

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-95837; File No. SR-DTC-2022-009)

September 20, 2022

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Make Clarifications to the DTC Rules Concerning the Admission of Participants to DTC's Premises and DTC's Authority to Impose Fines

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 14, 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 Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder.<sup>4</sup> 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 consists of amendments to DTC Rules, By-Laws and Organization Certificate ("Rules") concerning the admission of Participants to DTC's premises and DTC's authority to impose fines. DTC filed the proposed rule change

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(4).

pursuant to Section 19(b)(3)(A) of the Act<sup>5</sup> and Rule 19b-4(f)(4)<sup>6</sup> thereunder so that the proposal was effective upon filing with the Commission, as described in greater detail below.<sup>7</sup>

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

DTC proposes to revise its Rules to clarify requirements related to the admission of Participants to DTC's premises and DTC's authority to impose fines. The proposed changes are described in detail below.

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<sup>5</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>6</sup> 17 CFR 240.19b-4(f)(4).

<sup>7</sup> Terms not defined herein are defined in the Rules, available at [http://dtcc.com/~media/Files/Downloads/legal/rules/dtc\\_rules.pdf](http://dtcc.com/~media/Files/Downloads/legal/rules/dtc_rules.pdf).

DTC Rule 17 provides, among other things, that necessary credentials for entering DTC's premises shall be provided as specified in the Procedures.<sup>8</sup> The rule further provides that, unless revoked by DTC, all credentials, authorizations and powers of attorney issued pursuant to Rule 17 or in connection with the work of DTC shall remain in full force and effect until DTC shall have received notice of the revocation thereof or of the termination of the holder's employment.<sup>9</sup>

DTC proposes to revise Rule 17 to delete the requirement that necessary credentials for entering DTC's premises be provided as specified in the Procedures. DTC does not currently maintain in its Procedures any specifications for providing such credentials. The proposed rule change would therefore remove outdated rule language that may cause confusion for DTC's Participants and readers of its Rules. DTC also proposes to revise Rule 17 to clarify that Participants must provide "written" notice of the revocation of any credentials, authorizations and powers of attorney or the termination of the holder's employment in order for such revocation or termination to become effective pursuant to Rule 17. The proposed rule change would clarify the appropriate method for notifying DTC of a revocation or termination of credentials and conform the notification requirement in Rule 17 to the requirements of DTC's affiliate clearing agencies, providing clear and consistent requirements across the clearing agencies' rules.<sup>10</sup>

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<sup>8</sup> The contents of all DTC Service Guides constitute "Procedures" of DTC. The Procedures may be found on DTCC's public website, available at <https://www.dtcc.com/legal/rules-and-procedures>.

<sup>9</sup> See Rule 17, supra note 7.

<sup>10</sup> See National Securities Clearing Corporation ("NSCC") Rule 27, Fixed Income Clearing Corporation ("FICC") Government Securities Division ("GSD") Rule 27, and FICC Mortgage Back Securities Division ("MBS") Rule 20. The NSCC Rules & Procedures, FICC GSD Rulebook, and FICC MBS Clearing Rules are

DTC Rule 21 discusses DTC's authority to discipline Participants or Pledges for, among other things, violations of DTC's Rules or Procedures.<sup>11</sup> DTC's disciplinary authority includes imposing any of the following sanctions: expulsion; suspension; limitation of activities, functions and operations; fine; censure; and any other fitting sanction.

DTC proposes to revise Rule 21 to state that fines shall be payable in the manner and at such time as determined by DTC from time to time. The proposed rule change would clarify an implicitly understood aspect of DTC's Rules and more closely align Rule 21 to the requirements of DTC's affiliate clearing agencies to provide greater consistency across the DTCC clearing agency rules.<sup>12</sup>

## 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 a registered clearing agency. Section 17A(b)(3)(F) of Act<sup>13</sup> requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. DTC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions for the reasons set forth below.

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available on DTCC's public website, available at  
<https://www.dtcc.com/legal/rules-and-procedures>.

<sup>11</sup> See Rule 21, supra note 7.

<sup>12</sup> See NSCC Rule 17 and FICC GSD Rule 23, supra note 10.

<sup>13</sup> 15 U.S.C. 78q-1(b)(3)(F).

The proposed rule change would clarify the appropriate method for notifying DTC of a revocation or termination of credentials (i.e., in writing) and remove outdated rule language that may cause confusion for DTC's Participants and readers of its Rules. The proposed rule change would also clarify that fines imposed by DTC shall be payable in the manner and at such time as determined by DTC from time to time. The proposed rule change would provide additional accuracy, clarity and transparency around implicitly understood aspects of DTC's Rules and current practices thereunder. When participants better understand their rights and obligations regarding the Rules, such participants are more likely to act in accordance with the Rules, which DTC believes would promote the prompt and accurate clearance and settlement of securities transactions consistent with the requirements of Section 17A(b)(3)(F) of Act.<sup>14</sup>

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

DTC does not believe that the proposed rule change would have any impact on competition. The proposed changes concerning the issuance and revocation of credentials and the payment of fines are intended to clarify existing processes and would not impose any new material obligations or requirements on users of DTC's services. The proposed rule changes would apply equally to all participants and would not inhibit access to DTC's services or disadvantage or favor any particular user in relationship to another. DTC therefore does not believe that the proposed rule change would have any impact on competition.

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Id.

(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 by DTC, they will 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 regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at [tradingandmarkets@sec.gov](mailto:tradingandmarkets@sec.gov) or 202-551-5777.

DTC reserves the right not to 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)<sup>15</sup> of the Act and paragraph (f)<sup>16</sup> of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily

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<sup>15</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>16</sup> 17 CFR 240.19b-4(f).

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](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2022-009 on the subject line.

##### Paper Comments:

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

All submissions should refer to File Number SR-DTC-2022-009. 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-2022-009 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.<sup>17</sup>

J. Matthew DeLesDernier,  
Deputy Secretary.

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<sup>17</sup> 17 CFR 200.30-3(a)(12).