

Required fields are shown with yellow backgrounds and asterisks.

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

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| Initial * <input checked="" type="checkbox"/> | Amendment * <input type="checkbox"/> | Withdrawal <input type="checkbox"/> | Section 19(b)(2) * <input type="checkbox"/> | Section 19(b)(3)(A) * <input checked="" type="checkbox"/> | Section 19(b)(3)(B) * <input type="checkbox"/> |
| Pilot <input type="checkbox"/> | | | Rule | | |
| 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 checked="" 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) | |

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| 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"/> |

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| 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 *).

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

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

Signature
 Pursuant to the requirements of the Securities Exchange Act of 1934,
 has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.
 (Title *)

Date
 By
 (Name *)

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of Proposed Rule Change

(a) The proposed rule change of The Depository Trust Company (“DTC”) is attached hereto as Exhibit 5.¹ The proposed rule change would amend the Guide to the DTC Fee Schedule² (“Fee Guide”) to (i) eliminate certain fees within the Corporate Actions section³ and the Securities Processing section⁴ of the Fee Guide and (ii) modify the names and descriptions of certain fees in the Settlement Services section⁵ of the Fee Guide, as described below.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change to amend the Fee Guide as described in (i) of Item 1(a) above was approved by the Businesses, Technology and Operations Committee of the DTC Board of Directors on December 10, 2019. The proposed rule change to amend the Fee Guide as described in (ii) of Item 1(a) above was approved by the Deputy General Counsel of DTC on January 21, 2020.

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 Guide to the Fee Schedule to (i) eliminate certain fees within the Corporate Actions section⁶ and the Securities Processing section⁷ of the

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

² Available at <http://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/dtcfeguide.pdf>.

³ See id. at 6-8.

⁴ See id. at 4-6.

⁵ See id. at 19-21.

⁶ See id. at 6-8.

⁷ See id. at 4-6.

Fee Guide, including the addition and deletion of fees and (ii) modify the descriptions of certain fees in the Settlement Services section⁸ of the Fee Guide, as described below.

Corporate Actions Fee Eliminations

To streamline the Corporate Actions fee schedule, DTC proposes to eliminate certain corporate actions fees relating to services relating to physical securities processing, specifically, bearer bonds and the Coupon Collection service (“CCS”),⁹ as described below. The related products have seen a substantial decrease in volume over the years due to increased dematerialization leading to limited use of the services.¹⁰

A bearer bond is a corporate or municipal debt Security for which whoever physically holds the Security certificate is the presumptive owner of the instrument. Bearer bond coupons for interest payments are physically attached to the Security and must be submitted to an authorized agent, in order to receive payment. Due to changes in the marketplace, including the increasing move towards dematerialization of Securities, the issuance of bearer bonds has significantly curtailed over the years, and as a result, the inventory of bearer bonds held by DTC on behalf of Participants has significantly diminished. In 1990, DTC had 24 million bearer bonds in its vault, the bulk of which have matured.¹¹ In 2010 the amount of bearer bonds held by DTC was just over 132,800 bearer bonds.¹² As of November 2019, DTC holds approximately 46 issues of bearer bonds in its vault and, based on the historical trend, the number of bearer bonds in DTC’s vault is expected to continue to rapidly diminish, with the final bond on deposit scheduled to mature by 2030.

DTC charges a Participant a fee of \$4.00 per interest and principal payment on bearer bonds. Due to the steep drop in the amount of bearer bonds on deposit at DTC, DTC’s need to allocate staff and systems resources to the processing of such payments has diminished to an insignificant level and DTC believes it would be appropriate to eliminate this fee.

⁸ See id. at 19-21.

⁹ See DTC Custody Service Guide (“Custody Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Custody.pdf>, at 8, 11 and 14. CCS is referred to in the Custody Guide alternatively as the Coupon Collection service and the Coupon Clipping service. Id.

¹⁰ Michael Scholl, The Incredible Shrinking Vaults, available at <http://www.dtcc.com/news/2010/march/01/the-incredible-shrinking-vaults> (March 1, 2010).

¹¹ Edward C. Kelleher, Certificates in DTC Vaults Drop Below 1 Million, available at <http://www.dtcc.com/news/2011/march/01/certificates-in-dtc-vaults-drop-below-1-million> (March 1, 2011).

¹² Id.

Under CCS, DTC provides Participants with a method for collecting interest payable on coupons from bearer bonds.¹³ The Participants using CCS are required to deposit coupons in a standard sealed envelope or “shell.”¹⁴ DTC submits the contents of the shells to the appropriate issuer or paying agent and then credits the interest to the Participant’s account. DTC charges a Participant a fee of \$75.00 per shell to process coupons and payments through CCS.¹⁵ Due to the steep decline in the amount of bearer bonds on deposit at DTC, as described above, DTC’s need to allocate staff and systems resources to the processing of coupon payments has diminished to an insignificant level and DTC believes it would be appropriate to eliminate this fee.

Elimination of Audit and CD Confirmation Fees

DTC offers confirmations of audit information relating to Securities held at DTC to issuers and their agents upon request.¹⁶ DTC also offers confirmations (“CD Confirmations”) relating to certificates of deposit held at DTC.¹⁷ The fees charged by DTC to an issuer or agent to process an audit confirmation (“Audit Confirmation Fee”) or CD Confirmation (“CD Confirmation Fee”), which are set forth in the Securities Processing section¹⁸ of the Fee Guide, are \$22 for the first 5 CUSIPS included in the confirmation request and \$5 for each additional CUSIP.¹⁹ DTC’s billing process for audit and CD Confirmations to issuers and agents is different from that for Participant fees. Participant fees are billed monthly based on activity volumes that are generally automatically fed into the billing system and Participants are debited for their monthly charges in their monthly settlement statement. Issuers and agents that are not Participants do not maintain settlement accounts at DTC and the process of billing for items such as audit and CD Confirmations is manually intensive. In fact, as DTC’s physical inventory has decreased, DTC has received fewer confirmation requests, resulting in diminishing revenue over time, to the point that the cost to DTC to bill for the processing of confirmations is greater than the amount of revenue collected by DTC in this regard. Therefore, to eliminate the associated billing costs to DTC that exceed related revenue collected by DTC for audit confirmations and CD Confirmations, DTC proposes to amend the Fee Schedule to eliminate the Audit Confirmation Fee and CD Confirmation Fee. Recognizing a need for issuers and agents to

¹³ See Custody Guide, supra note 9, at 14.

¹⁴ See Securities Exchange Act Release No. 39955 (May 4, 1998), 63 FR 26236 (May 12, 1998) (SR-DTC-97-17).

¹⁵ See Fee Guide, supra note 2, at 8.

¹⁶ Securities Exchange Act Release No. 53471 (March 13, 2006), 71 FR 13872 (March 17, 2006) (SR-DTC-2005-21).

¹⁷ Id.

¹⁸ See id. at 4-6.

¹⁹ See Fee Guide, supra note 2, at 5.

obtain audit confirmations and CD Confirmations for their own regulatory and compliance purposes, DTC would continue to process such requests for issuers and agents free of charge.

Settlement Fee Name and Description Changes

The proposed rule change would amend the Settlement Services section²⁰ of the Fee Guide to change certain fee names and descriptions of fee amounts, as described below. The proposed changes to this section would not result in any change in the actual amounts charged for the relevant fees.

Revise Fee Name for Fees for Stock Loan Transactions

Pursuant to the proposed rule change, the fee named “Stock loans and returns” would be renamed as “Repos, Stock loans and returns.” The amount of this fee is 18 cents per receive or delivery and would not change. This fee applies to deliver orders²¹ (“DO”) of Securities effected through DTC’s settlement system that Participants using a reason code designated for tracking through DTC’s income tracking systems, specifically, the stock loan income tracking system²² or the repurchase agreement (“Repo”) tracking system.²³ The word “Repos” would be added to the fee name for clarity in this regard.

²⁰ See id. at 19-21.

²¹ A deliver order is book-entry movement of shares of a Security between two Participants. See Settlement Service Guide (“Settlement Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Settlement.pdf>, at 5.

²² In a stock loan agreement, the lender of a Security is entitled to recover from the borrower any income distributions paid on the loaned Security. The stock loan income tracking system allows DTC to track the lender’s (deliverer’s) position on these Securities. The stock loan income tracking system tracks cash dividend and interest payments relating to DOs submitted using certain reason codes for stock loan transactions, as described in the DTC Corporate Actions Distributions Service Guide (“Distributions Guide”). See Distributions Guide, available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Service%20Guide%20Distributions.pdf>, at 36-37, for additional information relating to stock loan transactions and the related reason codes.

²³ A Repo is an agreement between two parties that allows the seller of Securities to later repurchase them at an agreed-upon price. The seller usually retains the right to periodic income distributions. However, since the Securities will not reside in the seller’s account on record date, the seller would not be credited the periodic principal and income distributions paid on the Securities. To recover these entitlements, the seller must claim the Repo buyer. DTC’s Repo Tracking System automates claims of these entitlements by tracking the Repo transactions (deliveries) relating to DOs submitted with using certain reason codes designated for Repo transactions and adjusting the entitlement payments

Revise Fee Name for Institutional Transactions

Pursuant to the proposed rule change, the fee named “Institutional receive or delivery (ID)” would be renamed as “Matched Institutional Transactions.” This fee relates to the receive for delivery of Securities associated with the processing of an institutional transaction submitted to DTC by a Matching Utility on behalf of the Participants to the transaction.²⁴ The amount of this fee is charged to a Participant at a rate of 4 cents per receive or delivery related to a transaction submitted on its behalf by a Matching Utility and would not change. The fee name would be changed to eliminate the redundancy between the fee name and description of the amount, which both reference that the fee applies to a receive or delivery.

Revise Fee name for Fees for ACATS transactions and Related Description of Fee Amount

Pursuant to the proposed rule change, the description of the fee amount named “Book Entry NSCC ACATS Long Allocations and Short Covers” would be renamed “Delivery to/from CNS ACATS.” In addition, the description of the fee which is “\$0.06 Per Message” would be revised to “\$0.12 per receive or delivery.” The proposed rule change would not change the actual amount charged to a Participant per transaction. In this regard, a delivering Participant is charged for each message (or delivery instruction): (1) for the delivery of Securities from the account of the Participant to the National Securities Clearing Corporation’s (“NSCC”) ACATS²⁵ system and (2) for the associated receive of the Securities by the NSCC account. Likewise, the receiving Participant is charged an equal amount per transaction, respectively, for the receive of the Securities to its account and for DTC to deliver the Securities from the NSCC account to the Participant.

For example, for a Participant delivering Securities to the NSCC ACATS system, the Participant incurs a charge of 12 cents, which is the sum of the 6-cent cost to the Participant for DTC to deliver the Securities to NSCC’s account as well as for the 6-cent cost to the Participant for the receive by the NSCC account for the Securities. Likewise, the receiving Participant, in connection with the same instruction, is charged 12 cents, which is the sum of the cost of 6 cents

accordingly on payable date. See Distributions Guide, supra note 22, at 37-38, for additional information relating to Repo transactions and related reason codes.

²⁴ See Settlement Guide, supra note 21, at 36, for additional information on the role of a Matching Utility in the submission of an institutional transaction on behalf of Participants to the transactions.

²⁵ NSCC’s Rules & Procedures, available at, http://www.dtcc.com/~/_/media/Files/Downloads/legal/rules/nscc_rules.pdf, establish the NSCC ACATS Settlement Accounting Operation which interfaces with DTC’s system to move customer Securities from the account of one Participant to another. See Settlement Guide, supra note 21, at 18. NSCC maintains an account at DTC with respect to the associated securities movements. Id.

for the delivery of the Securities from NSCC to the receiving Participant and the receive by the Participant for those Securities.

Also, proposal would revise the fee name to eliminate the reference to long allocations and short covers, because ACATS transactions have no funds settlement obligations associated with them.²⁶ The change would eliminate potential confusion that could be created in this regard, because the Settlement Guide refers to short covers and long allocations as transactions that have an associated Collateral Value.²⁷

Description of Fee for Deliveries to and from CNS

Like the billing of ACATS transactions, a delivering Participant is charged for the delivery of a Security to the NSCC CNS account at DTC (“CNS Account”) on the Participant’s behalf and for the receive of the Security by the CNS Account. Likewise, the receiving Participant to the transaction is charged for the delivery of the Securities from the CNS Account to its account, and for the receive of the Securities by its account. The charge for each side of the transaction is 8 cents per item. For example, the delivering Participant is charged a total of 16 cents, representing 8 cents for the side representing its delivery of the Security to the CNS Account and is charged 8 cents for the side representing the receive of the Security from the Participant to the CNS Account. Likewise, the receiving Participant is charged 16 cents for the transaction, representing 8 cents for the delivery of the Securities from the CNS Account to the Participant’s account and 8 cents for the receive of the Securities from the CNS Account by the Participant. In this regard, DTC believes that clarifying the related item in the Fee Guide to clarify the total amount a Participant is charged for a transaction as a whole, rather than by delivering and receiving sides for the transfer of Securities between the Participant’s account and the CNS Account, would provide clarity to Participant’s on the total fees incurred with respect to the processing of a movement of Securities at DTC for a CNS transaction. Therefore, DTC proposes to revise the Fee Guide to change the description of the fee amount for the related item in the Fee Guide from “\$0.08 Per item delivered, charged to both sides” to “\$0.16 per delivery or receive.”

Fee Name for Payments or Withdrawal of Payments

Pursuant to the Settlement Guide, a Participant may make settlement progress payments (“SPP”) to DTC to increase their Collateral balance at DTC and/or reduce its Net Debit Balance and the Participant also has the ability to withdraw SPP amounts if such withdrawal would not cause the Participant to violate DTC’s risk controls, including the Collateral Monitor and Net Debit Cap.²⁸ A Participant may also receive principal & interest payments on Securities

²⁶ See Settlement Guide, supra note 21, at 17.

²⁷ Id.

²⁸ See id. at 63.

deposited in its account and withdraw payments it has received intraday so long as such withdrawal does not place the Participant in a debit balance.²⁹

A Participant is charged a fee of 70 cents per payment or withdrawal of payment for both the making of a SPP to DTC and the withdrawal of SPP amounts from DTC. This fee is also charged for the intraday withdrawal of P&I by the Participant. Pursuant to the Fee Guide, the related fee item is named “Payment or withdrawal of payment.” The Participant is not charged this 70-cent fee for the intraday payment of P&I because DTC charges a separate “Cash Dividend” fee³⁰ for the allocation of principal and interest. To provide enhanced clarity on how this fee is applied, DTC proposes to revise this fee name to “Progress payment or withdrawal of SPP/P&I.”

Proposed Rule Change

Pursuant to the proposed rule change, the following entries in the Fee Guide would be deleted from the Corporate Actions section:³¹

| <u>Fee Name</u> | <u>Amount (\$)</u> | <u>Conditions</u> |
|---|--------------------|--|
| Bearer Bond ³² | 4.00 | Per interest and principal payment on bearer bonds |
| Coupon Collection Service ³³ | 75.00 | Per shell for CUSIP numbers and Customer-assigned identifiers on a shell |

Pursuant to the proposed rule change, the following entries in the Fee Guide would be deleted from the Securities Processing section:³⁴

| <u>Fee Name</u> | <u>Amount (\$)</u> | <u>Conditions</u> |
|-----------------|--------------------|-------------------|
|-----------------|--------------------|-------------------|

²⁹ See id. at 62.

³⁰ See Fee Guide, supra note 2, at 6.

³¹ See id.

³² See id. at 7.

³³ See id. at 8.

³⁴ See id. at 4-6.

Audit confirmation³⁵

| | | |
|-----------------------|-------|-----------|
| First five CUSIPs | 22.00 | Per CUSIP |
| Each additional CUSIP | 5.00 | Per CUSIP |

CD confirmation³⁶

| | | |
|-----------------------|-------|-----------|
| First five CUSIPS | 22.00 | Per CUSIP |
| Each additional CUSIP | 5.00 | Per CUSIP |

Pursuant to the proposed rule change, DTC would modify descriptions for certain fees set forth in the Settlement section as set forth below:

| <u>Current Fee Name</u> | <u>Proposed Fee Name</u> | <u>Old Amount Description</u> | <u>New Amount Description</u> | <u>Change</u> |
|---|---|--|---|--|
| Stock loans and returns | Repos, stock loans and returns | \$0.18 per receive or delivery | \$0.18 per receive or delivery | Added Repo to fee name |
| Institutional receive or delivery (ID) | Matched Institutional Transactions | \$0.04 per receive or delivery | \$0.04 per receive or delivery | Changed description |
| Book Entry NSCC ACATS Long Allocations and Short Covers | Delivery to /from CNS ACATS | \$0.06 Per Message | \$0.12 Per receive or delivery | Changed description, no longer per message |
| Delivery to/from CNS | Delivery to/from CNS | \$0.08 Per item delivered; charged to both sides | \$0.16 per delivery or receive | No longer per side |
| Payment or withdrawal of payment | Progress payment or withdrawal of SPP/P&I | \$0.70 Per payment or withdrawal of payment | \$0.70 Per payment or withdrawal of payment | Added P&I |

Implementation Timeframe

³⁵ See id. at 5.

³⁶ Id.

The proposed rule change would become effective upon filing with the Commission such that the text of the Fee Guide would be revised as discussed above.

(b) Statutory Basis

DTC believes that this proposal is consistent with the requirements of the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, DTC believes that this proposal is consistent with Sections 17A(b)(3)(D)³⁷ and 17A(b)(3)(F)³⁸ of the Act and Rule 17Ad-22(e)(23)(ii),³⁹ as promulgated under the Act, for the reasons described below.

(i) Section 17A(b)(3)(D) of the Act requires, *inter alia*, that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among participants.⁴⁰ For the reasons set forth below, DTC believes that each of the proposed rule changes described above that would eliminate certain fees would provide for the equitable allocation of reasonable dues, fees, and other charges among participants, as discussed below.

Fee Eliminations

DTC believes the proposed rule change to eliminate fees set forth in the Corporate Actions section and Securities Processing sections of the Fee Guide would provide for the equitable allocation of reasonable fees. DTC believes the proposed elimination of the fees relating to these fees would provide for the equitable allocation of fees because the respective fees are rarely charged due to the low volume of activity in the related processes, as described above, and if ever charged, given the amount of each fee, any charge would be in a negligible amount. DTC believes the elimination of these fees is reasonable because of the lack of activity and therefore it is unlikely that DTC would need to charge these fees. Also, DTC also believes that the proposed rule change for the elimination of the fee relating to audit and CD confirmations is reasonable, because it costs DTC more to administer the charges than it collects from the agents for this fee. Given the low volume of activity and fees collected in this regard, DTC does not believe it would be reasonable to raise these fees simply to cover the cost of billing for them.

(ii) Section 17A(b)(3)(F)⁴¹ of the Act requires, *inter alia*, that the Rules provide for the prompt and accurate clearance and settlement of securities transactions by DTC.

³⁷ 15 U.S.C. 78q-1(b)(3)(D).

³⁸ 15 U.S.C. 78q-1(b)(3)(F).

³⁹ 17 CFR 240.17Ad-22(e)(23)(ii).

⁴⁰ 15 U.S.C. 78q-1(b)(3)(D).

⁴¹ 15 U.S.C. 78q-1(b)(3)(F).

Changes of Fee Names and Descriptions of Fee Amounts

DTC believes that each of the proposed rule changes with respect to the revision of fee names and fee amount descriptions for certain fees set forth in the Settlement Services section of the Fee Guide, as described above, is designed to promote the prompt and accurate clearance and settlement of securities transactions in accordance with this section. Each of these changes would amend certain fee names and fee descriptions to improve the accuracy and clarity of the Fee Guide. Improving the accuracy and clarity of the Rules and Procedures, including the Fee Guide, would help Participants to better understand their rights and obligations regarding DTC services. When Participants better understand their rights and obligations regarding DTC services, they can act in accordance with the Rules and Procedures, which DTC believes would promote the prompt and accurate clearance and settlement of securities transactions by DTC. As such, DTC believes the proposed rule changes to clarify the Fee Guide for certain items set for in the Settlement Services section, as described above, are consistent with Section 17A(b)(3)(F)⁴² of the Act.

(iii) Rule 17Ad-22(e)(23)(ii) under the Act requires DTC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in DTC.⁴³ DTC believes that the proposed rule changes with respect to (1) deleting fees with little or no volume and (2) amending fee names and descriptions of amounts, would help ensure that the pricing structure of the Fee Guide is well-defined and clear to Participants. Having a well-defined and clear Fee Guide would help Participants to better understand the fees and help provide Participants with increased predictability and certainty regarding the fees they incur in participating in DTC. In this way, DTC believes the proposed rule changes to the Fee Guide, as described above, are consistent with Rule 17Ad-22(e)(23)(ii) under the Act, cited above.

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

Fee Eliminations

Impact on Competition. DTC believes that each of the proposed rule changes with respect to the deletion of fees with little or no volume, as described above, may impact competition by potentially reducing Participants' operating costs. Therefore, DTC believes that the proposed rule changes with respect to the deletion of fees with little or no volume, as described above, would not impose a burden on competition, but may promote competition.

Changes of Fee Names and Descriptions of Fee Amounts

No Impact on Competition. DTC believes that each of the proposed clarifications to the Settlement Services section of the Fee Guide, as described, would not have an impact on

⁴² Id.

⁴³ 17 CFR 240.17Ad-22(e)(23)(ii).

competition.⁴⁴ Each of these changes would amend certain fee names and or fee amount descriptions to improve the accuracy and clarity of the Fee Guide. Having an accurate and clear Fee Guide would facilitate Participants' understanding of the Fee Guide and their obligations thereunder, and so would not affect the rights and obligations of any Participant or other interested party. Therefore, DTC believes that each of the proposed clarifications to the Settlement Services section of the Fee Guide, as described above, would not have an impact on competition.

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 paragraph A of Section 19(b)(3) of the Act.⁴⁵

(b) Concerning the proposed changes to fees described above the proposed rule change establishes or changes a due, fee, or other charge.⁴⁶ Concerning the proposed clarifying changes described above, such changes constitute changes to an existing service of a registered clearing agency that (i) do not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible, and (ii) do not significantly affect the respective rights or obligations of the clearing agency or persons using the service,⁴⁷ because the proposed rule change consists of changes that are clarifying, and because these changes are clarifying in nature, do not change any of the existing business practices of DTC, or affect the rights or obligations of DTC or Participants.

(c) Not applicable.

(d) Not applicable.

⁴⁴ Id.

⁴⁵ 15 U.S.C 78s(b)(3)(A).

⁴⁶ 17 CFR 240.19b-4(f)(2).

⁴⁷ 17 CFR 240.19b-4(f)(4).

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

The proposed rule changes are not based on the rules of another self-regulatory organization or the Commission.

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

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act of 2010

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 Fee Guide.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-DTC-2020-001)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the DTC Fee Guide

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on January __, 2020, 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 Act³ and Rules 19b-4(f)(2) and (f)(4) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2) and (f)(4).

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

The proposed rule change⁵ of DTC would amend the Guide to the DTC Fee Schedule⁶ (“Fee Guide”) to (i) eliminate certain fees within the Corporate Actions section⁷ and the Securities Processing section⁸ of the Fee Guide and (ii) modify the names and descriptions of certain fees in the Settlement Services section⁹ of the Fee Guide, as described below.

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

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

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

⁶ Available at <http://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/dtcfeeguide.pdf>.

⁷ See id. at 6-8.

⁸ See id. at 4-6.

⁹ See id. at 19-21.

(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 Guide to the Fee Schedule to

(i) eliminate certain fees within the Corporate Actions section¹⁰ and the Securities Processing section¹¹ of the Fee Guide, including the addition and deletion of fees and

(ii) modify the descriptions of certain fees in the Settlement Services section¹² of the Fee Guide, as described below.

Corporate Actions Fee Eliminations

To streamline the Corporate Actions fee schedule, DTC proposes to eliminate certain corporate actions fees relating to services relating to physical securities processing, specifically, bearer bonds and the Coupon Collection service (“CCS”),¹³ as described below. The related products have seen a substantial decrease in volume over the years due to increased dematerialization leading to limited use of the services.¹⁴

A bearer bond is a corporate or municipal debt Security for which whoever physically holds the Security certificate is the presumptive owner of the instrument.

¹⁰ See id. at 6-8.

¹¹ See id. at 4-6.

¹² See id. at 19-21.

¹³ See DTC Custody Service Guide (“Custody Guide”), available at <http://www.dtcc.com/~//media/Files/Downloads/legal/service-guides/Custody.pdf>, at 8, 11 and 14. CCS is referred to in the Custody Guide alternatively as the Coupon Collection service and the Coupon Clipping service. Id.

¹⁴ Michael Scholl, The Incredible Shrinking Vaults, available at <http://www.dtcc.com/news/2010/march/01/the-incredible-shrinking-vaults> (March 1, 2010).

Bearer bond coupons for interest payments are physically attached to the Security and must be submitted to an authorized agent, in order to receive payment. Due to changes in the marketplace, including the increasing move towards dematerialization of Securities, the issuance of bearer bonds has significantly curtailed over the years, and as a result, the inventory of bearer bonds held by DTC on behalf of Participants has significantly diminished. In 1990, DTC had 24 million bearer bonds in its vault, the bulk of which have matured.¹⁵ In 2010 the amount of bearer bonds held by DTC was just over 132,800 bearer bonds.¹⁶ As of November 2019, DTC holds approximately 46 issues of bearer bonds in its vault and, based on the historical trend, the number of bearer bonds in DTC's vault is expected to continue to rapidly diminish, with the final bond on deposit scheduled to mature by 2030.

DTC charges a Participant a fee of \$4.00 per interest and principal payment on bearer bonds. Due to the steep drop in the amount of bearer bonds on deposit at DTC, DTC's need to allocate staff and systems resources to the processing of such payments has diminished to an insignificant level and DTC believes it would be appropriate to eliminate this fee.

Under CCS, DTC provides Participants with a method for collecting interest payable on coupons from bearer bonds.¹⁷ The Participants using CCS are required to

¹⁵ Edward C. Kelleher, Certificates in DTC Vaults Drop Below 1 Million, available at <http://www.dtcc.com/news/2011/march/01/certificates-in-dtc-vaults-drop-below-1-million> (March 1, 2011).

¹⁶ Id.

¹⁷ See Custody Guide, supra note 13, at 14.

deposit coupons in a standard sealed envelope or “shell.”¹⁸ DTC submits the contents of the shells to the appropriate issuer or paying agent and then credits the interest to the Participant’s account. DTC charges a Participant a fee of \$75.00 per shell to process coupons and payments through CCS.¹⁹ Due to the steep decline in the amount of bearer bonds on deposit at DTC, as described above, DTC’s need to allocate staff and systems resources to the processing of coupon payments has diminished to an insignificant level and DTC believes it would be appropriate to eliminate this fee.

Elimination of Audit and CD Confirmation Fees

DTC offers confirmations of audit information relating to Securities held at DTC to issuers and their agents upon request.²⁰ DTC also offers confirmations (“CD Confirmations”) relating to certificates of deposit held at DTC.²¹ The fees charged by DTC to an issuer or agent to process an audit confirmation (“Audit Confirmation Fee”) or CD Confirmation (“CD Confirmation Fee”), which are set forth in the Securities Processing section²² of the Fee Guide, are \$22 for the first 5 CUSIPS included in the confirmation request and \$5 for each additional CUSIP.²³ DTC’s billing process for audit and CD Confirmations to issuers and agents is different from that for Participant fees.

¹⁸ See Securities Exchange Act Release No. 39955 (May 4, 1998), 63 FR 26236 (May 12, 1998) (SR-DTC-97-17).

¹⁹ See Fee Guide, supra note 6, at 8.

²⁰ Securities Exchange Act Release No. 53471 (March 13, 2006), 71 FR 13872 (March 17, 2006) (SR-DTC-2005-21).

²¹ Id.

²² See id. at 4-6.

²³ See Fee Guide, supra note 6, at 5.

Participant fees are billed monthly based on activity volumes that are generally automatically fed into the billing system and Participants are debited for their monthly charges in their monthly settlement statement. Issuers and agents that are not Participants do not maintain settlement accounts at DTC and the process of billing for items such as audit and CD Confirmations is manually intensive. In fact, as DTC's physical inventory has decreased, DTC has received fewer confirmation requests, resulting in diminishing revenue over time, to the point that the cost to DTC to bill for the processing of confirmations is greater than the amount of revenue collected by DTC in this regard. Therefore, to eliminate the associated billing costs to DTC that exceed related revenue collected by DTC for audit confirmations and CD Confirmations, DTC proposes to amend the Fee Schedule to eliminate the Audit Confirmation Fee and CD Confirmation Fee. Recognizing a need for issuers and agents to obtain audit confirmations and CD Confirmations for their own regulatory and compliance purposes, DTC would continue to process such requests for issuers and agents free of charge.

Settlement Fee Name and Description Changes

The proposed rule change would amend the Settlement Services section²⁴ of the Fee Guide to change certain fee names and descriptions of fee amounts, as described below. The proposed changes to this section would not result in any change in the actual amounts charged for the relevant fees.

Revise Fee Name for Fees for Stock Loan Transactions

Pursuant to the proposed rule change, the fee named "Stock loans and returns" would be renamed as "Repos, Stock loans and returns." The amount of this fee is 18

²⁴ See id. at 19-21.

cents per receive or delivery and would not change. This fee applies to deliver orders²⁵ (“DO”) of Securities effected through DTC’s settlement system that Participants using a reason code designated for tracking through DTC’s income tracking systems, specifically, the stock loan income tracking system²⁶ or the repurchase agreement (“Repo”) tracking system.²⁷ The word “Repos” would be added to the fee name for clarity in this regard.

Revise Fee Name for Institutional Transactions

Pursuant to the proposed rule change, the fee named “Institutional receive or delivery (ID)” would be renamed as “Matched Institutional Transactions.” This fee relates to the receive for delivery of Securities associated with the processing of an

²⁵ A deliver order is book-entry movement of shares of a Security between two Participants. See Settlement Service Guide (“Settlement Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Settlement.pdf>, at 5.

²⁶ In a stock loan agreement, the lender of a Security is entitled to recover from the borrower any income distributions paid on the loaned Security. The stock loan income tracking system allows DTC to track the lender’s (deliverer’s) position on these Securities. The stock loan income tracking system tracks cash dividend and interest payments relating to DOs submitted using certain reason codes for stock loan transactions, as described in the DTC Corporate Actions Distributions Service Guide (“Distributions Guide”). See Distributions Guide, available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Service%20Guide%20Distributions.pdf>, at 36-37, for additional information relating to stock loan transactions and the related reason codes.

²⁷ A Repo is an agreement between two parties that allows the seller of Securities to later repurchase them at an agreed-upon price. The seller usually retains the right to periodic income distributions. However, since the Securities will not reside in the seller’s account on record date, the seller would not be credited the periodic principal and income distributions paid on the Securities. To recover these entitlements, the seller must claim the Repo buyer. DTC’s Repo Tracking System automates claims of these entitlements by tracking the Repo transactions (deliveries) relating to DOs submitted with using certain reason codes designated for Repo transactions and adjusting the entitlement payments accordingly on payable date. See Distributions Guide, supra note 26, at 37-38, for additional information relating to Repo transactions and related reason codes.

institutional transaction submitted to DTC by a Matching Utility on behalf of the Participants to the transaction.²⁸ The amount of this fee is charged to a Participant at a rate of 4 cents per receive or delivery related to a transaction submitted on its behalf by a Matching Utility and would not change. The fee name would be changed to eliminate the redundancy between the fee name and description of the amount, which both reference that the fee applies to a receive or delivery.

Revise Fee name for Fees for ACATS transactions and Related Description of Fee Amount

Pursuant to the proposed rule change, the description of the fee amount named “Book Entry NSCC ACATS Long Allocations and Short Covers” would be renamed “Delivery to/from CNS ACATS.” In addition, the description of the fee which is “\$0.06 Per Message” would be revised to “\$0.12 per receive or delivery.” The proposed rule change would not change the actual amount charged to a Participant per transaction. In this regard, a delivering Participant is charged for each message (or delivery instruction): (1) for the delivery of Securities from the account of the Participant to the National Securities Clearing Corporation’s (“NSCC”) ACATS²⁹ system and (2) for the associated receive of the Securities by the NSCC account. Likewise, the receiving Participant is

²⁸ See Settlement Guide, supra note 25, at 36, for additional information on the role of a Matching Utility in the submission of an institutional transaction on behalf of Participants to the transactions.

²⁹ NSCC’s Rules & Procedures, available at, http://www.dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf, establish the NSCC ACATS Settlement Accounting Operation which interfaces with DTC’s system to move customer Securities from the account of one Participant to another. See Settlement Guide, supra note 25, at 18. NSCC maintains an account at DTC with respect to the associated securities movements. Id.

charged an equal amount per transaction, respectively, for the receive of the Securities to its account and for DTC to deliver the Securities from the NSCC account to the Participant.

For example, for a Participant delivering Securities to the NSCC ACATS system, the Participant incurs a charge of 12 cents, which is the sum of the 6-cent cost to the Participant for DTC to deliver the Securities to NSCC's account as well as for the 6-cent cost to the Participant for the receive by the NSCC account for the Securities. Likewise, the receiving Participant, in connection with the same instruction, is charged 12 cents, which is the sum of the cost of 6 cents for the delivery of the Securities from NSCC to the receiving Participant and the receive by the Participant for those Securities.

Also, proposal would revise the fee name to eliminate the reference to long allocations and short covers, because ACATS transactions have no funds settlement obligations associated with them.³⁰ The change would eliminate potential confusion that could be created in this regard, because the Settlement Guide refers to short covers and long allocations as transactions that have an associated Collateral Value.³¹

Description of Fee for Deliveries to and from CNS

Like the billing of ACATS transactions, a delivering Participant is charged for the delivery of a Security to the NSCC CNS account at DTC ("CNS Account") on the Participant's behalf and for the receive of the Security by the CNS Account. Likewise, the receiving Participant to the transaction is charged for the delivery of the Securities from the CNS Account to its account, and for the receive of the Securities by its account.

³⁰ See Settlement Guide, supra note 25, at 17.

³¹ Id.

The charge for each side of the transaction is 8 cents per item. For example, the delivering Participant is charged a total of 16 cents, representing 8 cents for the side representing its delivery of the Security to the CNS Account and is charged 8 cents for the side representing the receive of the Security from the Participant to the CNS Account. Likewise, the receiving Participant is charged 16 cents for the transaction, representing 8 cents for the delivery of the Securities from the CNS Account to the Participant's account and 8 cents for the receive of the Securities from the CNS Account by the Participant. In this regard, DTC believes that clarifying the related item in the Fee Guide to clarify the total amount a Participant is charged for a transaction as a whole, rather than by delivering and receiving sides for the transfer of Securities between the Participant's account and the CNS Account, would provide clarity to Participant's on the total fees incurred with respect to the processing of a movement of Securities at DTC for a CNS transaction. Therefore, DTC proposes to revise the Fee Guide to change the description of the fee amount for the related item in the Fee Guide from "\$0.08 Per item delivered, charged to both sides" to "\$0.16 per delivery or receive."

Fee Name for Payments or Withdrawal of Payments

Pursuant to the Settlement Guide, a Participant may make settlement progress payments ("SPP") to DTC to increase their Collateral balance at DTC and/or reduce its Net Debit Balance and the Participant also has the ability to withdraw SPP amounts if such withdrawal would not cause the Participant to violate DTC's risk controls, including the Collateral Monitor and Net Debit Cap.³² A Participant may also receive principal & interest payments on Securities deposited in its account and withdraw payments it has

³² See id. at 63.

received intraday so long as such withdrawal does not place the Participant in a debit balance.³³

A Participant is charged a fee of 70 cents per payment or withdrawal of payment for both the making of a SPP to DTC and the withdrawal of SPP amounts from DTC. This fee is also charged for the intraday withdrawal of P&I by the Participant. Pursuant to the Fee Guide, the related fee item is named “Payment or withdrawal of payment.” The Participant is not charged this 70-cent fee for the intraday payment of P&I because DTC charges a separate “Cash Dividend” fee³⁴ for the allocation of principal and interest. To provide enhanced clarity on how this fee is applied, DTC proposes to revise this fee name to “Progress payment or withdrawal of SPP/P&I.”

Proposed Rule Change

Pursuant to the proposed rule change, the following entries in the Fee Guide would be deleted from the Corporate Actions section:³⁵

| <u>Fee Name</u> | <u>Amount (\$)</u> | <u>Conditions</u> |
|---|--------------------|--|
| Bearer Bond ³⁶ | 4.00 | Per interest and principal payment on bearer bonds |
| Coupon Collection Service ³⁷ | 75.00 | Per shell for CUSIP numbers and Customer-assigned identifiers on a shell |

³³ See id. at 62.

³⁴ See Fee Guide, supra note 6, at 6.

³⁵ See id.

³⁶ See id. at 7.

³⁷ See id. at 8.

Pursuant to the proposed rule change, the following entries in the Fee Guide would be deleted from the Securities Processing section:³⁸

| <u>Fee Name</u> | <u>Amount (\$)</u> | <u>Conditions</u> |
|----------------------------------|--------------------|-------------------|
| Audit confirmation ³⁹ | | |
| First five CUSIPs | 22.00 | Per CUSIP |
| Each additional CUSIP | 5.00 | Per CUSIP |
| CD confirmation ⁴⁰ | | |
| First five CUSIPS | 22.00 | Per CUSIP |
| Each additional CUSIP | 5.00 | Per CUSIP |

Pursuant to the proposed rule change, DTC would modify descriptions for certain fees set forth in the Settlement section as set forth below:

³⁸ See id. at 4-6.

³⁹ See id. at 5.

⁴⁰ Id.

| <u>Current Fee Name</u> | <u>Proposed Fee Name</u> | <u>Old Amount Description</u> | <u>New Amount Description</u> | <u>Change</u> |
|---|---|--|---|--|
| Stock loans and returns | Repos, stock loans and returns | \$0.18 per receive or delivery | \$0.18 per receive or delivery | Added Repo to fee name |
| Institutional receive or delivery (ID) | Matched Institutional Transactions | \$0.04 per receive or delivery | \$0.04 per receive or delivery | Changed description |
| Book Entry NSCC ACATS Long Allocations and Short Covers | Delivery to /from CNS ACATS | \$0.06 Per Message | \$0.12 Per receive or delivery | Changed description, no longer per message |
| Delivery to/from CNS | Delivery to/from CNS | \$0.08 Per item delivered; charged to both sides | \$0.16 per delivery or receive | No longer per side |
| Payment or withdrawal of payment | Progress payment or withdrawal of SPP/P&I | \$0.70 Per payment or withdrawal of payment | \$0.70 Per payment or withdrawal of payment | Added P&I |

Implementation Timeframe

The proposed rule change would become effective upon filing with the Commission such that the text of the Fee Guide would be revised as discussed above.

2. Statutory Basis

DTC believes that this proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency.

Specifically, DTC believes that this proposal is consistent with Sections 17A(b)(3)(D)⁴¹

⁴¹ 15 U.S.C. 78q-1(b)(3)(D).

and 17A(b)(3)(F)⁴² of the Act and Rule 17Ad-22(e)(23)(ii),⁴³ as promulgated under the Act, for the reasons described below.

(i) Section 17A(b)(3)(D) of the Act requires, inter alia, that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among participants.⁴⁴ For the reasons set forth below, DTC believes that each of the proposed rule changes described above that would eliminate certain fees would provide for the equitable allocation of reasonable dues, fees, and other charges among participants, as discussed below.

Fee Eliminations

DTC believes the proposed rule change to eliminate fees set forth in the Corporate Actions section and Securities Processing sections of the Fee Guide would provide for the equitable allocation of reasonable fees. DTC believes the proposed elimination of the fees relating to these fees would provide for the equitable allocation of fees because the respective fees are rarely charged due to the low volume of activity in the related processes, as described above, and if ever charged, given the amount of each fee, any charge would be in a negligible amount. DTC believes the elimination of these fees is reasonable because of the lack of activity and therefore it is unlikely that DTC would need to charge these fees. Also, DTC also believes that the proposed rule change for the elimination of the fee relating to audit and CD confirmations is reasonable, because it costs DTC more to administer the charges than it collects from the agents for this fee.

⁴² 15 U.S.C. 78q-1(b)(3)(F).

⁴³ 17 CFR 240.17Ad-22(e)(23)(ii).

⁴⁴ 15 U.S.C. 78q-1(b)(3)(D).

Given the low volume of activity and fees collected in this regard, DTC does not believe it would be reasonable to raise these fees simply to cover the cost of billing for them.

(ii) Section 17A(b)(3)(F)⁴⁵ of the Act requires, inter alia, that the Rules provide for the prompt and accurate clearance and settlement of securities transactions by DTC.

Changes of Fee Names and Descriptions of Fee Amounts

DTC believes that each of the proposed rule changes with respect to the revision of fee names and fee amount descriptions for certain fees set forth in the Settlement Services section of the Fee Guide, as described above, is designed to promote the prompt and accurate clearance and settlement of securities transactions in accordance with this section. Each of these changes would amend certain fee names and fee descriptions to improve the accuracy and clarity of the Fee Guide. Improving the accuracy and clarity of the Rules and Procedures, including the Fee Guide, would help Participants to better understand their rights and obligations regarding DTC services. When Participants better understand their rights and obligations regarding DTC services, they can act in accordance with the Rules and Procedures, which DTC believes would promote the prompt and accurate clearance and settlement of securities transactions by DTC. As such, DTC believes the proposed rule changes to clarify the Fee Guide for certain items set for in the Settlement Services section, as described above, are consistent with Section 17A(b)(3)(F)⁴⁶ of the Act.

⁴⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁴⁶ Id.

(iii) Rule 17Ad-22(e)(23)(ii) under the Act requires DTC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in DTC.⁴⁷ DTC believes that the proposed rule changes with respect to (1) deleting fees with little or no volume and (2) amending fee names and descriptions of amounts, would help ensure that the pricing structure of the Fee Guide is well-defined and clear to Participants. Having a well-defined and clear Fee Guide would help Participants to better understand the fees and help provide Participants with increased predictability and certainty regarding the fees they incur in participating in DTC. In this way, DTC believes the proposed rule changes to the Fee Guide, as described above, are consistent with Rule 17Ad-22(e)(23)(ii) under the Act, cited above.

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

Fee Eliminations

Impact on Competition. DTC believes that each of the proposed rule changes with respect to the deletion of fees with little or no volume, as described above, may impact competition by potentially reducing Participants' operating costs. Therefore, DTC believes that the proposed rule changes with respect to the deletion of fees with little or no volume, as described above, would not impose a burden on competition, but may promote competition.

⁴⁷ 17 CFR 240.17Ad-22(e)(23)(ii).

Changes of Fee Names and Descriptions of Fee Amounts

No Impact on Competition. DTC believes that each of the proposed clarifications to the Settlement Services section of the Fee Guide, as described, would not have an impact on competition.⁴⁸ Each of these changes would amend certain fee names and or fee amount descriptions to improve the accuracy and clarity of the Fee Guide. Having an accurate and clear Fee Guide would facilitate Participants' understanding of the Fee Guide and their obligations thereunder, and so would not affect the rights and obligations of any Participant or other interested party. Therefore, DTC believes that each of the proposed clarifications to the Settlement Services section of the Fee Guide, as described above, would not have an impact on competition.

(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 Act⁴⁹ and paragraph (f) of Rule 19b-4 thereunder.⁵⁰ 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

⁴⁸ Id.

⁴⁹ 15 U.S.C. 78s(b)(3)(A).

⁵⁰ 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. Please include File Number SR-DTC-2020-001 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-2020-001. 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-2020-001 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.⁵¹

Secretary

⁵¹ 17 CFR 200.30-3(a)(12).

Bold, underlined text indicates proposed additions.

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

Guide to the DTC Fee Schedule

Custody and Securities Processing

Securities Processing

| FEE NAME | AMOUNT (\$) | CONDITIONS |
|----------------------------------|------------------|----------------------|
| Audit confirmation | | |
| First five CUSIPs | 22.00 | Per CUSIP |
| Each additional CUSIP | 5.00 | Per CUSIP |
| CD Confirmation | | |
| First five CUSIPs | 22.00 | Per CUSIP |
| Each additional CUSIP | 5.00 | Per CUSIP |

Corporate Actions

Corporate Actions Physical Processing

| FEE NAME | AMOUNT (\$) | CONDITIONS |
|--------------------------------------|------------------|---|
| Bearer Bond | 4.00 | Per interest and principal payment on bearer bonds |
| Coupon Collection Service | 75.00 | Per shell for CUSIP numbers and Customer-assigned identifiers on a shell |

Settlement Services

Book-Entry Delivery, Excluding MMIs

| FEE NAME | AMOUNT (\$) | CONDITIONS |
|--|-------------|---|
| Repos , Stock loans and returns | 0.18 | Per item; charged to deliverer and receiver |
| Matched Institutional Transactions receive or delivery (ID) | 0.04 | Per receive or delivery |

| | | |
|--|-----------------------------|---|
| Delivery to/from CNS | 0.08 <u>0.16</u> | Per <u>delivery or receive item delivered</u> ; charged to both sides |
| Book Entry NSCC ACATS Long Allocations and Short Cover Delivery to/from CNS ACATS | 0.06 <u>0.12</u> | Per Message Per receive or delivery |

Settlement Progress Payment

| | | |
|---|------|--------------------------------------|
| Progress Payment or withdrawal of SPP/P&I payment | 0.70 | Per payment or withdrawal of payment |
|---|------|--------------------------------------|
