

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="23"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2021"/> - * <input type="text" value="006"/> Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by The Depository Trust Company
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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)(5)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(6)	
			<input type="checkbox"/> 19b-4(f)(3)		

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

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

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 *

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 proposed rule change of The Depository Trust Company (“DTC”)¹ is annexed hereto as Exhibit 5 and consists of modifications to the Procedures² of DTC to remove a service that allows issuers of Securities, either themselves or through an issuer-designated administrator, to track and limit the number of beneficial owners for an individual Security (“Security Holder Tracking Service”), as described in greater detail below.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Businesses, Technology and Operations Committee of DTC’s Board of Directors on October 20, 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 consists of modifications to the Procedures of DTC to remove the Security Holder Tracking Service, as described in greater detail below.

Background

In 2008, DTC established the Security Holder Tracking Service to allow issuers, either themselves or through an issuer-designated administrator, to track and limit the number of beneficial owners for an individual Security.³ Related fees were also added to the Guide to the 2021 DTC Fee Schedule (“Fee Guide”).⁴

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 Pursuant to the Rules, the term “Procedures” means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27, as amended from time to time. See Rule 1, Section 1, id. DTC’s Procedures are filed with the Securities and Exchange Commission (“Commission”), and are binding on DTC and each Participant in the same manner as they are bound by the Rules. See Rule 27, id.

³ See Securities Exchange Act Release No. 59102 (December 15, 2008), 73 FR 78411 (December 22, 2008) (SR-DTC-2008-11).

⁴ Available at <https://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/dtcfeeguide.pdf>.

DTC developed the Security Holder Tracking Service after it was approached by a group of Participants who were interested in providing greater liquidity and access to capital for closely held issuers in the private equities market for Securities that are transferable pursuant to Rule 144A under the Securities Act of 1933.⁵ The proposal contemplated the development of a system that would allow the Securities to be made eligible for DTC services while allowing the issuer of the Securities, typically through an agent, to control the number and character of the beneficial owners of its Securities. The need to control the number of beneficial owners was so that the issuer did not trigger certain regulatory reporting requirements.

In order to facilitate the settlement and asset servicing of these securities within DTC without exceeding the issuer's limit of beneficial owners, DTC was asked to build a mechanism that would allow issuers to track and limit the number of beneficial owners of its Securities ("Tracked Securities").

The eligibility process for a Tracked Security to be made and remain DTC-eligible is the same as other Securities,⁶ except, in addition to the traditional process, DTC must be instructed in writing to set up a specific CUSIP for tracking.⁷ At the same time, the issuer must instruct DTC as to whom will perform the function of the administrator for the CUSIP within the Security Holder Tracking Service.⁸

Pursuant to the Procedures, as set forth in the Settlement Service Guide⁹ and the Underwriting Service Guide,¹⁰ once the Security becomes eligible for DTC services, DTC will

⁵ Rule 144A is a safe harbor exemption from the registration requirements of Section 5 of the Securities Act of 1933, 15 U.S.C. 77e, for certain offers and sales of qualifying securities by certain persons other than the issuer of the securities. See 17 CFR 230.144A.

⁶ See Rule 5, supra note 1, and the DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services), available at <https://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

⁷ This instruction would be provided to DTC by the underwriter of the Security at the time of the initial distribution at DTC.

⁸ It was anticipated that the administrator would typically be the transfer agent for the issue.

⁹ See Settlement Service Guide, available at <https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Settlement.pdf>, at 69-71.

¹⁰ See Underwriting Service Guide, available at <https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Underwriting-Service-Guide.pdf>, at 18-20.

activate the tracking indicator on its security master file. Additionally, once it is made eligible, DTC will perform asset servicing for the issue.

The administrator appointed by the issuer (the “Administrator”) will control movements of the issues for which it has been appointed. Once the tracking indicator has been activated in the DTC system and the Administrator has been appointed, no transfer of a Tracked Security may take place without the approval of the Administrator through DTC’s Inventory Management System (“IMS”). The Administrator, based on requirements of the issuer, shall be solely responsible for determining whether a transaction should be effected in DTC. Once approved by the Administrator, DTC may perform centralized book-entry settlement.

IMS only allows an Administrator access to view and approve transactions for Securities for which they have been appointed Administrator as reflected in DTC’s records.

As DTC is relying solely on the instructions of the Administrator in order to effect settlement in Tracked Securities and has no knowledge of the number or character of the underlying beneficial owners, use of the Security Holder Tracking Service by any party constitutes an agreement that DTC shall not be liable for any loss or damages related to the use of the Security Holder Tracking Service. Any user of the Security Holder Tracking Service agrees to indemnify and hold harmless DTC and its affiliates from and against any and all losses, damages, liabilities, costs, judgments, charges, and expenses arising out of or relating to the use of the Security Holder Tracking Service.

The following fees relating to the service are included in the Fee Guide:

- \$25,000 per CUSIP for Security Holder Tracking Services¹¹
- \$5 per delivery and receive for Tracked Securities¹²
- \$5 per receive and delivery for reclaims of Tracked Securities¹³

The Security Holder Tracking Service was never used by any party, and no fees have been charged for the service. There has never been and there are currently no Securities signed up for this service, and DTC does not believe that any party will ever use the service. As a result, DTC would like to remove the Security Holder Tracking Service from the Procedures and the related fees from the Fee Guide.

Proposed Rule Change

In order to implement the proposal above, DTC would delete the provisions describing the Security Holder Tracking Service from the applicable Procedures, specifically the provisions

¹¹ See Fee Guide, supra note 4, at 25.

¹² Id. at 19.

¹³ Id.

relating to the Security Holder Tracking Service contained in the Settlement Service Guide¹⁴ and the Underwriting Service Guide,¹⁵ respectively. DTC would also remove the above-described fees from the Fee Guide.¹⁶

(b) Statutory Basis

Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 (“Act”) requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.¹⁷ DTC believes that the proposed rule change is consistent with this provision because it would provide enhanced clarity and transparency for participants with respect to services offered by DTC by updating the Procedures to remove the ability to access a service that Participants and issuers did not utilize and are unlikely to utilize in the future.

Therefore, by providing enhanced clarity and transparency in the Rules regarding the services provided by DTC, DTC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

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

DTC does not believe that the proposed rule change would have any impact on competition. Participants and issuers have not used the Security Holder Tracking Service and are unlikely to use the service in the future. Therefore, DTC believes the proposed rule change would have no effect on Participants or issuers, other than to remove the unutilized Security Holder Tracking Service from the Procedures.

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

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

6. Extension of Time Period for Commission Action

Not applicable.

¹⁴ See supra note 9.

¹⁵ See supra note 10.

¹⁶ See supra notes 11-13.

¹⁷ 15 U.S.C. 78q-1(b)(3)(F).

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.¹⁸

(b) The proposed rule change effects a change in an existing service of a registered clearing agency that: (i) does 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) does not significantly affect the respective rights or obligations of the clearing agency or persons using the service.¹⁹ Removing the Security Holder Tracking Service, which Participants and issuers do not use and would likely not use in the future, should not have any effect on the rights and obligations of DTC or other parties. Therefore, the proposed rule change would not affect the rights or obligations of DTC or its Participants or any issuer.

(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.

10. Advance Notice 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.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(4).

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Procedures.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-DTC-2021-006)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Remove the Security Holder Tracking Service

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 April __, 2021, 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 Rule 19b-4(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)(4).

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

The proposed rule change⁵ consists of modifications to the Procedures⁶ of DTC to remove a service that allows issuers of Securities, either themselves or through an issuer-designated administrator, to track and limit the number of beneficial owners for an individual Security (“Security Holder Tracking Service”), 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.

⁵ 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.

⁶ Pursuant to the Rules, the term “Procedures” means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27, as amended from time to time. See Rule 1, Section 1, id. DTC’s Procedures are filed with the Commission, and are binding on DTC and each Participant in the same manner as they are bound by the Rules. See Rule 27, id.

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

1. Purpose

The proposed rule change consists of modifications to the Procedures of DTC to remove the Security Holder Tracking Service, as described in greater detail below.

Background

In 2008, DTC established the Security Holder Tracking Service to allow issuers, either themselves or through an issuer-designated administrator, to track and limit the number of beneficial owners for an individual Security.⁷ Related fees were also added to the Guide to the 2021 DTC Fee Schedule (“Fee Guide”).⁸

DTC developed the Security Holder Tracking Service after it was approached by a group of Participants who were interested in providing greater liquidity and access to capital for closely held issuers in the private equities market for Securities that are transferable pursuant to Rule 144A under the Securities Act of 1933.⁹ The proposal contemplated the development of a system that would allow the Securities to be made eligible for DTC services while allowing the issuer of the Securities, typically through an agent, to control the number and character of the beneficial owners of its Securities. The

⁷ See Securities Exchange Act Release No. 59102 (December 15, 2008), 73 FR 78411 (December 22, 2008) (SR-DTC-2008-11).

⁸ Available at <https://www.dtcc.com/-/media/Files/Downloads/legal/fee-guides/dtcfeeguide.pdf>.

⁹ Rule 144A is a safe harbor exemption from the registration requirements of Section 5 of the Securities Act of 1933, 15 U.S.C. 77e, for certain offers and sales of qualifying securities by certain persons other than the issuer of the securities. See 17 CFR 230.144A.

need to control the number of beneficial owners was so that the issuer did not trigger certain regulatory reporting requirements.

In order to facilitate the settlement and asset servicing of these securities within DTC without exceeding the issuer's limit of beneficial owners, DTC was asked to build a mechanism that would allow issuers to track and limit the number of beneficial owners of its Securities ("Tracked Securities").

The eligibility process for a Tracked Security to be made and remain DTC-eligible is the same as other Securities,¹⁰ except, in addition to the traditional process, DTC must be instructed in writing to set up a specific CUSIP for tracking.¹¹ At the same time, the issuer must instruct DTC as to whom will perform the function of the administrator for the CUSIP within the Security Holder Tracking Service.¹²

Pursuant to the Procedures, as set forth in the Settlement Service Guide¹³ and the Underwriting Service Guide,¹⁴ once the Security becomes eligible for DTC services,

¹⁰ See Rule 5, *supra* note 5, and the DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services), available at <https://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

¹¹ This instruction would be provided to DTC by the underwriter of the Security at the time of the initial distribution at DTC.

¹² It was anticipated that the administrator would typically be the transfer agent for the issue.

¹³ See Settlement Service Guide, available at <https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Settlement.pdf>, at 69-71.

¹⁴ See Underwriting Service Guide, available at <https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Underwriting-Service-Guide.pdf>, at 18-20.

DTC will activate the tracking indicator on its security master file. Additionally, once it is made eligible, DTC will perform asset servicing for the issue.

The administrator appointed by the issuer (the “Administrator”) will control movements of the issues for which it has been appointed. Once the tracking indicator has been activated in the DTC system and the Administrator has been appointed, no transfer of a Tracked Security may take place without the approval of the Administrator through DTC’s Inventory Management System (“IMS”). The Administrator, based on requirements of the issuer, shall be solely responsible for determining whether a transaction should be effected in DTC. Once approved by the Administrator, DTC may perform centralized book-entry settlement.

IMS only allows an Administrator access to view and approve transactions for Securities for which they have been appointed Administrator as reflected in DTC’s records.

As DTC is relying solely on the instructions of the Administrator in order to effect settlement in Tracked Securities and has no knowledge of the number or character of the underlying beneficial owners, use of the Security Holder Tracking Service by any party constitutes an agreement that DTC shall not be liable for any loss or damages related to the use of the Security Holder Tracking Service. Any user of the Security Holder Tracking Service agrees to indemnify and hold harmless DTC and its affiliates from and against any and all losses, damages, liabilities, costs, judgments, charges, and expenses arising out of or relating to the use of the Security Holder Tracking Service.

The following fees relating to the service are included in the Fee Guide:

- \$25,000 per CUSIP for Security Holder Tracking Services¹⁵
- \$5 per delivery and receive for Tracked Securities¹⁶
- \$5 per receive and delivery for reclaims of Tracked Securities¹⁷

The Security Holder Tracking Service was never used by any party, and no fees have been charged for the service. There has never been and there are currently no Securities signed up for this service, and DTC does not believe that any party will ever use the service. As a result, DTC would like to remove the Security Holder Tracking Service from the Procedures and the related fees from the Fee Guide.

Proposed Rule Change

In order to implement the proposal above, DTC would delete the provisions describing the Security Holder Tracking Service from the applicable Procedures, specifically the provisions relating to the Security Holder Tracking Service contained in the Settlement Service Guide¹⁸ and the Underwriting Service Guide,¹⁹ respectively. DTC would also remove the above-described fees from the Fee Guide.²⁰

¹⁵ See Fee Guide, supra note 8, at 25.

¹⁶ Id. at 19.

¹⁷ Id.

¹⁸ See supra note 13.

¹⁹ See supra note 14.

²⁰ See supra notes 15-17.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.²¹ DTC believes that the proposed rule change is consistent with this provision because it would provide enhanced clarity and transparency for participants with respect to services offered by DTC by updating the Procedures to remove the ability to access a service that Participants and issuers did not utilize and are unlikely to utilize in the future.

Therefore, by providing enhanced clarity and transparency in the Rules regarding the services provided by DTC, DTC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

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

DTC does not believe that the proposed rule change would have any impact on competition. Participants and issuers have not used the Security Holder Tracking Service and are unlikely to use the service in the future. Therefore, DTC believes the proposed rule change would have no effect on Participants or issuers, other than to remove the unutilized Security Holder Tracking Service from the Procedures.

(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.

²¹ 15 U.S.C. 78q-1(b)(3)(F).

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)²² of the Act and paragraph (f)²³ of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

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-2021-006 on the subject line.

Paper Comments:

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

²² 15 U.S.C 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-DTC-2021-006. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2021-006 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Secretary

²⁴ 17 CFR 200.30-3(a)(12).

~~Bold and Strike-through text~~ indicates proposed deleted language.

DTC Settlement Service Guide

~~Security Holder Tracking Service~~

~~About the Product~~

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

~~Background~~

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

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

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

~~Process Overview~~

~~To support the tracking of holders in a designated security, DTC provides access to IMS to those administrators assigned by the issuer. Once the issue is established on the DTC master file as one that requires tracking, all transactions are held in IMS awaiting administrator approval to proceed to settlement.~~

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

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

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

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

~~Eligibility~~

~~DTC must be instructed in writing to set up a specific DTC eligible CUSIP for tracking. At the same time, the issuer must instruct DTC as to whom will perform the function of the administrator for the CUSIP within the SH Tracking Service.~~

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

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

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

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

~~Trade Submission~~

- ~~• Regardless of where executed, trades will be submitted to the Tracking Service either via a Matching Utility or a DTC Deliver Order (DO).~~

~~Directly Submitted DOs~~

- ~~• DTC uses a new DO option through which to submit both valued and free Security Holder Tracking deliveries. These items can be submitted via the Settlement User Interface and machine readable media.~~

~~Security Holder Tracking Transaction Processing~~

- ~~• Security Holder Tracking deliveries uses an Account Transaction Processor (ATP) activity code, 42, in DTC. This activity code moves position from the delivering Participant's designated sub-account to the receiving Participant's designated sub-account, either free or versus payment. ATP uses the same serial number (identifies sub-accounts) for both deliverer and receiver.~~
- ~~• All DO activity (e.g., stock loans, reclaims) is subject to administrator's approval.~~

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

- For Security Holder Tracking transactions received from a Matching Utility, Participants need to authorize their deliveries in IMS for DTC to attempt settlement (in addition to the third party administrator approval).
- Trades submitted via a Matching Utility will be identified as either transaction type Matched Institutional Trades (MITS) or Late Matched Institutional Trades (LMIT) in IMS.
- Security Holder Tracking deliver orders follow regular Receiver Authorized Delivery (RAD) rules.
- DTC ATP Activity Code 42 deliveries appears on the DTC Participant Account Statement under one of the following current Settlement Activity Codes (as applicable): 19 (ID), 26-0 (DO-SDFS), 26-5 (Stock Loan DO), 26-6 (Stock Loan Return DO).
- Stock loan reason codes are permitted for Security Holder Tracking DOs, and update the stock loan tracking memo accounts as with normal stock loan tracked DOs.
- Participants are able to identify those transactions awaiting administrator approval in IMS by means of the Settlement User Interface's Security Holder Tracking inquiry functionality.

IMS Profiles for Security Holder Tracking Processing

- Recycle, Submission, Activity Code, Asset Class, and Security Code profiles do not apply to activity code 42.
- Security Holder Tracking transactions are able to be reintroduced, so activity code 42 is being added to the Reintroduced Drop profile.

Activity Inquiry Function

- The ATP activity code 42 is displayed in the Activity Inquiry summary and detail screens. The serial number is on the Activity Inquiry detail screen. Activity Code 42 is also located in the activity history and intra-day activity systems.

Drops and Pends

- Security Holder Tracking dropped deliveries appear on Participant drop reports like other DOs.
- Participants can view Security Holder Tracking DOs in the Pending Transactions function like other DOs. All other DO actions (e.g., Pend Hold, Pend Cancel) are available for Security Holder Tracking items and are billed at existing rates.

Output

- DTC includes Security Holder Tracking deliver order transactions with the new activity code of 42 in the DTFPART Settlement Participant Activity files.
- The ATP activity code of 40 is used in DTFPART for the initial underwriting takedown delivery from DTC's internal Underwriting account to the lead underwriter's sub-account.

Third Party Administrator Trade Approval and State Changes

- IMS is available to third party administrators for trade approval prior to settlement.
- DTC uses an interface for administrators to view (inquiry), approve and disapprove transactions pending settlement at DTC.
- Alternatively, administrators may approve/disapprove transactions through ISO command messages. Messaging layouts including status codes, MT548, can be accessed via the User Documentation section on DTCC's website.
- If a delivery is reclaimed or dropped after it has been approved by the administrator, the administrator can be notified through receipt of transaction state change messages from DTC and/or by IMS inquiry. Administrators should only update records for "Made" transactions.

DTC Underwriting Service Guide

~~SECURITY HOLDER TRACKING SERVICE~~

~~About the Product~~

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

~~Background~~

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

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

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

~~Process Overview~~

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

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

~~During the Underwriting closing process, the position will move from a DTC internal account to a designated sub-account of the lead underwriter. The move from the DTC internal account to the lead underwriter is subject to the approval of the administrator.~~

~~Once the shares are moved into the designated sub-account, all share movement from that point on will require the approval of the designated administrator through IMS.~~

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

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

Eligibility

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

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

~~IMS will only allow an administrator access to view and approve transactions for CUSIPs for which they have been appointed administrator as reflected in DTC's records.²~~

²As DTC is relying solely on the instructions of the administrator in order to effect settlement in tracked securities and has no knowledge of the number or character of the underlying beneficial owners, use of the SH Tracking Service by any party will constitute an agreement that DTC shall not be liable for any loss or damages related to the use of the SH Tracking System. Each user of the SH Tracking Service agrees to indemnify and hold harmless DTC and its affiliates from and against any and all losses, damages, liabilities, costs, judgments, charges, and expenses arising out of or relating to the use of the SH Tracking Service.

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

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

Guide to the 2021 DTC Fee Schedule

Settlement Services

FEE NAME	AMOUNT (\$)	CONDITIONS	FEE ID
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Book-Entry Delivery, Excluding MMIs

Security holder tracking delivery or receive	5.00	Per item	677
Security holder tracking reclaim	5.00	Per receive or delivery	678

Underwriting Services

FEE NAME	AMOUNT (\$)	CONDITIONS	FEE ID
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Other Underwriting Services

Security holder tracking	25,000.00	Per issue	674
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