

Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2022 - * 008

Amendment No. (req. for Amendments *)

Filing by The Depository Trust Company

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

Initial * ☒ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☐ 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

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Exhibit 3 Sent As Paper Document

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Description

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

Amend the DTC Distributions Guide to Enhance the Tax Event Announcements Feature of the Distributions Service and Make Related Clarifying Changes

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 of 1934, The Depository Trust Company has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date

(Title *)

By

(Name *)

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

Date: 2022.06.30
12:56:10 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

Narrative - Tax Events 1042S final 6-2

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

Exhibit 1A - Tax Events 1042S final 6-

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 Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change 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 2 - 1042-S Classifications Tem

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.

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Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit 3 - (Redacted) - Tax Events.do

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 Sent As Paper Document

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

Exhibit 5 - Tax Events 1042S final 6-29

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) The proposed rule change of The Depository Trust Company (“DTC”) is annexed hereto as Exhibit 5.¹

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Deputy General Counsel of DTC on June 24, 2022, pursuant to delegated authority from the Board of Directors.

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

(a) Purpose

The proposed rule change would amend the Procedures² set forth in the Distributions Guide to accommodate Participants’ tax reporting and withholding obligations, by setting forth a proposed enhancement to DTC’s Procedure for the Tax Events Announcements feature (“Tax Event Announcements”) of DTC’s Distributions Service,³ as described below.

Announcements

The Distributions Service includes the announcement, collection, allocation and reporting by DTC, on behalf of its Participants, of dividend, interest and principal payments for Eligible Securities held by Participants at DTC (“Announcements”). This centralized processing provides efficiency for Participants for their receipt of (i) payment information and (ii) payments

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

² Pursuant to the DTC 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, supra note 1. DTC’s Procedures are filed with the Commission. They are binding on DTC and each Participant in the same manner that they are bound by the DTC Rules. See Rule 27, supra note 1.

³ Tax Event Announcements provides Participants with information-only announcements regarding taxable events that may give rise to information and/or withholding obligations which occur even in the absence of an actual distribution of dividend and interest payments (“Tax Events”). See Distributions Guide, supra note 1, at 14.

on distributions covered by Announcements (“Distribution Event”)⁴ from multiple issuers and agents.

DTC also provides a Participant holding a Security in its DTC account with Tax Events Announcements for distributions subject to Sections 305(c) and 871(m) of the Internal Revenue Code (“Code”).⁵ The proposed rule change would enhance Tax Event Announcements by adding a new type of Tax Event to be referred to as a “1042-S Classification,” as more fully described below.

Proposed New Type of Tax Event Announcement for 1042-S Classifications

Pursuant to Rule 1.1446-4(b)(4) under the Code⁶, issuers of publicly traded partnerships⁷ that are Eligible Securities,⁸ starting with distributions on or after January 1, 2023, will be required to provide DTC’s nominee, Cede & Co., as registered holder of the Security,⁹ with

⁴ Distribution Events covered by Announcements include cash dividends, interest, principal, capital gains, sale of rights on American depositary receipts, return of capital, dividend with option, stock splits, stock dividends, automatic dividend reinvestments, spinoffs, rights distributions, pay in kind, and liquidation. See Distributions Guide, supra note 1, at 12.

⁵ See Distributions Guide, supra note 1, at 14-15. See also Securities Exchange Act Release No. 81871 (October 13, 2017), 82 FR 48734 (October 19, 2017) (SR-DTC-2017-018) and Securities Exchange Act Release No. 87729 (December 12, 2019), 84 FR 69424 (December 18, 2019) (SR-DTC-2019-011)

⁶ 26 CFR 1.1446-4(b)(4).

⁷ 26 CFR 1.1446-4(b)(1) (providing definition of publicly traded partnership).

⁸ Pursuant to Rule 5, Section 1 of the DTC Rules, an Eligible Security shall only be a Security accepted by DTC, in its sole discretion, as an Eligible Security. DTC shall accept a Security as an Eligible Security only (a) upon a determination by DTC that it has the operational capability and can obtain information regarding the Security necessary to permit it to provide its services to Participants and Pledgees when such Security is Deposited and (b) upon such inquiry, or based upon such criteria, as DTC may, in its sole discretion, determine from time to time. DTC Rules, Rule 5, supra note 1. See also DTC Operational Arrangements Necessary for Securities to Become and Remain Eligible for DTC Services (“OA”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>, at 6-9 (setting forth DTC eligibility requirements).

⁹ DTC holds eligible securities on behalf of Participants and reflects the transfer of interests in those securities among Participants by computerized book-entry. Eligible securities deposited with DTC for book-entry transfer services are registered in the name of its nominee, Cede & Co. (“Cede”), a New York partnership. When the certificates are registered in the name of Cede, DTC acquires legal title to the securities and, when DTC credits interests in these securities to the securities accounts of Participants, those Participants acquire a beneficial interest in the securities. A Participant does not have a right to any particular security; each Participant has a proportionate interest in the

“qualified notices” that classify a distribution into multiple components for tax withholding and Internal Revenue Service Form 1042-S¹⁰ reporting purposes. For example, on a \$1.00 distribution, the qualified notice may state that \$0.60 is considered dividend income and \$0.40 is income effectively connected with the conduct of a trade or business in the United States. DTC would forward to Participants such qualified notices that it receives from issuers, as discussed below.

Meanwhile, other issuers may not be required to provide DTC with classification information for Form 1042-S reporting purposes. For example, a regulated investment company may classify a portion of a distribution as representing interest-related dividends or as a short-term capital gain dividend but would not be required to provide a “qualified notice” to DTC pursuant to Rule 1.1446-4(b)(4).¹¹ This classification information would not be reported to DTC on a “qualified notice” and currently could not be made available to Participants through the facilities of DTC. Rather, to obtain the information needed to fulfill any tax reporting obligations a Participant or its customer may have with regard to such classifications, DTC understands that Participants and their customers obtain the necessary information from the respective issuers’ websites or from 3rd party vendors. Based on discussions with issuers and Participants, DTC understands that having to obtain this information on an individual CUSIP-by-CUSIP basis from issuers’ websites or getting this information after the distribution from a vendor, may create inefficiencies for Participants and their customers that would be mitigated if such information were made available in a more centralized format.

To facilitate the distribution of this classification information in a centralized format to Participants holding such Securities at DTC, DTC proposes to create a new Tax Event “Sub Event Type” (i.e., the “1042-S Classification”) with the various tax components that make up a distribution, as more fully described below. Subject to requirements described below, DTC would (i) receive 1042-S Classification information that issuers voluntarily provide to DTC for this purpose and (ii) distribute the information to Participants that hold the applicable securities. Information that issuers are required to provide to DTC pursuant to Rule 1.1446-4(b)(4) would also be included in the 1042-S Classification Sub Event Type.

Proposed Rule Change

Pursuant to the proposed rule change, the Distributions Guide would be revised to reflect the addition of “1042-S Classifications” as a “Sub Event Type” under the Tax Event Announcement feature. The new 1042-S Classification would include a template to facilitate an issuer’s transmission of the distribution information that the issuer wishes be made available to

fungible total inventory of the issue held by DTC. See DTC Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures (December 2021), available at http://www.dtcc.com/~media/Files/Downloads/legal/policy-and-compliance/DTC_Disclosure_Framework.pdf, at 9.

¹⁰ See Form 1042-S, available at <https://www.irs.gov/pub/irs-pdf/f1042s.pdf>

¹¹ See *supra* note 6.

Participants through the facilities of DTC, broken down by applicable classifications corresponding to the applicable income codes for a Distribution Event.

The Distributions Guide would provide that an issuer that wishes to have such 1042-S Classifications made available to Participants through the facilities of DTC, would be required to utilize this template. However, issuers making payments subject to Rule 1.1446-4(b)(4) under the Internal Revenue Code may provide a “qualified notice” in lieu of the template. In addition, to promote timeliness and accuracy of issuer information, the Distributions Guide would provide that the breakdown of the classifications must be provided to DTC prior to the record date (“Record Date”)¹² and should not be subject to change. The Distributions Guide would also provide that by providing DTC with this template, the issuer certifies that the information provided in the template is not subject to change. However, the text would provide that DTC will accept and distribute updated information to Participants to the extent an issuer notifies DTC that the issuer entered an error in the applicable template or qualified notice provided by it to DTC and the issuer provides DTC with a corrected template or qualified notice, as applicable. In addition, the text would provide that DTC reserves the right not to accept classification information from issuers that do not abide by the requirements included in the Distributions Guide.

The proposed text would also state that each issuer and its affiliates, in the aggregate, may provide templates for up to, but no more than, 12 CUSIP numbers per month (“CUSIP Limit”).¹³ The number of qualified notices provided by an issuer would not be included in the determination of the CUSIP Limit for that issuer or its affiliates, because it is mandatory under Rule 1.1446-4(b)(4)¹⁴ for issuers to deliver such notices to DTC, as described above.

The text of the Distributions Guide also would be updated to clarify that “305(c) Deemed Dividends” and “871(m) Dividend Equivalent Amounts” are Sub Event Types.

In addition, text in the Distributions Guide that describes a “Cash Rate” field¹⁵ that is included in a Tax Event Announcement would be expanded and clarified to describe the field’s

¹² The Record Date is the date set by an issuer of a security by which an investor must own the security in order to be eligible to receive an upcoming distribution. See OA, supra note 8, at 26.

¹³ Depending on demand for the transmittal of 1042-S Classifications through the facilities of DTC, and general availability of processing resources at DTC, DTC may submit a future proposed rule change to amend the Distributions Guide to increase the CUSIP Limit. Given this limitation, the text would note that to the extent 1042-S Classification information applicable to a Participant’s holdings is not made available through Tax Events Announcements, the Participant should obtain such information from the issuer outside of DTC.

¹⁴ See supra note 6.

¹⁵ The Cash Rate field is used to display the amount of a deemed distribution or dividend equivalent payment. See Distributions Guide, supra note 1, at 15.

contents for each Sub Event Type. In this regard, three items would be added below the description of Cash Rate as follows:

- field used for the amount of the deemed distribution for sub event type of 305(c) Deemed Dividends
- field used to provide the dividend equivalent amount for sub event type of 871(m) Dividend Equivalent Amount
- Events with 1042-S Classifications will include multiple cash rates with each cash rate having a corresponding income code per the instructions for Form 1042-S, as applicable.”

Finally, DTC would add text to the Distributions Guide as it relates to Tax Event Announcements to clarify that DTC does not independently verify the accuracy and/or completeness of Tax Event Announcement information it receives from issuers and agents, and that it is the sole responsibility of each Participant to ensure the accuracy and completeness of Tax Event Announcement information that it uses for any purpose, including but not limited to tax withholding and reporting.

Applicability of Tax Event Fee

As with DTC’s distribution of other Tax Event information to Participants, the distribution of 1042-S Classification information would be subject to the “Tax Event Announcement Fee” of \$12 per Announcement, as set forth in the Fee Guide.¹⁶

(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, in particular Section 17A(b)(3)(F)¹⁷ of the Act.

Section 17A(b)(3)(F) of the Act requires, *inter alia*, that the rules of the clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.¹⁸ As described above, the proposed rule change would update the Distributions Guide to enhance the Distributions Service by including the distribution of Announcements for Tax Events for Securities subject to “1042-S Classification” requirements to Participants and make certain related clarifying changes described above. By providing for the distribution of such information, the proposed rule change would help facilitate Participants’ compliance with

¹⁶ See DTC Fee Guide, available at <https://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/2022-DTC-Fee-Schedule-FINAL>, at 15.

¹⁷ 15 U.S.C. 78q-1(b)(3)(F).

¹⁸ Id.

federal tax withholding obligations for Eligible Securities subject to Tax Events that are on Deposit at DTC and making use of DTC's book-entry transfer and settlement services. This would further facilitate Participants' ability to continue to maintain Eligible Securities subject to 1042-S Classifications on Deposit at DTC and make use of DTC's book-entry transfer and settlement services with respect to those Securities, in accordance with DTC Rules requirements relating to the use of DTC services by Participants.¹⁹ Therefore, by facilitating Participant's ability to continue to use DTC's book-entry transfer and settlement services at DTC with respect to Eligible Securities that are subject to 1042-S Classifications, 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) of the Act, cited above.

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

DTC believes that the proposed rule change to amend the Distributions Guide to update fields used by DTC to report Tax Events, as described above, could impose a burden on competition by subjecting Participants that hold Eligible Securities that may be subject to 1042-S Classifications to additional fees which may negatively affect such Participant's operating costs.

DTC believes any burden on competition imposed by the proposed rule changes would not be significant, and to the extent the proposed rule change may impose a burden on competition, DTC believes it would be necessary and appropriate in furtherance of the purposes of the Act.²⁰

DTC has discussed the proposal with Participants that hold Eligible Securities that may be subject to 1042-S Classifications, and issuers of those Securities, and DTC understands that Participants and their customers obtain the necessary information from the respective issuers' websites or from 3rd party vendors. DTC understands that having to obtain this information on an individual CUSIP-by-CUSIP basis from issuers' websites or getting this information after the distribution from a vendor, creates inefficiencies and timing issues for Participants and their customers relating to the piecemeal nature of the retrieval of such information, that would be mitigated if such information were made available in a more centralized format through DTC.

DTC believes that any burden on competition imposed by the proposal would be necessary because the proposed rule change would provide Participants with a centralized means to timely (in relation to Record Date) receive 1042-S Classification announcement information needed to facilitate their compliance with tax withholding and reporting obligations relating to payments on Eligible Securities for which issuers provide 1042-S Classification information to DTC, as described above.

DTC believes that any burden on competition imposed by the proposal would be appropriate because the fees are intended to provide revenue that is close to the costs to DTC of

¹⁹ In connection with their use of DTC's services, Participants must comply with all applicable laws, including, but not limited to, all applicable laws relating to taxation. See DTC Rule 2, Section 8, supra note 1.

²⁰ 15 U.S.C. 78q-1(b)(3)(I).

building and providing the services described above. DTC believes the Tax Event Announcements feature has a positive effect on competition among Participants because the service allows Participants to receive applicable tax information in a more efficient manner, thereby reducing the resources they would need to allocate to obtain the applicable tax-related information on a CUSIP-by-CUSIP basis through issuers and 3rd party vendors. The service also provides issuers with a more efficient method of providing Tax Event information to parties that need to see such information in order to facilitate timely tax withholding and reporting. DTC believes this enhances competition among Participants by allowing parties to receive such information more quickly and in a more streamlined manner. Based on experiences with existing services provided through the Tax Event Announcements feature and discussions with Participants, DTC believes that despite the Tax Event Fee that would be charged to Participants holding affected securities for the distribution of 1042-S Classification information, the distribution of such information through the facilities of DTC would provide benefits to Participants in terms of processing and timing efficiencies that should mitigate the impact of any such fees charged. As such, DTC believes these proposed rule changes would be appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.

DTC does not believe that the aspect of the proposed rule change to make certain clarifying changes to the Distributions Guide, as described above, would have an impact on competition.²¹ Having a clear and accurate Distributions Guide would facilitate Participants' understanding of the Distributions Guide and provide Participants with increased predictability and certainty regarding their obligations regarding DTC Tax Event Announcement feature. Therefore, DTC believes that the proposed rule change to make clarifying changes to the Rules and the Settlement Guide would not have an impact on competition.²²

DTC does not believe that the aspect of the proposed rule change to establish the CUSIP Limit for an issuer and its affiliates to be able to submit up to 12 templates per month, as described above, would have any impact, or impose any burden on competition, because issuers and their affiliates would be subject to the same CUSIP Limit for submission of templates per month, and all Participants holding the applicable issues would be able to receive the same aggregate amount of notices for any issuer and its affiliates as all other Participants holding the same issues. However, to the extent the proposed rule change could cause a burden because certain issuers may reach the CUSIP Limit, DTC does not believe the burden would have a significant impact on competition because issuers that reach the CUSIP Limit in a given month would be able to continue to make 1042-S Classification information available outside DTC, and Participants would be able to retrieve the information, as they do today. To the extent the proposed rule change could cause a burden because certain issuers may have issuances that are not subject to the CUSIP Limit because distributions for those issues are subject to the requirements of Rule 1.1446-4(b)(4),²³ and therefore may be able to submit qualified notices for more than 12 CUSIPS per month, as described above, DTC does not believe burden would have a significant impact on competition because DTC understands from conversations with issuers,

²¹ Id.

²² Id.

²³ See supra note 6.

and its own observations of activity of issuers that may be subject to Rule 1.1446-4(b)(4),²⁴ that such issuers and their affiliates would likely supply an amount of qualified notices, if any, that is well below the amount of the CUSIP Limit that would be established for issuers that would otherwise submit templates that are subject to the CUSIP Limit. Also, due to their status as publicly traded partnerships that are subject to Rule 1.1446-4(b)(4),²⁵ DTC understands that such issuers and their affiliates would not have a need to submit templates that could cause them in the aggregate to issue notices for 1042-Classification information that would exceed 12 CUSIPS per month. DTC also believes any burden on competition imposed by this exception of the CUSIP Limit would be necessary and appropriate in furtherance of the purposes of the Act because, as indicated above, such issuers are under a regulatory obligation to provide qualified notices to DTC regardless of the amount of issuances they may have that are subject to such requirements.

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. If any written comments are received, they would be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Securities and Exchange Commission ("Commission") does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

DTC reserves the right to not respond to any comments received.

6. Extension of Time Period for Commission Action

Not applicable.

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

²⁴ See supra note 6.

²⁵ See supra note 6.

(a) The proposed rule change is to take effect immediately upon filing pursuant to Section 19(b)(3)(A) of the Act.²⁶

(b) The proposed changes to the Distributions Guide would effect changes that (A) would not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible, and (B) would not significantly affect the respective rights or obligations of DTC or users of DTC's services,²⁷ because these changes would merely add a Tax Event that would be processed by DTC under the Distributions Service and make related clarifying changes and, as discussed above, DTC believes that the impact on Participants of any additional fees charged to them as a result of the proposed changes should be mitigated by the benefits to Participants in terms of processing and timing efficiencies.

(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 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 – 1042-S template.

Exhibit 3 – Discussion of the Cost of Offering 1042-S Classification Information and Appropriateness of Application of the Tax Event Fee – *Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 3a pursuant to 17 CFR 240.24b-2 being requested.*

²⁶ 15 U.S.C. 78s(b)(3)(A).

²⁷ 17 CFR 240.19b-4(f)(4)(i).

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-2022-008)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Immediate Effectiveness of a Proposed Rule Change to Amend the DTC Distributions Guide to Enhance the Tax Event Announcements Feature of the Distributions Service and Make Related Clarifying Changes

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 June __, 2022, 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.

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

The proposed rule change would amend the Procedures⁵ set forth in the Distributions Guide to accommodate Participants’ tax reporting and withholding

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).

⁵ Pursuant to the DTC 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, *infra* note 7. DTC’s Procedures are filed

obligations, by setting forth a proposed enhancement to DTC's Procedure for the Tax Events Announcements feature ("Tax Event Announcements") of DTC's Distributions Service,⁶ as described below.⁷

Announcements

The Distributions Service includes the announcement, collection, allocation and reporting by DTC, on behalf of its Participants, of dividend, interest and principal payments for Eligible Securities held by Participants at DTC ("Announcements"). This centralized processing provides efficiency for Participants for their receipt of (i) payment information and (ii) payments on distributions covered by Announcements ("Distribution Event")⁸ from multiple issuers and agents.

with the Commission. They are binding on DTC and each Participant in the same manner that they are bound by the DTC Rules. See Rule 27, *infra* note 7.

⁶ Tax Event Announcements provides Participants with information-only announcements regarding taxable events that may give rise to information and/or withholding obligations which occur even in the absence of an actual distribution of dividend and interest payments ("Tax Events"). See Distributions Guide, *infra* note 7, at 14.

⁷ Each capitalized term not otherwise defined herein has its respective meaning as set forth in the Rules, By-Laws and Organization Certificate of The Depository Trust Company ("DTC Rules"), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>, and the DTC Corporate Actions Distributions Service Guide ("Distributions Guide"), available at <https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Service-Guide-Distributions.pdf>.

⁸ Distribution Events covered by Announcements include cash dividends, interest, principal, capital gains, sale of rights on American depositary receipts, return of capital, dividend with option, stock splits, stock dividends, automatic dividend reinvestments, spinoffs, rights distributions, pay in kind, and liquidation. See Distributions Guide, supra note 7, at 12.

DTC also provides a Participant holding a Security in its DTC account with Tax Events Announcements for distributions subject to Sections 305(c) and 871(m) of the Internal Revenue Code (“Code”).⁹ The proposed rule change would enhance Tax Event Announcements by adding a new type of Tax Event to be referred to as a “1042-S Classification,” as more fully described below.

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

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

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

1. Purpose

The proposed rule change would amend the Procedures¹⁰ set forth in the Distributions Guide to accommodate Participants’ tax reporting and withholding

⁹ See Distributions Guide, supra note 7, at 14-15. See also Securities Exchange Act Release No. 81871 (October 13, 2017), 82 FR 48734 (October 19, 2017) (SR-DTC-2017-018) and Securities Exchange Act Release No. 87729 (December 12, 2019), 84 FR 69424 (December 18, 2019) (SR-DTC-2019-011)

¹⁰ Pursuant to the DTC 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, supra note 7. DTC’s Procedures are filed with the Commission. They are binding on DTC and each Participant in the same manner that they are bound by the DTC Rules. See Rule 27, supra note 7.

obligations, by setting forth a proposed enhancement to DTC's Procedure for the Tax Events Announcements feature ("Tax Event Announcements") of DTC's Distributions Service,¹¹ as described below.

(a) Announcements

The Distributions Service includes the announcement, collection, allocation and reporting by DTC, on behalf of its Participants, of dividend, interest and principal payments for Eligible Securities held by Participants at DTC ("Announcements"). This centralized processing provides efficiency for Participants for their receipt of (i) payment information and (ii) payments on distributions covered by Announcements ("Distribution Event")¹² from multiple issuers and agents.

DTC also provides a Participant holding a Security in its DTC account with Tax Events Announcements for distributions subject to Sections 305(c) and 871(m) of the Internal Revenue Code ("Code").¹³ The proposed rule change would enhance Tax Event

¹¹ Tax Event Announcements provides Participants with information-only announcements regarding taxable events that may give rise to information and/or withholding obligations which occur even in the absence of an actual distribution of dividend and interest payments ("Tax Events"). See Distributions Guide, supra note 7, at 14.

¹² Distribution Events covered by Announcements include cash dividends, interest, principal, capital gains, sale of rights on American depositary receipts, return of capital, dividend with option, stock splits, stock dividends, automatic dividend reinvestments, spinoffs, rights distributions, pay in kind, and liquidation. See Distributions Guide, supra note 7, at 12.

¹³ See Distributions Guide, supra note 7, at 14-15. See also Securities Exchange Act Release No. 81871 (October 13, 2017), 82 FR 48734 (October 19, 2017) (SR-DTC-2017-018) and Securities Exchange Act Release No. 87729 (December 12, 2019), 84 FR 69424 (December 18, 2019) (SR-DTC-2019-011)

Announcements by adding a new type of Tax Event to be referred to as a “1042-S Classification,” as more fully described below.

Proposed New Type of Tax Event Announcement for 1042-S Classifications

Pursuant to Rule 1.1446-4(b)(4) under the Code¹⁴, issuers of publicly traded partnerships¹⁵ that are Eligible Securities,¹⁶ starting with distributions on or after January 1, 2023, will be required to provide DTC’s nominee, Cede & Co., as registered holder of the Security,¹⁷ with “qualified notices” that classify a distribution into multiple

¹⁴ 26 CFR 1.1446-4(b)(4).

¹⁵ 26 CFR 1.1446-4(b)(1) (providing definition of publicly traded partnership).

¹⁶ Pursuant to Rule 5, Section 1 of the DTC Rules, an Eligible Security shall only be a Security accepted by DTC, in its sole discretion, as an Eligible Security. DTC shall accept a Security as an Eligible Security only (a) upon a determination by DTC that it has the operational capability and can obtain information regarding the Security necessary to permit it to provide its services to Participants and Pledgees when such Security is Deposited and (b) upon such inquiry, or based upon such criteria, as DTC may, in its sole discretion, determine from time to time. DTC Rules, Rule 5, supra note 7. See also DTC Operational Arrangements Necessary for Securities to Become and Remain Eligible for DTC Services (“OA”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>, at 6-9 (setting forth DTC eligibility requirements).

¹⁷ DTC holds eligible securities on behalf of Participants and reflects the transfer of interests in those securities among Participants by computerized book-entry. Eligible securities deposited with DTC for book-entry transfer services are registered in the name of its nominee, Cede & Co. (“Cede”), a New York partnership. When the certificates are registered in the name of Cede, DTC acquires legal title to the securities and, when DTC credits interests in these securities to the securities accounts of Participants, those Participants acquire a beneficial interest in the securities. A Participant does not have a right to any particular security; each Participant has a proportionate interest in the fungible total inventory of the issue held by DTC. See DTC Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures (December 2021), available at http://www.dtcc.com/~media/Files/Downloads/legal/policy-and-compliance/DTC_Disclosure_Framework.pdf, at 9.

components for tax withholding and Internal Revenue Service Form 1042-S¹⁸ reporting purposes. For example, on a \$1.00 distribution, the qualified notice may state that \$0.60 is considered dividend income and \$0.40 is income effectively connected with the conduct of a trade or business in the United States. DTC would forward to Participants such qualified notices that it receives from issuers, as discussed below.

Meanwhile, other issuers may not be required to provide DTC with classification information for Form 1042-S reporting purposes. For example, a regulated investment company may classify a portion of a distribution as representing interest-related dividends or as a short-term capital gain dividend but would not be required to provide a “qualified notice” to DTC pursuant to Rule 1.1446-4(b)(4).¹⁹ This classification information would not be reported to DTC on a “qualified notice” and currently could not be made available to Participants through the facilities of DTC. Rather, to obtain the information needed to fulfill any tax reporting obligations a Participant or its customer may have with regard to such classifications, DTC understands that Participants and their customers obtain the necessary information from the respective issuers’ websites or from 3rd party vendors. Based on discussions with issuers and Participants, DTC understands that having to obtain this information on an individual CUSIP-by-CUSIP basis from issuers’ websites or getting this information after the distribution from a vendor, may create inefficiencies for Participants and their customers that would be mitigated if such information were made available in a more centralized format.

¹⁸ See Form 1042-S, available at <https://www.irs.gov/pub/irs-pdf/f1042s.pdf>

¹⁹ See supra note 14.

To facilitate the distribution of this classification information in a centralized format to Participants holding such Securities at DTC, DTC proposes to create a new Tax Event “Sub Event Type” (i.e., the “1042-S Classification”) with the various tax components that make up a distribution, as more fully described below. Subject to requirements described below, DTC would (i) receive 1042-S Classification information that issuers voluntarily provide to DTC for this purpose and (ii) distribute the information to Participants that hold the applicable securities. Information that issuers are required to provide to DTC pursuant to Rule 1.1446-4(b)(4) would also be included in the 1042-S Classification Sub Event Type.

Proposed Rule Change

Pursuant to the proposed rule change, the Distributions Guide would be revised to reflect the addition of “1042-S Classifications” as a “Sub Event Type” under the Tax Event Announcement feature. The new 1042-S Classification would include a template to facilitate an issuer’s transmission of the distribution information that the issuer wishes be made available to Participants through the facilities of DTC, broken down by applicable classifications corresponding to the applicable income codes for a Distribution Event.

The Distributions Guide would provide that an issuer that wishes to have such 1042-S Classifications made available to Participants through the facilities of DTC, would be required to utilize this template. However, issuers making payments subject to Rule 1.1446-4(b)(4) under the Internal Revenue Code may provide a “qualified notice” in lieu of the template. In addition, to promote timeliness and accuracy of issuer information, the Distributions Guide would provide that the breakdown of the

classifications must be provided to DTC prior to the record date (“Record Date”)²⁰ and should not be subject to change. The Distributions Guide would also provide that by providing DTC with this template, the issuer certifies that the information provided in the template is not subject to change. However, the text would provide that DTC will accept and distribute updated information to Participants to the extent an issuer notifies DTC that the issuer entered an error in the applicable template or qualified notice provided by it to DTC and the issuer provides DTC with a corrected template or qualified notice, as applicable. In addition, the text would provide that DTC reserves the right not to accept classification information from issuers that do not abide by the requirements included in the Distributions Guide.

The proposed text would also state that each issuer and its affiliates, in the aggregate, may provide templates for up to, but no more than, 12 CUSIP numbers per month (“CUSIP Limit”).²¹ The number of qualified notices provided by an issuer would not be included in the determination of the CUSIP Limit for that issuer or its affiliates, because it is mandatory under Rule 1.1446-4(b)(4)²² for issuers to deliver such notices to DTC, as described above.

²⁰ The Record Date is the date set by an issuer of a security by which an investor must own the security in order to be eligible to receive an upcoming distribution. See OA, supra note 16, at 26.

²¹ Depending on demand for the transmittal of 1042-S Classifications through the facilities of DTC, and general availability of processing resources at DTC, DTC may submit a future proposed rule change to amend the Distributions Guide to increase the CUSIP Limit. Given this limitation, the text would note that to the extent 1042-S Classification information applicable to a Participant’s holdings is not made available through Tax Events Announcements, the Participant should obtain such information from the issuer outside of DTC.

²² See supra note 14.

The text of the Distributions Guide also would be updated to clarify that “305(c) Deemed Dividends” and “871(m) Dividend Equivalent Amounts” are Sub Event Types.

In addition, text in the Distributions Guide that describes a “Cash Rate” field²³ that is included in a Tax Event Announcement would be expanded and clarified to describe the field’s contents for each Sub Event Type. In this regard, three items would be added below the description of Cash Rate as follows:

- field used for the amount of the deemed distribution for sub event type of 305(c) Deemed Dividends
- field used to provide the dividend equivalent amount for sub event type of 871(m) Dividend Equivalent Amount
- Events with 1042-S Classifications will include multiple cash rates with each cash rate having a corresponding income code per the instructions for Form 1042-S, as applicable.”

Finally, DTC would add text to the Distributions Guide as it relates to Tax Event Announcements to clarify that DTC does not independently verify the accuracy and/or completeness of Tax Event Announcement information it receives from issuers and agents, and that it is the sole responsibility of each Participant to ensure the accuracy and completeness of Tax Event Announcement information that it uses for any purpose, including but not limited to tax withholding and reporting.

²³ The Cash Rate field is used to display the amount of a deemed distribution or dividend equivalent payment. See Distributions Guide, supra note 7, at 15.

Applicability of Tax Event Fee

As with DTC's distribution of other Tax Event information to Participants, the distribution of 1042-S Classification information would be subject to the "Tax Event Announcement Fee" of \$12 per Announcement, as set forth in the Fee Guide.²⁴

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, in particular Section 17A(b)(3)(F)²⁵ of the Act.

Section 17A(b)(3)(F) of the Act requires, inter alia, that the rules of the clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.²⁶ As described above, the proposed rule change would update the Distributions Guide to enhance the Distributions Service by including the distribution of Announcements for Tax Events for Securities subject to "1042-S Classification" requirements to Participants and make certain related clarifying changes described above. By providing for the distribution of such information, the proposed rule change would help facilitate Participants' compliance with federal tax withholding obligations for Eligible Securities subject to Tax Events that are on Deposit at DTC and making use of DTC's book-entry transfer and settlement services. This would further facilitate Participants' ability to continue to maintain Eligible Securities subject to 1042-S

²⁴ See DTC Fee Guide, available at <https://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/2022-DTC-Fee-Schedule-FINAL>, at 15.

²⁵ 15 U.S.C. 78q-1(b)(3)(F).

²⁶ Id.

Classifications on Deposit at DTC and make use of DTC's book-entry transfer and settlement services with respect to those Securities, in accordance with DTC Rules requirements relating to the use of DTC services by Participants.²⁷ Therefore, by facilitating Participant's ability to continue to use DTC's book-entry transfer and settlement services at DTC with respect to Eligible Securities that are subject to 1042-S Classifications, 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) of the Act, cited above.

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

DTC believes that the proposed rule change to amend the Distributions Guide to update fields used by DTC to report Tax Events, as described above, could impose a burden on competition by subjecting Participants that hold Eligible Securities that may be subject to 1042-S Classifications to additional fees which may negatively affect such Participant's operating costs.

DTC believes any burden on competition imposed by the proposed rule changes would not be significant, and to the extent the proposed rule change may impose a burden on competition, DTC believes it would be necessary and appropriate in furtherance of the purposes of the Act.²⁸

²⁷ In connection with their use of DTC's services, Participants must comply with all applicable laws, including, but not limited to, all applicable laws relating to taxation. See DTC Rule 2, Section 8, supra note 7.

²⁸ 15 U.S.C. 78q-1(b)(3)(I).

DTC has discussed the proposal with Participants that hold Eligible Securities that may be subject to 1042-S Classifications, and issuers of those Securities, and DTC understands that Participants and their customers obtain the necessary information from the respective issuers' websites or from 3rd party vendors. DTC understands that having to obtain this information on an individual CUSIP-by-CUSIP basis from issuers' websites or getting this information after the distribution from a vendor, creates inefficiencies and timing issues for Participants and their customers relating to the piecemeal nature of the retrieval of such information, that would be mitigated if such information were made available in a more centralized format through DTC.

DTC believes that any burden on competition imposed by the proposal would be necessary because the proposed rule change would provide Participants with a centralized means to timely (in relation to Record Date) receive 1042-S Classification announcement information needed to facilitate their compliance with tax withholding and reporting obligations relating to payments on Eligible Securities for which issuers provide 1042-S Classification information to DTC, as described above.

DTC believes that any burden on competition imposed by the proposal would be appropriate because the fees are intended to provide revenue that is close to the costs to DTC of building and providing the services described above. DTC believes the Tax Event Announcements feature has a positive effect on competition among Participants because the service allows Participants to receive applicable tax information in a more efficient manner, thereby reducing the resources they would need to allocate to obtain the applicable tax-related information on a CUSIP-by-CUSIP basis through issuers and 3rd party vendors. The service also provides issuers with a more efficient method of

providing Tax Event information to parties that need to see such information in order to facilitate timely tax withholding and reporting. DTC believes this enhances competition among Participants by allowing parties to receive such information more quickly and in a more streamlined manner. Based on experiences with existing services provided through the Tax Event Announcements feature and discussions with Participants, DTC believes that despite the Tax Event Fee that would be charged to Participants holding affected securities for the distribution of 1042-S Classification information, the distribution of such information through the facilities of DTC would provide benefits to Participants in terms of processing and timing efficiencies that should mitigate the impact of any such fees charged. As such, DTC believes these proposed rule changes would be appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.

DTC does not believe that the aspect of the proposed rule change to make certain clarifying changes to the Distributions Guide, as described above, would have an impact on competition.²⁹ Having a clear and accurate Distributions Guide would facilitate Participants' understanding of the Distributions Guide and provide Participants with increased predictability and certainty regarding their obligations regarding DTC Tax Event Announcement feature. Therefore, DTC believes that the proposed rule change to make clarifying changes to the Rules and the Settlement Guide would not have an impact on competition.³⁰

DTC does not believe that the aspect of the proposed rule change to establish the CUSIP Limit for an issuer and its affiliates to be able to submit up to 12 templates per

²⁹ Id.

³⁰ Id.

month, as described above, would have any impact, or impose any burden on competition, because issuers and their affiliates would be subject to the same CUSIP Limit for submission of templates per month, and all Participants holding the applicable issues would be able to receive the same aggregate amount of notices for any issuer and its affiliates as all other Participants holding the same issues. However, to the extent the proposed rule change could cause a burden because certain issuers may reach the CUSIP Limit, DTC does not believe the burden would have a significant impact on competition because issuers that reach the CUSIP Limit in a given month would be able to continue to make 1042-S Classification information available outside DTC, and Participants would be able to retrieve the information, as they do today. To the extent the proposed rule change could cause a burden because certain issuers may have issuances that are not subject to the CUSIP Limit because distributions for those issues are subject to the requirements of Rule 1.1446-4(b)(4),³¹ and therefore may be able to submit qualified notices for more than 12 CUSIPS per month, as described above, DTC does not believe burden would have a significant impact on competition because DTC understands from conversations with issuers, and its own observations of activity of issuers that may be subject to Rule 1.1446-4(b)(4),³² that such issuers and their affiliates would likely supply an amount of qualified notices, if any, that is well below the amount of the CUSIP Limit that would be established for issuers that would otherwise submit templates that are subject to the CUSIP Limit. Also, due to their status as publicly traded partnerships that

³¹ See supra note 14.

³² See supra note 14.

are subject to Rule 1.1446-4(b)(4),³³ DTC understands that such issuers and their affiliates would not have a need to submit templates that could cause them in the aggregate to issue notices for 1042-Classification information that would exceed 12 CUSIPS per month. DTC also believes any burden on competition imposed by this exception of the CUSIP Limit would be necessary and appropriate in furtherance of the purposes of the Act because, as indicated above, such issuers are under a regulatory obligation to provide qualified notices to DTC regardless of the amount of issuances they may have that are subject to such requirements.

(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. If any written comments are received, they would be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions

³³

See supra note 14.

regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

DTC reserves the right to not respond to any comments received.

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)³⁴ of the Act and paragraph (f)³⁵ 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-2022-008 on the subject line.

³⁴ 15 U.S.C. 78s(b)(3)(A).

³⁵ 17 CFR 240.19b-4(f).

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-2022-008. 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-2022-008 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.³⁶

Secretary

³⁶ 17 CFR 200.30-3(a)(12).

Instructions to 1042-S Classifications Template

Requirements: Issuers making payments that have multiple classifications for 1042-S tax withholding and reporting purposes can utilize this template to provide the classification information to DTC. The breakdown of the classification must be provided to DTC prior to record date and must not be subject to change. By providing DTC with this template, issuer certifies that the information provided here-in is not subject to change. DTC reserves the right not to accept classification information from issuers that do not abide by this requirement.

Column	Mandatory / Optional	Description	Definition
Column B	Mandatory	CUSIP	CUSIP of the security subject to multiple tax classifications for 1042-S reporting purposes.
Column C	Mandatory	Record Date	Record Date of the primary cash distribution with multiple classifications. <u>Example</u> : Cash Dividend
Column D	Mandatory	Payable Date	Payable Date of the primary cash distribution with the multiple classifications. <u>Example</u> : Cash Dividend
Column E	Mandatory	Cash Rate	Total portion of the gross cash rate from the primary cash distribution.
Column G	If applicable	Comments	Please use when necessary to explain the distribution breakdown in column H-R when needed.
Column H-R	Optional	1042-S IRS Income Code Classification Breakdown	Applicable primary rate distribution breakdown per the appropriate 1042-S IRS Income Code and Income Description. This will be used to determine the 1042-S tax classification of the income paid to the Non-U.S. Holder. If portion of the distribution is not subject to any of these codes and is not subject to withholding and reporting, please select "0".

Email completed Template to QualifiedNotice@dtcc.com

Date:

Enter Date

Input Rates										Interval SEC Numbers																		
Record Number	CUSIP	Record Date	Payable Date	Input Total Cash Rate	Cash Rate Validation	Comments	841	842	811	812	873	874	825	831	821	819	875											
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EXHIBIT 3

**Discussion of the Cost of Offering 1042-S Classification Information and Appropriateness
of Application of the Tax Event Fee**

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Securing Today. Shaping Tomorrow.®

DTC CORPORATE ACTIONS

DISTRIBUTIONS SERVICE GUIDE

JUNE 17, 2021

Tax Event Announcements

Description

Tax Event announcements are information only announcements regarding taxable events that may give rise to information and/or withholding obligations which occur even in the absence of an actual distribution of dividend and interest payments (“Tax Events”).

How Tax Event Announcements Work

As the registered holder of a security, DTC often receives tax information directly from issuers, issuer’s agents, and trustees (“Tax Event Announcement”). A Tax Event Announcement leverages the announcement process to provide this information in a standardized format to help participants meet their tax withholding and reporting obligations. The announcement includes event/sub event type combinations to differentiate between different tax event types.

The Tax Event Announcement Feature

The Tax Event announcement feature uses the following data fields to provide relevant information to participants:

- Event Type = Tax Event
- Sub Event Type = field used to classify the type of Tax Event (i.e., (i) 305(c) Deemed Distributions, (ii) 871(m) Dividend Equivalent Amount or (iii) 1042-S Classifications)
 - IMPORTANT NOTE: Issuers making payments that have multiple classifications for Form 1042-S tax withholding and reporting purposes should utilize a template as provided by DTC to provide applicable classification information to DTC. Issuers making payments subject to Rule 1.1446-4(b)(4) under the Internal Revenue Code may provide a “qualified notice” in lieu of the template. The breakdown of the classifications must be provided to DTC prior to Record Date and should not be subject to change. By providing DTC with the information in the template, the issuer certifies that the information is not subject to change. However, DTC will accept and distribute updated information to Participants to the extent an Issuer notifies DTC that the Issuer entered an error in the applicable template or qualified notice provided by it to DTC and the Issuer provides DTC with a corrected template or qualified notice, as applicable. DTC reserves the right not to accept classification information from issuers that do not abide by these requirements.
 - Each issuer and its affiliates, in the aggregate, may provide templates for 1042-S Classifications for up to, and no more than, 12 CUSIP numbers per month. The number of qualified notices provided by an issuer pursuant to Rule 1.1446-

4(b)(4) under the Internal Revenue Code would not be included in the determination of the CUSIP Limit for that issuer or its affiliates. To the extent 1042-S Classification information applicable to a Participant's holdings is not made available through Tax Events Announcements, the Participant should obtain such information from the issuer outside of DTC.

- Payable Date =
 - field used for the date of the deemed distribution for sub event type of 305(c) Deemed Dividends
 - field used to provide the payable date of the underlying security for sub event type of 871(m) Dividend Equivalent Amount
- Record Date = field used for position capture
- Timing of the Dividend Equivalent Amount = field used for the timing of dividend equivalents under 1.871-15 of Treasury regulations
- Cash Rate = field used for the amount of the deemed distribution or dividend equivalent payment.
 - **field used for the amount of the deemed distribution for sub event type of 305(c) Deemed Dividends**
 - **field used to provide the dividend equivalent amount for sub event type of 871(m) Dividend Equivalent Amount**
 - **Events with 1042-S Classifications will include multiple cash rates with each cash rate having a corresponding income code per the instructions for Form 1042-S, as applicable.)**
- Comments = field used to provide any other pertinent information regarding the event

IMPORTANT NOTE: DTC does not independently verify the accuracy and/or completeness of Tax Event Announcement information it receives from issuers and agents. It is the sole responsibility of each Participant to ensure the accuracy and completeness of Tax Event Announcement information that it uses for any purpose, including but not limited to tax withholding and reporting.