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Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2020 - * 019

Amendment No. (req. for Amendments *)

Filing by The Depository Trust Company

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * [x] Amendment * [ ] Withdrawal [ ]

Section 19(b)(2) * [x] Section 19(b)(3)(A) * [ ] Section 19(b)(3)(B) * [ ]

Pilot [ ]

Extension of Time Period for Commission Action * [ ]

Date Expires *

Rule

19b-4(f)(1) 19b-4(f)(4)
19b-4(f)(2) 19b-4(f)(5)
19b-4(f)(3) 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * [ ] Section 806(e)(2) * [ ]

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * [ ]

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Update the Distributions Service Guide

Contact Information

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

First Name * W. Carson
Last Name * McLean
Title * Executive Director and Associate General Counsel
E-mail * wcmclean@dtcc.com
Telephone * (202) 383-2661
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.

Date 12/09/2020

By Brandon Becker
(Name *)

(Title *)
Managing Director and Deputy General Counsel

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

bbecker@dtcc.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The text of the proposed changes to the rules of The Depository Trust Company ("DTC") are annexed hereto as Exhibit 5.[1]

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Clearing Agency

The proposed changes regarding DTC's interim accounting process were approved by the Business, Technology & Operations Committee of DTC's Board of Directors on September 15, 2020. The proposed changes regarding DTC's U.S. Tax Withholding service were approved by a Deputy General Counsel of DTC on December 7, 2020.

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

(a) Purpose

The purpose of the proposed rule change is to update the DTC Corporate Actions Distributions Service Guide ("Distributions Guide")[2] to (i) more clearly explain the interim accounting process, generally; (ii) provide an explanation for the interim accounting process for a security being delisted; (iii) change how DTC manages interim accounting when an ex-date[3] is changed due to an unscheduled closure of a stock exchange; (iv) remove the statements that (A) DTC's U.S. Tax Withholding ("UTW") service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement; (v) update the copyright date in the Important Legal Information section; and (vi) make certain conforming and technical changes.

Interim Accounting

Interim accounting is an important part of the entitlements and allocations process for distributions. The interim period (also referred to as the due bill period) is the period during which a settling trade has due bills attached to it. A due bill is an indication of a seller's obligation to deliver a pending distribution (e.g., cash dividend, stock dividend, interest payment,

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[1] Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC ("Rules") available at http://www.dtcc.com/~/media/Files/Downloads/legal/rules/dtc_rules.pdf.

[2] Available at http://www.dtcc.com/~/media/Files/Downloads/legal/service-guides/Service%20Guide%20Distributions.pdf.

[3] The "ex-date" or "ex-dividend date" is the day the stock starts trading without the value of its next dividend payment.

etc.) to the buyer in a securities transaction. For distributions that are the subject of a due bill, the interim period extends from the Interim Accounting Start Date (i.e., record date +1)[4] up to the Due Bill Redemption Date (which is typically ex-date +1 for equities and payable date -1 for debt).[5]

Normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. There are times, however, when that is not the case. Such times generally fall into two categories. First, for equity issues, there are times when the listed exchange will declare an ex-date that is not one business day prior to the record date (e.g., an ex-date that equals payable date +1). At such times, a buyer is entitled to the distribution when the registered holder of an equity issue sells the security prior to the ex-date. Second, for most bonds, the buyer of the security is entitled to the interest payment (i.e., the distribution) on trades that settle up to and including the day before the payable date, even though the buyer is not the record date holder.

Without DTC's interim accounting process, due-bill processing can be more cumbersome. For example, trades that settle after the record date "with distribution," thus entitling the buyer to the distribution, will have a due bill attached to them (i.e., the seller owes the buyer the distribution). Without DTC's interim accounting process, the distribution will need to be handled between the seller and the buyer outside of DTC's distribution processing service, potentially in the form of a payment order, wire or postdated check equal to the amount of the distribution.

With DTC's interim accounting process, during a due bill period, DTC will track all settled activity, where the receiver (typically a buyer) is entitled to a distribution, and adjust Participants' record-date positions, crediting the receiver (typically a buyer) and debiting the deliverer (typically a seller) the distribution amount.[6] This process helps ensure accurate payment on the payable date and eliminate time-consuming, costly paper processing.

In order to provide a clearer understanding of the interim accounting process, generally, DTC proposes to update the Distributions Guide to better reflect the description provided here.

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4 The record date is the cut-off date used to determine which shareholders are entitled to a corporate dividend. The record date will usually be the day following the ex-date.

5 The payable date refers to the date that any declared stock dividends are due to be paid out. Investors who purchased their stock before the ex-date are eligible to receive dividends on the payable date.

6 It is important to note that the physical movement of securities (such as, deposits, withdrawals-by-transfer, and certificates-on-demand) are not transactions that are included in the interim accounting process; thus, they do not result in adjustments between Participants.

Interim Accounting on a Security being Delisted

Listed exchanges are often unable to announce an ex-date that is on or after the date the corresponding security is being delisted. In these instances, if the listed exchange does not declare an ex-date, but it provides direction that trades in that security up to a specified date include the distribution, then DTC will capture interim accounting based on the exchange's direction.[7]

Following an exchange's direction in such circumstances has been a longstanding DTC practice; however, that practice is not clearly described in the Distributions Guide. As such, DTC proposes to update the Distributions Guide to reflect the description provided here.

Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange

Occasionally, there is an unscheduled closing of one or more stock exchanges (e.g., a national day of mourning, an event causing significant market disruption or regional impact, etc.). During an unscheduled closing, a listed exchange will typically move ex-dates that were scheduled for that date to the next business day that the exchange is open, which is usually the record date. Such a move is necessary because ex-dates must occur on a business day that the listed exchange is open.[8]

Currently, when there is an unscheduled closing of a stock exchange and an ex-date is moved, DTC continues to apply the interim accounting process described above. However, because ex-date and record date now would be the same date (due to the exchange moving the ex-date to account for the unscheduled closure) and because the interim accounting process is based on a two-day settlement cycle, this results in due bills being applied to activity one day after record date. This, however, is not the intended result of the exchanges moving the ex-date. It is DTC's general understanding that when there is an unscheduled closure, the intent is for the last day of trading with a due bill to be the business day prior to the unscheduled closure because there should not be any executed trades in the security on the day of closure.[9]

As a result of DTC continuing to apply its standard interim accounting process under such circumstances, Participants must then perform adjustments to reverse the interim accounting on activity to which the interim accounting should not have applied, creating unnecessary work for the Participants. Therefore, to avoid the need for such adjustments, DTC

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7 Please note that on the rare occasion that a corporate action event (e.g., a merger) would occur during an interim period, special processing arrangements with the industry may be required.

8 See, e.g., FINRA Rule 11140 – Transactions in Securities "Ex-Dividend," "Ex-Rights" or "Ex-Warrants" available at https://www.finra.org/rules-guidance/rulebooks/finra-rules/11140.

9 DTC has participated in various conversations with exchanges, industry representatives, and Participants to better understand and help address this issue.

proposes to no longer let the moving of an ex-date impact the interim accounting process when the change is the result of an unexpected closure of a stock exchange.

UTW Service

DTC's UTW service helps ensure that the appropriate non-resident alien withholding tax is applied to U.S.-sourced income paid to DTC's direct non-U.S. Participants. The applicable withholding tax is determined based on the type of income being paid along with the tax forms provided by the Participant.

The Distributions Guide currently states that the UTW service is available to non-U.S. Participants, "*including subaccounts of U.S. participants*" and that "*Users [of the UTW service] must enter into a Withholding Agent Agreement*" (emphasis added).[10] However, after performing a periodic review of the Distributions Guide, DTC determined that these two statements need to be removed.

Pursuant to U.S. tax regulations,[11] DTC, as a withholding agent, is obligated to withhold U.S. tax on payments it makes to its non-U.S. Participants. This obligation does not apply to U.S. Participants, only non-U.S. Participants. It is DTC's understanding that U.S. tax regulations do not contemplate a process under which DTC would withhold tax obligations of its U.S. Participants. However, DTC's obligation does apply regardless of whether there is or is not an agreement between DTC and its Participants to do so. Therefore, DTC proposes to remove (A) the "including subaccounts of U.S. participants" statement because DTC is not able to do so, and (B) the Withholding Agent Agreement statement because such an agreement is unnecessary.

Changes to the Rules

To effectuate the proposed changes to the Distributions Guide described above, (i) the following subsections of the "Interim Accounting" section would be updated to provide a clearer description of the interim accounting process, generally, including conforming and technical changes: "Overview," "Reasons for Interim Accounting," "Without DTC's Interim Accounting," "With DTC's Interim Accounting," and "Interim Accounting Usage;" (ii) a new "Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange" subsection would be added; (iii) a new "Interim Accounting on a Security being Delisted" subsection would be added; and (iv) the "U.S. Tax Withholding" section would be updated to remove the statements that (A) the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement. Finally, the Important Legal Information section would be updated to change the copyright date from 2019 to 2020.

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10 Distributions Guide, U.S. Tax Withholding, supra note 2.

11 See 26 CFR 1.1441-7(a).

Implementation Timeframe

The proposed changes described above would take effect upon approval by the U.S. Securities and Exchange Commission.

(b) Statutory Basis

DTC believes that the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934 ("Act") and the rules and regulations thereunder applicable to DTC, as a registered clearing agency. Specifically, DTC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act[12] and Rule 17Ad-22(e)(21) promulgated under the Act,[13] for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed, in general, to protect investors and the public interest.[14] As described above, the proposal would update the Distributions Guide to more clearly explain the interim accounting process and, more specifically, provide an explanation of the interim accounting process for a security being delisted, as well as update the copyright date. By providing greater clarity and information about how the interim accounting process works, both generally and for delisted securities specifically, as well as updating the copyright date, DTC is better informing Participants, investors, and the general public about how DTC manages due bill activity associated with Participants' securities transactions and its copyright information.

The proposal also would remove statements in the Distributions Guide that the UTW service is available to subaccounts of U.S. Participants and that users of the UTW service must enter into a Withholding Agent Agreement, as described above. Because DTC cannot offer the UTW service to such subaccounts and because requiring such an agreement is not necessary, removing the statements would clarify which Participants may use the UTW service and what is required to do so, all of which helps to better inform Participants, investors, and the general public.

Section 17A(b)(3)(F) of the Act also requires, in part, that the rules of a clearing agency be designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.[15] As described above, the proposal would change how DTC manages interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange, so that DTC would no longer capture interim activity that results from a stock exchange moving ex-dates due to an unexpected closure. With this change, Participants would no longer need to spend time and energy performing adjustments to reverse the interim accounting on activity to which the interim accounting should not have

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12 15 U.S.C. 78q-1(b)(3)(F).

13 17 CFR 240.17Ad-22(e)(21).

14 15 U.S.C. 78q-1(b)(3)(F).

15 Id.

otherwise applied. By freeing Participants of this need, the proposal would help perfect DTC's interim accounting process for tracking due bills associated with Participants' securities transactions.

For these reasons, DTC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.[16]

Rule 17Ad-22(e)(21) under the Act requires that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to, in part, be efficient and effective in meeting the requirements of its Participants and the markets it serves.[17] As described above, the proposal would update the Distributions Guide to (i) more clearly explain the interim accounting process, generally; (ii) provide an explanation for the interim accounting process for a security being delisted; (iii) no longer apply interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange; and (iv) remove the statements that the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement.

Collectively these proposed changes are designed to more efficiently and effectively describe DTC's interim accounting practices, as well as the application and requirements of the UTW service, so that Participants are better informed about the practices, generally. With respect to the proposed change to no longer apply interim accounting when there is an unscheduled closure of an exchange, specifically, that proposed change is designed to more efficiently and effectively meet the needs of DTC's Participants, based on discussions with Participants.

Therefore, for the above reasons, DTC believes that the proposed rule change is designed to help DTC be more efficient and effective in meeting the requirements of its Participants and the markets it serves, consistent with Rule 17Ad-22(e)(21) under the Act.[18]

4. Clearing Agency's Statement on Burden on Competition

DTC does not believe that the proposed changes to the Distributions Guide to (i) clarify the interim accounting process, generally, (ii) add a description regarding DTC's interim accounting process for a security being delisted, or (iii) update the copyright date, as described above, will have any impact on competition because none of these changes will alter DTC's current practices. Rather, the changes are simply intended to provide more clarity and information for Participants.

Similarly, DTC does not believe the proposed changes to the Distributions Guide to remove the statements that (A) the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement, as described above, will impact competition because DTC is not able to provide the UTW service to

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16 Id.

17 17 CFR 240.17Ad-22(e)(21).

18 Id.

subaccounts of U.S. Participants, anyway, and DTC will remain obligated to withhold U.S. tax on payments it makes to its non-U.S. Participants even without an agreement. As such, these changes should not have any practical implications on Participants or DTC's practices.

As for the proposed change to the Distributions Guide regarding how DTC manages interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange, as described above, DTC believes the change may impact competition. Specifically, the change could promote competition because Participants could redirect resources that would otherwise have been used to reverse the interim accounting to more competitive-focused activities.

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

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

6. Extension of Time Period for Commission Action

DTC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act[19] 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

Not applicable.

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

Not applicable.

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19 15 U.S.C. 78s(b)(2).

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

Not applicable.

11. Exhibits

Exhibit 1 – Not applicable

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

Exhibit 2 – Not applicable

Exhibit 3 – Not applicable

Exhibit 4 – Not applicable

Exhibit 5 – Proposed changes to the Distributions Guide.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_________]; File No. SR-DTC-2020-019)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Update the Distributions Service 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 December __, 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. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change[3] consists of amendments to the DTC Corporate Actions Distributions Service Guide ("Distributions Guide")[4] to (i) more clearly explain the interim accounting process, generally; (ii) provide an explanation for the interim accounting process for a security being delisted; (iii) change how DTC manages interim

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC ("Rules") available at http://www.dtcc.com/~/media/Files/Downloads/legal/rules/dtc_rules.pdf.

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

accounting when an ex-date[5] is changed due to an unscheduled closure of a stock exchange; (iv) remove the statements that (A) DTC's U.S. Tax Withholding ("UTW") service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement; (v) update the copyright date in the Important Legal Information section; and (vi) make certain conforming and technical changes, as described in greater detail below.

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

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

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

1. Purpose

The purpose of the proposed rule change is to update the Distributions Guide to (i) more clearly explain the interim accounting process, generally; (ii) provide an explanation for the interim accounting process for a security being delisted; (iii) change how DTC manages interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange; (iv) remove the statements that (A) the UTW service is

5 The "ex-date" or "ex-dividend date" is the day the stock starts trading without the value of its next dividend payment.

available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement; (v) update the copyright date in the Important Legal Information section; and (vi) make certain conforming and technical changes.

Interim Accounting

Interim accounting is an important part of the entitlements and allocations process for distributions. The interim period (also referred to as the due bill period) is the period during which a settling trade has due bills attached to it. A due bill is an indication of a seller's obligation to deliver a pending distribution (e.g., cash dividend, stock dividend, interest payment, etc.) to the buyer in a securities transaction. For distributions that are the subject of a due bill, the interim period extends from the Interim Accounting Start Date (i.e., record date +1)[6] up to the Due Bill Redemption Date (which is typically ex-date +1 for equities and payable date -1 for debt).[7]

Normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. There are times, however, when that is not the case. Such times generally fall into two categories. First, for equity issues, there are times when the listed exchange will declare an ex-date that is not one business day prior to the record date (e.g., an ex-date that equals payable date +1). At such times, a buyer is entitled to the distribution when the registered holder of an equity issue sells the security prior to the ex-date. Second, for most bonds, the buyer of the security is entitled to the

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interest payment (i.e., the distribution) on trades that settle up to and including the day before the payable date, even though the buyer is not the record date holder.

Without DTC's interim accounting process, due-bill processing can be more cumbersome. For example, trades that settle after the record date "with distribution," thus entitling the buyer to the distribution, will have a due bill attached to them (i.e., the seller owes the buyer the distribution). Without DTC's interim accounting process, the distribution will need to be handled between the seller and the buyer outside of DTC's distribution processing service, potentially in the form of a payment order, wire or postdated check equal to the amount of the distribution.

With DTC's interim accounting process, during a due bill period, DTC will track all settled activity, where the receiver (typically a buyer) is entitled to a distribution, and adjust Participants' record-date positions, crediting the receiver (typically a buyer) and debiting the deliverer (typically a seller) the distribution amount.[8] This process helps ensure accurate payment on the payable date and eliminate time-consuming, costly paper processing.

In order to provide a clearer understanding of the interim accounting process, generally, DTC proposes to update the Distributions Guide to better reflect the description provided here.

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8 It is important to note that the physical movement of securities (such as, deposits, withdrawals-by-transfer, and certificates-on-demand) are not transactions that are included in the interim accounting process; thus, they do not result in adjustments between Participants.

Interim Accounting on a Security being Delisted

Listed exchanges are often unable to announce an ex-date that is on or after the date the corresponding security is being delisted. In these instances, if the listed exchange does not declare an ex-date, but it provides direction that trades in that security up to a specified date include the distribution, then DTC will capture interim accounting based on the exchange's direction.[9]

Following an exchange's direction in such circumstances has been a longstanding DTC practice; however, that practice is not clearly described in the Distributions Guide. As such, DTC proposes to update the Distributions Guide to reflect the description provided here.

Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange

Occasionally, there is an unscheduled closing of one or more stock exchanges (e.g., a national day of mourning, an event causing significant market disruption or regional impact, etc.). During an unscheduled closing, a listed exchange will typically move ex-dates that were scheduled for that date to the next business day that the exchange is open, which is usually the record date. Such a move is necessary because ex-dates must occur on a business day that the listed exchange is open.[10]

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9 Please note that on the rare occasion that a corporate action event (e.g., a merger) would occur during an interim period, special processing arrangements with the industry may be required.

10 See, e.g., FINRA Rule 11140 – Transactions in Securities "Ex-Dividend," "Ex-Rights" or "Ex-Warrants" available at https://www.finra.org/rules-guidance/rulebooks/finra-rules/11140.

Currently, when there is an unscheduled closing of a stock exchange and an ex-date is moved, DTC continues to apply the interim accounting process described above. However, because ex-date and record date now would be the same date (due to the exchange moving the ex-date to account for the unscheduled closure) and because the interim accounting process is based on a two-day settlement cycle, this results in due bills being applied to activity one day after record date. This, however, is not the intended result of the exchanges moving the ex-date. It is DTC's general understanding that when there is an unscheduled closure, the intent is for the last day of trading with a due bill to be the business day prior to the unscheduled closure because there should not be any executed trades in the security on the day of closure.[11]

As a result of DTC continuing to apply its standard interim accounting process under such circumstances, Participants must then perform adjustments to reverse the interim accounting on activity to which the interim accounting should not have applied, creating unnecessary work for the Participants. Therefore, to avoid the need for such adjustments, DTC proposes to no longer let the moving of an ex-date impact the interim accounting process when the change is the result of an unexpected closure of a stock exchange.

UTW Service

DTC's UTW service helps ensure that the appropriate non-resident alien withholding tax is applied to U.S.-sourced income paid to DTC's direct non-U.S.

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[11] DTC has participated in various conversations with exchanges, industry representatives, and Participants to better understand and help address this issue.

Participants. The applicable withholding tax is determined based on the type of income being paid along with the tax forms provided by the Participant.

The Distributions Guide currently states that the UTW service is available to non-U.S. Participants, "*including subaccounts of U.S. participants*" and that "*Users [of the UTW service] must enter into a Withholding Agent Agreement*" (emphasis added).[12] However, after performing a periodic review of the Distributions Guide, DTC determined that these two statements need to be removed.

Pursuant to U.S. tax regulations,[13] DTC, as a withholding agent, is obligated to withhold U.S. tax on payments it makes to its non-U.S. Participants. This obligation does not apply to U.S. Participants, only non-U.S. Participants. It is DTC's understanding that U.S. tax regulations do not contemplate a process under which DTC would withhold tax obligations of its U.S. Participants. However, DTC's obligation does apply regardless of whether there is or is not an agreement between DTC and its Participants to do so. Therefore, DTC proposes to remove (A) the "including subaccounts of U.S. participants" statement because DTC is not able to do so, and (B) the Withholding Agent Agreement statement because such an agreement is unnecessary.

Changes to the Rules

To effectuate the proposed changes to the Distributions Guide described above, (i) the following subsections of the "Interim Accounting" section would be updated to provide a clearer description of the interim accounting process, generally, including conforming and technical changes: "Overview," "Reasons for Interim Accounting,"

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12 Distributions Guide, U.S. Tax Withholding, supra note 4.

13 See 26 CFR 1.1441-7(a).

"Without DTC's Interim Accounting," "With DTC's Interim Accounting," and "Interim Accounting Usage;" (ii) a new "Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange" subsection would be added; (iii) a new "Interim Accounting on a Security being Delisted" subsection would be added; and (iv) the "U.S. Tax Withholding" section would be updated to remove the statements that (A) the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement. Finally, the Important Legal Information section would be updated to change the copyright date from 2019 to 2020.

Implementation Timeframe

The proposed changes described above would take effect upon approval by the U.S. Securities and Exchange Commission.

2. Statutory Basis

DTC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC, as a registered clearing agency. Specifically, DTC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act[14] and Rule 17Ad-22(e)(21) promulgated under the Act,[15] for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed, in general, to protect investors and the public interest.[16] As described

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[14] 15 U.S.C. 78q-1(b)(3)(F).

[15] 17 CFR 240.17Ad-22(e)(21).

[16] 15 U.S.C. 78q-1(b)(3)(F).

above, the proposal would update the Distributions Guide to more clearly explain the interim accounting process and, more specifically, provide an explanation of the interim accounting process for a security being delisted, as well as update the copyright date. By providing greater clarity and information about how the interim accounting process works, both generally and for delisted securities specifically, as well as updating the copyright date, DTC is better informing Participants, investors, and the general public about how DTC manages due bill activity associated with Participants' securities transactions and its copyright information.

The proposal also would remove statements in the Distributions Guide that the UTW service is available to subaccounts of U.S. Participants and that users of the UTW service must enter into a Withholding Agent Agreement, as described above. Because DTC cannot offer the UTW service to such subaccounts and because requiring such an agreement is not necessary, removing the statements would clarify which Participants may use the UTW service and what is required to do so, all of which helps to better inform Participants, investors, and the general public.

Section 17A(b)(3)(F) of the Act also requires, in part, that the rules of a clearing agency be designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.[17] As described above, the proposal would change how DTC manages interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange, so that DTC would no longer capture interim activity that results from a stock exchange moving ex-dates due to an unexpected closure. With this change, Participants would no longer

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17 Id.

need to spend time and energy performing adjustments to reverse the interim accounting on activity to which the interim accounting should not have otherwise applied. By freeing Participants of this need, the proposal would help perfect DTC's interim accounting process for tracking due bills associated with Participants' securities transactions.

For these reasons, DTC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.[18]

Rule 17Ad-22(e)(21) under the Act requires that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to, in part, be efficient and effective in meeting the requirements of its Participants and the markets it serves.[19] As described above, the proposal would update the Distributions Guide to (i) more clearly explain the interim accounting process, generally; (ii) provide an explanation for the interim accounting process for a security being delisted; (iii) no longer apply interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange; and (iv) remove the statements that the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement.

Collectively these proposed changes are designed to more efficiently and effectively describe DTC's interim accounting practices, as well as the application and requirements of the UTW service, so that Participants are better informed about the practices, generally. With respect to the proposed change to no longer apply interim accounting when there is an unscheduled closure of an exchange, specifically, that

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[18] Id.

[19] 17 CFR 240.17Ad-22(e)(21).

proposed change is designed to more efficiently and effectively meet the needs of DTC's Participants, based on discussions with Participants.

Therefore, for the above reasons, DTC believes that the proposed rule change is designed to help DTC be more efficient and effective in meeting the requirements of its Participants and the markets it serves, consistent with Rule 17Ad-22(e)(21) under the Act.[20]

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

DTC does not believe that the proposed changes to the Distributions Guide to (i) clarify the interim accounting process, generally, (ii) add a description regarding DTC's interim accounting process for a security being delisted, or (iii) update the copyright date, as described above, will have any impact on competition because none of these changes will alter DTC's current practices. Rather, the changes are simply intended to provide more clarity and information for Participants.

Similarly, DTC does not believe the proposed changes to the Distributions Guide to remove the statements that (A) the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement, as described above, will impact competition because DTC is not able to provide the UTW service to subaccounts of U.S. Participants, anyway, and DTC will remain obligated to withhold U.S. tax on payments it makes to its non-U.S. Participants even without an agreement. As such, these changes should not have any practical implications on Participants or DTC's practices.

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20 Id.

As for the proposed change to the Distributions Guide regarding how DTC manages interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange, as described above, DTC believes the change may impact competition. Specifically, the change could promote competition because Participants could redirect resources that would otherwise have been used to reverse the interim accounting to more competitive-focused activities.

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

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

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

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 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-2020-019 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-2020-019. 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-2020-019 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.[21]

Secretary

[21] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

<u>Bold, underlined text</u> indicates proposed added language.

~~Bold, strikethrough text~~ indicates proposed deleted language.

DTC CORPORATE ACTIONS

DISTRIBUTIONS SERVICE GUIDE

IMPORTANT LEGAL INFORMATION

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

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

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

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

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

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

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

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

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

DTC shall have the right, but not the obligation, to audit the use and distribution of Information and Data Files by any Participant. Unauthorized use or distribution by Participant, any of its Affiliates or any of its account holders may result in a fine or other reasonable penalty determined by DTC in accordance with its rules in light of the facts and circumstances of such unauthorized use or distribution. By its acceptance of Information or any Data File, each Participant agrees that, in addition to all other remedies that may be available, DTC and its affiliate DTCC Solutions shall be entitled to seek specific performance and injunctive and other equitable relief as a remedy for any breach of this Procedure by such Participant, its officers, employees, advisors or agents. Neither DTC nor DTCC Solutions shall be liable for any loss, cost or expense arising out of the use of any Data File or the Information contained therein, or the gross negligence or willful misconduct of any Participant with respect to any Data File or the Information contained therein, provided hereunder, the failure of any Participant to comply with these Rules and Procedures or applicable law, or for any consequential, special or punitive damages related thereto.

The contents of the Service Guides are updated in different formats on a periodic basis. Participants and other authorized users of the Service Guides will find the most current version of the Service Guides, as well as DTC Important Notices which address the contents of the Service Guides, at http://dtcc.com. You can access the Important Notices at http://dtcc.com/legal/important-notices.aspx. DTC shall bear no responsibility for any losses associated with the failure of Participants or other authorized users to follow DTC's most current Service Guides and/or Important Notices.

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U.S. Tax Withholding

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

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

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

Foreign Account Tax Compliance Act ("FATCA") Requirements

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

How it Works

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

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

Legal Considerations

Users must submit to DTC the applicable IRS tax forms. These tax forms are available on the IRS website at http://www.irs.gov/

To the extent the IRS modifies or substitutes such forms, Users may be required to submit such modified or substitute forms to replace the forms already provided to DTC. The decision to impose a requirement to replace forms will be at the sole discretions of DTC subject to the relevant tax laws.

~~**Users must enter into a Withholding Agent Agreement.**~~

Every non-U.S. entity seeking membership in the depository must complete a valid W-8 form. The form must be (1) valid for the type of entity; (2) filled out completely; and (3) signed by an authorized signatory of the entity. Forms may expire after 3 years at which time DTC will solicit a new form.

Each entity having a deposit in the DTC Participants Fund must submit a W-8BEN-E. U.S. branches of foreign banks must also submit the appropriate W-8 form.

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Interim Accounting

Overview

Interim ~~A~~**a**ccounting is an important part of the ~~E~~**e**ntitlements and ~~A~~**a**llocations process **for distributions**. The interim period **(also referred to as the due bill period)** is ~~defined as~~ the ~~time~~ period during which a **settling** trade ~~settling still~~ has due bills attached to it. **A due bill is an indication of a seller's obligation to deliver a pending distribution (such as a cash dividend, stock dividend, interest payment, etc.) to the buyer in a securities transaction. For distributions that are the subject of a due bill,** ~~T~~**t**he ~~period of time in which due bills are used is called the due bill period, which~~**interim period** extends from the **Interim Accounting Start Date (**record date +1**)** up to the **Due Bill Redemption Date (typically** ex-date +1 **for equities and payable date -1 for debt)**.

Reasons for Interim Accounting

Normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. There are times, however, when that is not the case. There are two common reasons why this ~~could~~ occur**s**:

1. **Listed Exchange Declares a Late/Irregular Ex-Date: There are times for equity issues when the listed exchange will declare an ex-date that is not one business day prior to the record date (for example, an ex-date that equals payable date +1). At such times,** ~~The~~**a** buyer is entitled to the distribution when the registered holder of an equity issue ~~where ex-date is not one business day prior to record date (for example, if the ex-date is after the record date)~~ sells the security prior to the ex-date ~~with the distribution.~~
2. For most bonds, the buyer ~~(receiver)~~ of the security is entitled to the interest payment **(the distribution)** on trades **that** settl**e**~~ing~~ up to**,** ~~and~~ including the day before**,** the payable date, even though the buyer is not the ~~registered~~ **record date** holder.

Without DTC's Interim Accounting

~~Normally, due bill processing involves the following activities:~~

- Trades that ~~would~~ settle after the record date "with distribution**,**" ~~(those that~~ **thus** entitl**ing**~~e~~ the ~~receiver~~ **buyer** to the distribution**,**~~) would~~ **will** have a due bill attached to them **(meaning, the seller owes the buyer the distribution)**. **Without DTC's interim accounting process,** ~~T~~**t**he distribution ~~entitlement would then~~ **will** need to be handled between the seller and the buyer ~~of the security~~ outside of DTC's ~~D~~**d**istribution processing service**,** potentially in the form of a ~~special~~ payment order, wire or postdated check equal to the amount of the distribution.
  - ~~The receiver must present the due bill on the payable date to the deliverer to receive the distribution.~~

With DTC's Interim Accounting

With DTC's interim accounting process, ~~D~~**d**uring the due**-**~~-~~bill period, DTC:

- ~~T~~**t**racks all **settled** activity, ~~such as trades,~~ where the receiver **(typically a buyer)** is entitled to ~~the announced~~**a** distribution**;** ~~(cash/stock dividend or interest payment).~~ **and**

- ~~A~~adjusts ~~p~~**P**articipants' record date positions, crediting the receiver **(typically a buyer)** and debiting the deliverer **(typically a seller) the distribution amount.**

This **process helps** ensure~~s~~ accurate payment on the payable date and eliminates time-consuming, costly paper processing.

Important Note: ~~**During this due bill period, all DTC activities involving the physical movement of securities are excluded from the dividend allocation. These include your deposits, withdrawals-by-transfer (WTs) and certificates-on-demand (CODs)**~~**The physical movement of securities (such as, deposits, withdrawals-by-transfer (WTs) and certificates-on-demand (CODs)) are not transactions that are include in the interim accounting process; thus, they do not result in adjustments between Participants**.

Interim Accounting Usage

Activation of DTC's ~~I~~**i**nterim ~~A~~accounting process depends on the type of distribution. The following table describes the conditions under which interim accounting occurs:

For	Interim accounting is used
Cash dividends	When the ex-date is not equal to record date –1 business days, and DTC is aware of the ex-date prior to the payable date. In this case, the interim period runs from record date +1 through close of business on ex-date +1.
Stock distributions	~~**For:**~~ ~~**All stock splits or**~~ A stock distribution with an ex-date that is not equal to record date −1. In this case, the interim period runs from record date +1 through close of business on ex-date +1. Note: Stock splits are allocated to your general free and pledged accounts on the business day following the close of the due bill period. Shares allocated to the pledged account automatically become additional collateral for the loan.
Rights	When the ex-date is not equal to record date −1, and there is adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date. In this case, the interim period runs from record date +1 through close of business on ex-date +1. Note: If there is not adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date, DTC will credit your account based on your record date position. You must settle due bills outside DTC's Distribution event processing service.

Corporate bonds, CDs, and government bond interest	Because the majority of these settle with interest up to the business day before the payable date. In this case, the interim period runs from record date +1 through payable date −1.
Asset-backed securities (ABS)	As dictated by the issuer's accrual period. For example, if the accrual period ends after the record date and before the payable date, the interim period runs from record date +1 through the end of the accrual period. Note: If the accrual period ends prior to the record date, DTC will not run interim or run "reverse" interim (reverse due bill).
Supplemental due bills	For special large cash dividends, when the ex-date is the day after the announced payable date. In this case: The interim period runs from record date +1 through payable date −1 Allocation is made on payable date, and Interim accounting starts again on the payable date and continues on a daily basis through ex-date +1. Allocation is made on the business day following the day of delivery by crediting the money settlement account of the receiver and debiting the money settlement account of the deliverer.

Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange

Occasionally, there is an unscheduled closing of one or more stock exchanges (for example, a national day of mourning, an event causing significant market disruption or regional impact, etc.). During an unscheduled closing, a listed exchange will typically move ex-dates that were scheduled for that date to the next business day that the exchange is open, which is usually the record date. Such a move is necessary because, according to exchange rules, ex-dates must occur on a business day that the listed exchange is open.

Because no trading is expected in the impacted securities on the date the listed exchange is closed, there should not be any due bill activity that needs to be tracked. Thus, DTC will not capture interim activity for the related period. For example, if a cash dividend had an ex-date of June 2 and record date of June 3, the standard practice is for DTC to not capture any interim activity, as the ex-date is equal to record date -1. However, if the listed exchange changes the ex-date to June 3, due to an unscheduled closure on June 2, resulting in the ex-date and record date being the same day, DTC still would not apply interim accounting because there should not have been any trades on June 2 that resulted in due bill activity.

Interim Accounting on a Security being Delisted

Listed exchanges are often unable to announce an ex-date that is on or after the date the corresponding security is being delisted. In these instances, if the listed exchange does not declare an ex-date, but it provides direction that trades in that security up to a specified date

include the distribution, then DTC will capture interim accounting based on the exchange's direction.

Note: If a corporate action event (e.g., a merger) would occur during an interim period, special processing arrangements with the industry may be required.