (SR-DTC-2010-14).

⁶ Securities Exchange Act Release No. 69556 (May 10, 2013), 78 FR 28933 (May 16, 2013) (SR-DTC-2013-802).

⁷ Pursuant to Rule 1, the term “Aggregate Affiliated Family Net Debit Cap” means the sum of the Net Debit Caps for the Participants that are part of an Affiliated Family in the manner specified in the Procedures; provided, however, that the maximum Aggregate Affiliated Family Net Debit Cap shall not exceed the total available liquidity resources of the Corporation.

amount of these liquidity resources. The maximum Net Debit Cap currently allowed by DTC for an individual Participant is \$1.8 billion and the maximum Aggregate Affiliated Family Net Debit Cap is \$3.0 billion.⁸

Proposed Rule Changes

For purposes of calculating liquidity resources to set the maximum Aggregate Affiliated Family Net Debit Cap, DTC has previously included the aggregate amount paid by Participants for the purchase of the DTC Preferred Stock (\$150 million). (The DTC Preferred Stock itself constitutes capital of DTC.) Under the proposed change, DTC will no longer count the \$150 million amount as a liquidity resource; it will account for this amount as capital, available for general business purposes. The maximum Aggregate Affiliated Family Net Debit Cap must therefore be reduced by \$150 million, to reflect reduced cash liquidity resources available for settlement. Accordingly, the maximum Aggregate Affiliated Family Net Debit Cap of \$3.0 billion will be reduced to \$2.85 billion. In addition, for purposes of calculating Participants Fund deposits, \$150 million will be subtracted from the base amount of the Participants Fund, currently \$600 million which will, accordingly, be set at \$450 million.

DTC proposes to revise the Service Guide to adjust references to the Aggregate Affiliated Family Net Debit Cap amount and reflect related changes to calculations of the Participants Fund.

In addition, the Service Guide contains a sample calculation of a Required Participants Fund Deposit which is no longer accurate. Rather than continue to provide an example which might require updates, DTC proposes to delete the example and, instead, set forth in the Service Guide the principles underlying the calculation of the Required Participants Fund Deposit and Required Preferred Stock Investment.⁹

⁸ DTC maintains the maximum Aggregate Affiliated Family Net Debit Cap below its available liquidity resources to adjust for the possibility that a Participant that is part of an Affiliated Family and fails to meet its end-of-day settlement obligation may also be (or be affiliated with) a lender under the line of credit.

⁹ The Required Participants Fund Deposit is calculated by a formula using the concepts of: (i) a “base” amount, allocated among all Participants (based upon a sixty business-day rolling average of each Participant’s intra-day net debit peaks), and (ii) an additional amount, allocated among the Affiliated Families that present the greatest liquidity risk to DTC. Calculation of the Required Preferred Stock Investment uses the methodology referred to in clause (i) of the preceding sentence, i.e., the same calculation as for the base amount of the Participants Fund. The current example in the Service Guide presents a Participants Fund (and DTC Preferred Stock) calculation including the base amount and the additional amount. The total base amount allocated among all Participants is shown in the example as \$600 million, representing \$450 million in cash deposits and \$150 million in

DTC will also take this opportunity to: (i) clarify procedures for payment of Required Participants Fund Deposits and the purchase of a Participant's Required Preferred Stock Investment, and (ii) make other clarifying technical changes to the Service Guide.

Implementation Timeframe

The effective date of the proposed Rule change will be announced via a DTC Important Notice.

(b)

Statutory Basis

By reducing the maximum Aggregate Affiliated Family Net Debit Cap, as described above, the proposed rule change will support the maintenance of adequate DTC liquidity resources available to complete system-wide settlement in the event of a failure to settle by the largest Participant or Affiliated Family. Therefore, DTC believes the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC, in particular Section 17A(b)(3)(F)¹⁰ of the Act which requires that DTC's Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest.

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

DTC does not believe that the proposed Rule change will have any impact, or impose any burden, on competition, as DTC expects the proposed reduction of the maximum Aggregate Affiliated Family Net Debit Cap from \$3.0 billion to \$2.85 billion to have minimal impact on the ability of any affected Participant to settle securities transactions through DTC.

proceeds of the Required Preferred Stock Investments. Because funds invested in the DTC Preferred Stock will not be counted as a liquidity resource, the calculation of a Participant's Required Deposit to the Participants Fund and Required Preferred Stock Investment will be described separately in the Service Guide, so the Required Preferred Stock Investment calculation will be removed from the Participants Fund section.

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

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

DTC has not solicited, and does not intend to solicit, comments regarding the proposed rule changes. DTC has not received any unsolicited written comments from interested parties. To the extent DTC receives written comments on the proposed Rule change, DTC will forward such comments to the Commission.

6. Extension of Time Period for Commission Action

DTC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

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

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Not applicable.

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

The proposed Rule change is not based on the rules of another self-regulatory organization or the Commission.

9. 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 – Text of proposed rule change

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-DTC-2014-01

Self-Regulatory Organizations; The Depository Trust Company; Proposed Rule Change to amend the DTC Settlement Service Guide to: (i) lower the amount of the maximum Net Debit Cap for an affiliated family of Participants, and (ii) make other changes as more fully described below.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4² thereunder notice is hereby given that on [Date], The Depository Trust Company filed with the Securities Exchange Commission (“Commission”) the proposed rule change as described in Item I, II and III below, which Items have been prepared primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of modifications to the DTC Settlement Service guide (the “Service Guide”) to: (i) lower the amount of the maximum Net Debit Cap for an affiliated family of Participants, and (ii) make other changes to the Service Guide, as more fully described below.³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Terms not defined herein have the meaning set forth in DTC’s Rules & Procedures (the “Rules”). Please note that DTC’s Procedures include its service guides, including but not limited to the Settlement Service guide.

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

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change, and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Introduction

By this filing, DTC seeks to amend the Service Guide to: (i) lower the amount of the maximum Net Debit Cap⁴ for an affiliated family of Participants (“Affiliated Family”),⁵ and (ii) make other changes to the Service Guide as more fully described below.

Background

The Net Debit Cap is a risk management control under the Rules to limit the net debit balance of any Participant and of any Affiliated Family to no more than the amount of liquidity

⁴ Pursuant to Rule 1 the term: (a) “Net Debit Cap” of a Participant means an amount determined by the Corporation in the manner specified in the Procedures; provided, however, that the maximum Net Debit Cap of the Participant shall be the least of: (i) a maximum amount applicable to all Participants based on the liquidity resources of the Corporation, (ii) the Settling Bank Net Debit Cap applicable to such Participant or (iii) any other amount determined by the Corporation, in its sole discretion.

⁵ Pursuant to Rule 1 the term “Affiliated Family” means each Participant that controls or is controlled by another Participant and each Participant that is under the common control of any Person. For purposes of this definition, “control” means the direct or indirect ownership of more than 50% of the voting securities or other voting interests of any Person.

resources available to DTC to complete system-wide settlement in the event of a failure to settle by the largest Participant or Affiliated Family. Liquidity resources for DTC include cash deposits to the Participants Fund and a committed line of credit with a syndicate of commercial lenders.

Pursuant to the Rules each Participant must: (i) make a Required Participants Fund Deposit in cash and (ii) purchase an amount of DTC Series A Preferred Stock (“DTC Preferred Stock”) (the “Required Preferred Stock Investment”).⁶ The aggregate of these amounts across all Participants is currently (i) \$1.15 billion and (ii) \$150 million, respectively, equal to an aggregate funded amount of \$1.3 billion.⁷ This amount, plus a committed line of credit of \$1.9 billion,⁸ provides DTC with \$3.2 billion in liquidity resources. In accordance with the Rules, the maximum Net Debit Cap of any Participant and its Affiliated Family may not exceed this total amount of liquidity. The Net Debit Cap of each Participant is set at or below the maximum based on historic activity of the Participant; the aggregate amount of the Net Debit Caps of Participants in an Affiliated Family (the “Aggregate Affiliated Family Net Debit Cap”)⁹ is likewise limited by the amount of these liquidity resources. The maximum Net Debit Cap currently allowed by DTC for an individual Participant is \$1.8 billion and the maximum Aggregate Affiliated Family

⁶ See DTC Rule 4, Section 2 *et seq.*

⁷ Securities Exchange Act Release Nos. 41529 (Jun. 15, 1999), 64 FR 33333 (Jun. 22, 1999) (SR-DTC-1999-08); 43197 (Aug. 23, 2000), 65 FR 52459 (Aug. 29, 2000) (SR-DTC-2000-02); 54775 (Nov. 17, 2006), 71 FR 68662 (Nov. 27, 2006) (SR-DTC-2006-14); 59612 (Mar. 20, 2009), 74 FR 13488 (Mar. 27, 2009) (SR-DTC-2009-06); and 62567 (Dec. 16 2010), 75 FR 80878 (Dec. 23, 2010) (SR-DTC-2010-14).

⁸ Securities Exchange Act Release No. 69556 (May 10, 2013), 78 FR 28933 (May 16, 2013) (SR-DTC-2013-802).

⁹ Pursuant to Rule 1, the term “Aggregate Affiliated Family Net Debit Cap” means the sum of the Net Debit Caps for the Participants that are part of an Affiliated Family in the manner specified in the Procedures; provided, however, that the maximum Aggregate Affiliated Family Net Debit Cap shall not exceed the total available liquidity resources of the Corporation.

Net Debit Cap is \$3.0 billion.¹⁰

Proposed Rule Changes

For purposes of calculating liquidity resources to set the maximum Aggregate Affiliated Family Net Debit Cap, DTC has previously included the aggregate amount paid by Participants for the purchase of the DTC Preferred Stock (\$150 million). (The DTC Preferred Stock itself constitutes capital of DTC.) Under the proposed change, DTC will no longer count the \$150 million amount as a liquidity resource; it will account for this amount as capital, available for general business purposes. The maximum Aggregate Affiliated Family Net Debit Cap must therefore be reduced by \$150 million, to reflect reduced cash liquidity resources available for settlement. Accordingly, the maximum Aggregate Affiliated Family Net Debit Cap of \$3.0 billion will be reduced to \$2.85 billion. In addition, for purposes of calculating Participants Fund deposits, \$150 million will be subtracted from the base amount of the Participants Fund, currently \$600 million which will, accordingly, be set at \$450 million.

DTC proposes to revise the Service Guide to adjust references to the Aggregate Affiliated Family Net Debit Cap amount and reflect related changes to calculations of the Participants Fund.

In addition, the Service Guide contains a sample calculation of a Required Participants Fund Deposit which is no longer accurate. Rather than continue to provide an example which might require updates, DTC proposes to delete the example and, instead, set forth in the Service Guide the principles underlying the calculation of the Required Participants Fund Deposit and Required Preferred Stock Investment.¹¹

¹⁰ DTC maintains the maximum Aggregate Affiliated Family Net Debit Cap below its available liquidity resources to adjust for the possibility that a Participant that is part of an Affiliated Family and fails to meet its end-of-day settlement obligation may also be (or be affiliated with) a lender under the line of credit.

¹¹ The Required Participants Fund Deposit is calculated by a formula using the concepts of: (i) a “base” amount, allocated among all Participants (based upon a sixty business-day

DTC will also take this opportunity to: (i) clarify procedures for payment of Required Participants Fund Deposits and the purchase of a Participant's Required Preferred Stock Investment, and (ii) make other clarifying technical changes to the Service Guide.

Implementation Timeframe

The effective date of the proposed Rule change will be announced via a DTC Important Notice.

2. Statutory Basis

By reducing the maximum Aggregate Affiliated Family Net Debit Cap, as described above, the proposed rule change will support the maintenance of adequate DTC liquidity resources available to complete system-wide settlement in the event of a failure to settle by the largest Participant or Affiliated Family. Therefore, DTC believes the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC, in particular Section 17A(b)(3)(F)¹² of the Act which requires that DTC's Rules be

rolling average of each Participant's intra-day net debit peaks), and (ii) an additional amount, allocated among the Affiliated Families that present the greatest liquidity risk to DTC. Calculation of the Required Preferred Stock Investment uses the methodology referred to in clause (i) of the preceding sentence, i.e., the same calculation as for the base amount of the Participants Fund. The current example in the Service Guide presents a Participants Fund (and DTC Preferred Stock) calculation including the base amount and the additional amount. The total base amount allocated among all Participants is shown in the example as \$600 million, representing \$450 million in cash deposits and \$150 million in proceeds of the Required Preferred Stock Investments. Because funds invested in the DTC Preferred Stock will not be counted as a liquidity resource, the calculation of a Participants Required Deposit to the Participants Fund and Required Preferred Stock Investment will be described separately in the Service Guide, so the Required Preferred Stock Investment calculation will be removed from the Participants Fund section.

¹² 15 U.S.C. 78q-1(b)(3)(F).

designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed Rule change will have any impact, or impose any burden, on competition, as DTC expects the proposed reduction of the maximum Aggregate Affiliated Family Net Debit Cap from \$3.0 billion to \$2.85 billion to have minimal impact on the ability of any affected Participant to settle securities transactions through DTC.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments relating to the proposed rule change have not yet been solicited or received with respect to this filing.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

- Electronic comments may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2014-01 on the subject line.
- Paper comments should be sent in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-DTC-2014-01. 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 and that are filed with the Commission, and all written communications relating to the proposed rule change and between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of The Depository Trust Company. All comments received will be posted

without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2014-01 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.

Elizabeth M. Murphy, Secretary

Exhibit 5

Bold, Underlined text indicates additions

~~Bold, Strikethrough~~ text indicates deletions

DTC Settlement Service Guide

About Settlement

Service Topics

Activation / Account Coding

DTC's Activation/Account Coding product describes the various account options available to your participant account.

Requirements

To use DTC services, you must:

- Become a DTC participant
- Make your mandatory deposit to DTC's Participants Fund
- Engage the services of a settling bank to settle daily on your behalf, and submit a formal settling bank agreement to DTC.

Participants Fund and Preferred Stock Investment

Purpose

The Participants Fund and the Participants Preferred Stock Investment provided in DTC Rule 4 create liquidity and collateral resources to support the business of DTC and to cover losses and liabilities incident to that business. For this purpose, every Participant has a Required Participants Fund Deposit and a Required Preferred Stock Investment; the amount of each is based on the Participant's activity at DTC as further explained in this Service Guide. Additionally, a Participant may make a Voluntary Participants Fund Deposit, to further support its activities. The Required and Voluntary Participants Fund Deposits must be in cash, which, if a participant Participant fails to settle for any reason, the all-cash Participants Fund provides are available to DTC as immediate liquidity to complete settlement and collateral to support any borrowing against DTC lines of credit.

Amounts

Each Participant must make a minimum deposit of ~~\$10,000~~ **\$7,500 to the Participants Fund**. Many Participants are required to deposit additional amounts ~~based on the size of their intraday net debits in the system~~ **based upon a 60 business day rolling average of the Participant's six highest intraday net debit peaks in the system**. A Participant's ~~P~~ **Proportion** of the Participants Fund is in direct relation to the liquidity requirements generated by the Participant **and its Affiliated Family, if any, as more fully described below**.

~~The Participants Fund is invested in overnight repurchase agreements and interest earned is passed along to the Participants ratably in accordance with their deposits to the Participants Fund. The Required Preferred Stock Investment of a Participant must be in a minimum amount of a par value of \$2,500. A Participant's actual Required Preferred Stock Investment is calculated on a substantially similar basis to the calculation of the Required Participants Fund Deposit.~~

How the Required Deposit to the Participants Fund Deposit is and the Required Preferred Stock Investment are Calculated for a Participant

DTC monitors the levels of each Participant's net settlement debits during each Business Day and records the highest net debit. This measure of liquidity is referred to as the Participant's intraday net debit peak.

Required Participants Fund Deposit Calculation

~~The aggregate amount of all Participants' Required Participants Fund Deposits is \$1.15 billion. The following variables determine each~~ **Each Participant's Required Participants Fund Deposit to the Participants Fund for the first \$600,000,000 \$450,000,000 of the aggregate Participants Fund (for all Participants) is calculated taking account of the following factors:**

- ~~1. Size of intraday net debit peaks: the six largest intraday net debit peaks over a rolling 60-business-day period are recorded for each Participant.~~
 - ~~2. Minimum deposit: \$10,000.~~
 - ~~3. Fund size: \$600,000,000.~~
- 1. The minimum deposit is \$7,500 per Participant which, across all Participants (the number of which may vary from time to time) adds up to an aggregate threshold amount of cash in the Participants Fund. The difference, if any, between that aggregate threshold amount and \$450,000,000 (the "PF Differential") is then allocated ratably among all Participants based on each Participant's average (the "PF Average") of its six largest intraday net debit peaks over a rolling 60 business day period.**
 - 2. Based on the PF Average for each Participant, the calculation incrementally allocates the PF Differential to calculate the required cash deposit of each Participant. Participants with the highest PF Averages will, accordingly, be required to make the largest required deposits and Participants with the lowest PF Averages will be required to make smaller deposits or even, potentially, no amount above the \$7,500 minimum.**

~~Example, for illustrative purposes only:~~

~~DTC establishes a \$600,000,000 Participants Fund and has only three participants: A, B, and C.~~

~~Each Participant's required minimum deposit is \$10,000, for a total of \$30,000, leaving \$599,970,000 as the incremental fund deposit amount needed for the Participants Fund.~~

~~The three Participants' respective average intraday net debit peaks are used to allocate the \$599,970,000 among them. A's net debit peak is \$600,000,000, B's is \$800,000,000, and C's is \$800,000,000. Since all three incurred net debit peaks of at least \$600,000,000, each created liquidity needs of \$600,000,000 and would contribute equally to provide DTC's first \$600,000,000 of liquidity. Each would be responsible for a \$10,000 minimum deposit plus a \$199,990,000 increment, bringing the total to \$200,000,000 for each. B and C would each be assigned an additional \$100,000,000 increment since they were responsible for creating liquidity needs up to \$800,000,000.~~

~~Together, A, B and C have been assigned incremental amounts totaling \$799,970,000. Since the goal is to create a \$600,000,000 Participants Fund, the \$799,970,000 must be prorated downward to \$599,970,000, the amount needed in addition to their minimum contributions to achieve \$600,000,000.~~

~~Each participant's increments would be reduced by applying a factor of .75 (i.e., \$599,970,000 / \$799,970,000). Their required deposits would then be:~~

~~Minimum + (Increments x .75) = Total~~

~~A's: \$10,000 + (\$199,990,000 x .75) = \$150,000,000~~

~~B's: \$10,000 + (\$299,990,000 x .75) = \$225,000,000~~

~~C's: \$10,000 + (\$299,990,000 x .75) = \$225,000,000~~

~~Assuming the total size of the Participant's fund is \$1,300,000,000, the remaining \$700,000,000 is allocated proportionately among the Affiliated Families whose aggregate net debit caps exceed \$2,300,000,000. This allocation will be based on the aggregate net debit cap of the Affiliated Family, up to a maximum of \$3,000,000,000. The calculation to determine a Participants portion of the remaining \$700,000,000, is a two-step process:~~

~~The remaining \$700,000,000 aggregate amount of Required Participants Fund Deposits (the "Remaining Amount") is allocated proportionately among the Affiliated Families whose aggregate Net Debit Caps exceed \$2.15 billion, up to a maximum Aggregate Affiliated Family Net Debit Cap of \$2.85 billion. The calculation to determine a Participant's portion of the Remaining Amount is a two-step process, using algorithms described below, to: (i) calculate an Affiliated Family's portion of the Remaining Amount, and (ii) determine each Participant's portion of their Affiliated Family's allocation.~~

Step One:

Algorithm used to calculate the Affiliated Family's portion of the \$700,000,000:

1. Only those Affiliated Families whose ~~total NDC Aggregate Affiliated Family Net Debit Cap~~ exceeds ~~\$2,300,000,000~~ \$2,150,000,000 will be allocated a portion of the \$700,000,000 Remaining Amount.
 - a. The greater the Aggregate Affiliated Family NDC-Net Debit Cap, the larger allocation the Affiliated Family will receive. The first step of the calculation is to determine the amount in by which the Aggregate

Affiliated Family ~~net debit cap~~ **Net Debit Cap** exceeds ~~\$2,300,000,000~~ **\$2,150,000,000**. This is called ~~the~~ "Overage".

- b. To calculate the allocation percentage **for an Affiliated Family of Participants**, the program will perform the following:

~~(Affiliated Family NDC - \$2,300,000,000~~

Overage of the Affiliated Family

----- = X%

Sum of ALL Affiliated Family Overages

- c. ~~The result of the above calculation (X) will be multiplied by X% of \$700,000,000 to determine the allocation. This calculation will be performed for each of the Affiliated Families whose aggregate NDC is greater than \$2,300,000,000 is the amount of the Affiliated Family allocation.~~
- d. The sum of the Affiliated Family allocations equals \$700,000,000.

Step Two:

An Algorithm ~~algorithm~~ **is** used to determine the Participant's portion of ~~the its~~ "Affiliated Family Allocation":

- 2. Calculation will be based on the Participant's ~~NDC~~ **Net Debit Cap (NDC)** in relation to ~~their its total~~ **Aggregate** Affiliated Family NDC.

Participant NDC

----- = ~~X~~Y %

Affiliated Family NDC

- a. ~~The result of the above calculation (X) will be multiplied by the Y % of the~~ Affiliated Family allocation ~~(See Step 1c). The result is the~~ **Participant's** portion of the ~~individual~~ "Affiliated Family allocation" ~~that the Participant will pay.~~
- b. This calculation will be done for all Participants within ~~a given each~~ Affiliated Family **that has an Overage**.

Required Preferred Stock Investment Calculation

The following are the steps taken to calculate the Required Preferred Stock Investment Calculation:

1. **The minimum investment is \$2,500 per Participant which, across all Participants (the number of which may vary from time to time) adds up to an aggregate threshold amount. The difference, if any, between that aggregate threshold amount and \$150,000,000 (the "PS Differential") is then allocated ratably among all Participants based on each Participant's average (the "PS Average") of its six largest intraday net debit peaks over a rolling 60 business day period as of the last day of each quarter year.**
2. **The calculation and reallocation among Participants of the Required Preferred Stock Investments are performed as of the last business day of each quarter. Based on the PS Average as of the last business day of the quarter for each Participant, the calculation incrementally allocates the PS Differential to calculate the Required Preferred Stock Investment for each Participant. Participants having the highest PS Averages will, accordingly, be required to make the largest investment and Participants with the lowest PS Averages will be required to make smaller investments or even, potentially, no amount above the \$2,500 minimum.**

Settlement of Participants Fund Deposits

The **Required** Participants Fund ~~d~~Deposit **requirement** for each Participant is recalculated daily. If, in the daily calculation, the amount of the difference between the prior day's Required Participants Fund Deposit and the newly calculated Required Participants Fund Deposit is equal to or exceeds \$500,000 and the difference represents 25 percent or more of the newly calculated required fund deposit, the affected Participant must (to the extent any excess amount of the Participant's Actual Participants Fund Deposit does not already satisfy the new requirement) deposit the difference in the Participants Fund on the same Business Day that the difference was calculated and a report or other notification of the change is made available to the Participant.

In addition, after settlement on the last business day of each month, DTC calculates each Participant's requirement. Each participant will be notified of their new requirement on the first Business Day of the month. If a Participant's requirement has increased beyond the value it currently has on deposit at DTC, a debit transaction will process in its settlement account and this deficit will be collected with their DTC settlement that day.

If the Participant is required to increase its deposit, the Participant will be notified, and the amount will be systematically charged to the settlement account of the affected Participant as a Participants Fund contribution (Activity Code 70-01).

If the deposit requirement of a Participant decreases, the Participant will be notified at least quarterly, but the Participant can inquire and withdraw excess deposits monthly. This allows a Participant to leave excess cash in the Participants Fund and reduce the level of administration that would otherwise be necessary. DTC will also accept voluntary excess deposits to the Participants Fund for this purpose.

This section shall apply only to the calculation and collection of DTC Participants Fund Deposits as described above and does not supersede or limit any provisions of the DTC Rules or any rights of DTC in accordance with applicable law and DTC's Rule and Procedures, including but not limited to with respect to transactions in securities and money payments.

Reallocation of Preferred Stock

On the first settlement cycle of each quarter, the aggregate of the Required Preferred Stock Investment of all Participants will be reallocated among all Participants, based up the recalculation of each Participant's Required Preferred Stock Investments as described above. A Participant may be credited a settlement amount if it is selling Preferred Stock or debited as settlement amount if it is purchasing additional Preferred Stock, as appropriate.

Submitting an Initial Participants Fund ~~Contribution~~ Deposit or a Voluntary ~~Excess~~ Deposit

For initial deposits by new Participants and voluntary ~~excess~~ deposits by existing Participants, wire the funds to DTC, formatting the instruction to conform to Fedwire standards for Fed fund transfers.

In this field	Enter
Receiving Bank ABA Number	DTC's ABA Number: 026002066.
Receiving Bank Name	DTC's telegraphic name: DTC SDFS.
Originator (ORG)	The name of the Participant whose account is to be credited.
Originator to Beneficiary (OBI)	<p>Settlement Fund Deposit (SFD), followed by a slash and the Participant's account number. For example:</p> <p>OBI = SFD/123.</p> <p><i>Note-</i> The data in the Originator to Beneficiary Information (OBI) field is required for processing by DTC. For banks that use another field name, include OBI in your entry. For example: BBI = OBI SFD/123.</p>

Risk Management Controls

About the Product

Risk Management Controls protect you from the inability of one or more participants to pay their settlement obligations. Risk Management Controls are based on guidelines established by the Federal Reserve Bank (FRB). DTC currently employs four primary Risk Management Controls for processing securities:

- Collateralization
- ~~Net debit caps~~ **Net Debit Caps**
- Largest Provisional Net Credit (LPNC) for Money Market Instruments (MMIs)
- Issuer/Participant Number (IPN) Collateral Control.

Collateralization

Collateralization ensures that your account has sufficient collateral for DTC to liquidate if you fail to pay your settlement obligation and become insolvent. DTC's collateralization procedures prevent the completion of transactions that would cause your net debit to exceed the total available collateral in your account.

DTC operates on a fully collateralized basis. You are required to have sufficient collateral in your account to support net settlement debits you incur. Transactions that would cause your net debit to exceed the total value of collateral in your account are held in a recycle (pend) queue until sufficient collateral is available.

Your primary sources of collateral are:

- Cash deposited to the Participants Fund
- Proprietary or firm positions (such as dealer, investment, or margin positions) that you designate as collateral
- Securities received (and not paid for) versus payment
- Securities added to your account and not received versus payment (such as deposits, free deliveries, free pledge releases, release of segregated securities) that you designate as collateral.

Collateral Valuation of Securities

The value of securities designated as collateral is based on the prior business day's closing market price, less a haircut. Haircuts are used to protect DTC and its participants from price fluctuations if DTC is required to liquidate collateral of an insolvent participant. Furthermore, because DTC may have to finance a participant's failure overnight, DTC's haircut structure takes into consideration haircuts imposed by our line-of-credit banks. The full market value of securities is not normally obtainable from a bank that accepts securities as collateral to support a loan; banks generally consider the relative price volatility of the collateral and impose a haircut on the market value of securities. Securities that are not acceptable to DTC's line-of-credit banks do not receive collateral value in our system; therefore, a 100 percent haircut is applied to these securities.

DTC employs haircuts ranging from 2 to 100 percent. Because the collateral value of securities is based on their prior day's closing market prices, these haircuts may not be sufficient in cases where prices fall dramatically intraday. DTC can reprice and modify haircuts of selected issues intraday and can systemically revalue the collateral of participants holding these securities.

Using the Collateral Monitor to Measure Available Collateral

DTC tracks collateral in your account by a control position called the Collateral Monitor (CM). At the opening of each business day, your CM is credited with your Participants Fund deposit. At all times, the CM reflects the amount by which the collateral in your account exceeds the net debit in your settlement account. In other words, the CM equals the sum of the value of your collateral and net settlement obligation.

For example, if you have collateral securities with a market value of \$10,000 and a 10 percent haircut, the value of your collateral is \$9,000. If you also incurred a debit of \$8,000, your CM is \$1,000 $\{(10,000 - [0.1 \times 10,000]) + (-\$8,000)\}$.

Conceptually, every transaction translates into a collateral flow and a cash flow, one a credit and the other a debit. The net value of these two flows is used to update the CM. Since the value of securities as collateral is subject to a haircut on the market value, the cash component (for settlement value) of each transaction is generally greater in value than its securities component. Thus, the completion of a delivery versus payment generally results in an increase in the deliverer's CM and a decrease in the receiver's CM, based on the difference between the collateral value of the

securities and the settlement value of the transaction. Transactions that do not have a cash component, such as deposits and "free" deliveries, are considered to have a zero cash component.

When processing a transaction, DTC verifies that the deliverer's and receiver's CMs will not become negative when the transaction completes. If the transaction would cause either party to have a negative CM and thereby be undercollateralized, the transaction will recycle until the deficient account has sufficient collateral to complete (see Recycle Processing).

Controlling Collateral

Securities received versus payment are automatically designated as net additions (NA) because the receiver has not yet paid for these securities. Your CM is credited the collateral value (market value minus the applicable haircut) of all positions designated NA. Conversely, your CM is not affected by positions designated as minimum amount (MA). You can manage your collateral in the following ways:

- **Opening (start-of-day) securities positions as collateral:** You can give DTC standing instructions to designate as collateral all securities in your account at the opening of each day. All start-of-day positions are then designated NA, and your CM is credited the collateral value of the start-of-day positions. Contact your Relationship Manager to change your standing instructions.
- **Unvalued additional securities:** You can give DTC standing instructions to designate all unvalued additions of securities to your account (such as deposits and free DOs received) as either NA or MA. Contact your Relationship Manager to change your standing instructions.

Warning! Consider the implications of classifying your securities as collateral. Collateral can be used to support your debt and therefore can be liquidated by DTC if you are unable to pay your settlement obligation.

- **Intraday reclassification of securities:** You can submit instructions to DTC using the PTS function DYMA to reclassify as collateral a specific quantity of an issue previously classified as non-collateral. This results in a CM credit equal to the collateral value of the reclassified securities. Conversely, you can use the PTS function DYNA to reclassify collateral securities as non-collateral.

Note- A DYNA instruction will not execute if the removal of the collateral from your account would cause your CM or simulated CM to become negative.

- **Settlement Progress Payments (SPPs):** You can increase your CM by wiring Settlement Progress Payments (SPPs) to DTC's account at the Federal Reserve Bank of New York (FRBNY). Your CM and your settlement account will be credited for the amount of the SPP; thus, SPPs also reduce your actual net debit. See Wire Instructions for more information.)

To view your CM balance, use the PTS function RMCI.

Net Debit Caps

Net ~~debit caps~~ **Debit Caps** help ensure that DTC can complete settlement, even if a Participant ~~participant~~ **Participant** fails to settle. They are based on your net debit history at DTC and automatically rise or fall relative to the average of your highest intraday net debit peaks in accordance with the calculation described below (in "Calculating Your Net Debit Cap"). A ~~net debit cap~~ **Net Debit Cap**, recalculated daily, is applied to your account to limit the settlement net debit you could incur at any point during a processing day.

Your ~~net debit cap~~ **Net Debit Cap** is limited by DTC's established maximum ~~net debit cap~~ **Net Debit Cap**, the value of which is always set lower than DTC's total available liquidity. Currently, the maximum ~~net debit cap~~ **Net Debit Cap you an individual Participant** can have is \$1.8 billion.

Before completing a transaction in which you are the receiver, DTC calculates the resulting effect the transaction would have on your account, and determines whether your resulting ~~net balance~~ **Net Debit Balance** would exceed your ~~net debit cap~~ **Net Debit Cap**. Any transaction that would cause your net settlement debit to exceed your ~~net debit cap~~ **Net Debit Cap** is placed on a pending (recycling) queue until another transaction creates credits in your account (see Recycle Processing for more information). Most credits are generated when you deliver securities versus payment; pledge securities for value; receive principal, dividend or interest allocations; or wire funds (SPPs) to DTC's account at the FRBNY.

Calculating Your Net Debit Cap

Net ~~debit caps~~ **Debit Caps** are calculated daily as follows:

1. The system records your collateral group's three highest intraday net debit peaks over a rolling 70-business-day period, using simulated net debit peaks instead of actual net debit peaks. If you have elected to group your accounts into separate families (see Grouping Accounts into Collateral Families)-, the system first calculates the average simulated net debit peak of each family, and adds together the average net debit peaks of all your families to obtain your overall average simulated net debit peak.
2. The system multiplies your average simulated net debit peak by a factor to determine your ~~net debit cap~~ **Net Debit Cap**, which cannot exceed DTC's established maximum of \$1.8 billion. (Factors are based on a sliding scale, between 1 and 2, where smaller average peaks are multiplied by larger factors and larger average peaks are multiplied by smaller factors.)

The established minimum ~~net debit cap~~ **Net Debit Cap** is equal to twice the sum of *all participants' Participants'* minimum deposits to the Fund. ~~For example, if there were 500 DTC participants, and each contributed the minimum fund deposit of \$10,000, the sum of all participants' minimum fund deposits would equal \$5 million. The minimum net debit cap would then be \$10 million.~~

Note- Your settling bank can set your maximum ~~net debit cap~~ **Net Debit Cap**. However, the maximum amount set by a settling bank cannot exceed the ~~net debit cap~~ **Net Debit Cap** calculated by DTC's system. DTC may also limit your ~~net debit cap~~ **Net Debit Cap** to any amount regardless of your intraday net debit peaks.

Although most transactions are subject to Risk Management Controls, the following activities override collateralization and ~~net debit cap~~ **Net Debit Cap** controls:

- Validated (matched) DO reclaims with a settlement value less than \$7.5 million
- Validated payment order (PO) reclaims with a settlement value less than \$7.5 million
- Mutual funds purchases through DTC's Fund/SERV system
- DTC-generated activity (such as monthly billing charges)
- ACATS charges from NSCC
- Deposit or settlement adjustments
- Short position charges
- Principal and income charges
- Participants Fund charges.

To view your ~~net debit cap~~ **Net Debit Cap** and net settlement balance, use the PTS function RMCI.

As an added measure DTC has also established limits on the maximum settlement obligation that a financial family of affiliated DTC Participants can incur. An Affiliated Family means each Participant

that controls or is controlled by another Participant and each Participant that is under the common control of any Person. For purposes of this definition, "control" means the direct or indirect ownership of more than 50% of the voting securities or other voting interests of any Person. The ~~maximum~~ aggregate ~~"Aggregate Affiliated Family net debit cap~~ **Net Debit Cap**" for the Participants comprising ~~the an~~ Affiliated Family is ~~currently~~ set at ~~\$3 billion~~ **\$2.85 billion**.

~~To ensure~~ **So** that DTC ~~is will be~~ able to complete ~~its~~ settlement ~~obligations~~ each day in the event of a Participant's inability to settle ~~with DTC~~, DTC currently maintains liquidity resources of ~~\$3.2 billion~~ **\$3.05 billion**, including ~~\$1.3 billion~~ **\$1.15 billion** ~~of~~ cash **in the** Participants Fund and a committed line of credit in the amount of \$1.9 billion with a consortium of banks.

Grouping Accounts into Collateral Families

If you have multiple DTC accounts, you can group them into families and instruct DTC to allocate a specified portion of your collateral and ~~net debit cap~~ **Net Debit Cap** to each family. You must submit instructions in writing to DTC to group your accounts into separate families. Otherwise, all of your accounts will be grouped into one family.

The accounts you designate as a family share a single CM and ~~net debit cap~~ **Net Debit Cap**. Securities and cash credited to one of these accounts increase the shared CM and the family's settlement balance, and could therefore serve to benefit transactions of other accounts in the family.

Sharing collateral and ~~net debit caps~~ **Net Debit Caps** has advantages and disadvantages. Sharing can be an efficient account structure because it allows accounts to use the available collateral and settlement credits of other accounts in the family. However, you will not be able to designate which account should benefit from specific credits incurred by a member of the family. For example:

Suppose you maintain two accounts, A and B, which are grouped into one collateral family. Assume that both accounts have recycling transactions because of insufficient ~~net debit cap~~ **Net Debit Cap**. If account A sends an SPP to DTC, its settlement account is credited. However, because the accounts are set up so that either account can use the available credits, if account B's transactions have a higher priority on the recycle queue, they will complete as a result of the funds that account A sent to DTC.

Conversely, assigning a separate collateral group for every account allows you to segregate your accounts and to allow the accounts to use only a specific portion of your collateral and ~~net debit cap~~ **Net Debit Cap**. However, segregating can decrease processing efficiency and increase your intraday financing requirements because excess collateral in one family is not automatically available to an account belonging to another family. You should carefully evaluate your internal procedures and determine which method is most efficient for your operations.

Note- If you group your accounts into families and do not provide DTC with instructions on the specific percentage of collateral and ~~net debit cap~~ **Net Debit Cap** to be allocated to each family, DTC allocates collateral and ~~net debit cap~~ **Net Debit Cap** to each family based on your intraday net debit peaks relative to your other families.

You can maintain separate families of accounts to allocate your cap among your families at your own discretion. However, DTC will apply a forced-allocation formula to major issuing paying agents, which are defined as IPAs with average daily maturity presentments measured over the most recent month equal to or greater than 5 percent of DTC's total MMI maturity presentments. A major IPA must allocate up to 40 percent of its total ~~net debit cap~~ **Net Debit Cap** to its IPA family.
