

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 34

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

File No. \* SR 2022 - \* 010

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) \*

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Section 19(b)(3)(A) \*

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Section 19(b)(3)(B) \*

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Pilot

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Extension of Time Period for  
Commission Action \*

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Date Expires \*

Rule

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19b-4(f)(1)

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19b-4(f)(4)

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19b-4(f)(2)

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19b-4(f)(5)

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19b-4(f)(3)

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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 Procedures Set Forth in the Custody Guide and the Underwriting Guide Including the Policy Statement on the Eligibility of Foreign Securities

### 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 \*

RuleFilingAdmin@dtcc.com

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

10/07/2022

(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: 2022.10.07  
13:43:31 -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 - Custody and Underwriting

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 - Custody and Underwriting

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 \***

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

Add Remove View

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**

Add Remove View

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.

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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 - Custody and Underwriting C

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”) is annexed hereto as Exhibit 5.<sup>1</sup>

(b) Not applicable.

(c) Not applicable.

## **2. Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by a Deputy General Counsel of DTC on September 27, 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 Procedures<sup>2</sup> set forth in the Custody Guide<sup>3</sup> and the Underwriting Guide,<sup>4</sup> as well as the Policy Statement on the Eligibility of Foreign

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<sup>1</sup> 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 (“Rules”), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>, the DTC Custody Service Guide (“Custody Guide”), available at <https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Custody.pdf> and the DTC Underwriting Service Guide (“Underwriting Guide”), available at <https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Underwriting-Service-Guide.pdf>.

<sup>2</sup> 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. Rule 1, Section 1, supra note 1. DTC’s Procedures are filed with the Securities and Exchange Commission (“Commission”). They are binding on DTC and each Participant in the same manner that they are bound by the Rules. Rule 27, supra note 1.

<sup>3</sup> The Custody Guide, supra note 1, contains Procedures for DTC’s Custody Service. The Custody Service allows a Participant to deposit (i) Securities not eligible for DTC book-entry services, (ii) Securities that would otherwise be eligible for DTC book-entry services but are not registered in the name of DTC’s nominee, Cede & Co., and (iii) certain “non-standard assets.” Custody Guide, supra note 1, at 7. The Custody Service also includes DTC services for Deposit and Safekeeping, Withdrawal, Regular Transfer, Restricted Deposits and Transfer, Reorganization, Branch Deposits, and Physical Clearance and Settlement services. Custody Guide, supra note 1, at 8.

<sup>4</sup> The Underwriting Guide, supra note 1, contains Procedures for DTC’s Underwriting Service. The Underwriting Service allows Participants to request eligibility for Securities

Securities (“Policy Statement”) set forth in the Rules,<sup>5</sup> to make technical and clarifying changes, as described below.

### Proposed Rule Change

#### Custody Guide

The proposed rule change would make the following changes to the text of the Custody Guide.

First, the section of the Custody Guide titled “Requesting Custody Eligibility for a Security”<sup>6</sup> would be revised to delete text that directs Participants with questions regarding the section to a phone number for the DTC Underwriting Hotline.<sup>7</sup> The more appropriate party for a Participant to contact is its relationship manager, which is already noted in the section.<sup>8</sup> Deleting the reference to the Underwriting Hotline would provide greater clarity as to where Participants should direct their inquiries relating to this aspect of the Custody Service.

Second, the subsection titled “Short-Term Maturity”<sup>9</sup> under the “Custody Reorganization” section of the Custody Guide would be deleted as the functionality described in the subsection will be retired. The functionality described in the subsection relates to a process for the automatic redemption of Securities with short terms to maturity, including, but not limited to, bankers’ acceptances and certificates of deposit.<sup>10</sup> This functionality provides that DTC will track payment details for short-term Securities held in the Custody Service and provides a projection report of maturities to occur within the next 5 Business Days to the applicable Participant for balancing purposes. DTC then arranges for the certificate to be automatically routed to an internal Short-Term Maturity Prep box (“Short-Term Maturity Box”) to then be

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and deposit securities eligible for depository services. Underwriting Guide, supra note 1, at 7.

<sup>5</sup> The purpose of the Policy Statement is to set forth in an accessible manner the criteria and procedures for making the securities of foreign issuers (“Foreign Securities”) eligible for deposit and book-entry transfer through the facilities of DTC in accordance with the Securities Act of 1933 and the rules and regulations of the Commission thereunder. See Securities Exchange Act Release No. 56277 (August 17, 2007), 72 FR 48709 (August 24, 2007) (File No. SR-DTC-2007-04).

<sup>6</sup> Custody Guide, supra note 1, at 20-21.

<sup>7</sup> Custody Guide, supra note 1, at 21.

<sup>8</sup> Custody Guide, supra note 1, at 20.

<sup>9</sup> Custody Guide, supra note 1, at 24.

<sup>10</sup> See Securities Exchange Act Release No. 42597 (March 30, 2000), 65 FR 18399 (April 7, 2000) (File No. SR-DTC-99-26).

presented to the paying agent on the payable date, along with a system-generated instruction for the paying agent to wire the proceeds to the bank account designated by the Participant.

DTC is retiring this Short-Term Maturity functionality as it has not been used by a Participant in over five years, and such transactions have been rare since the implementation of the Short-Term Maturity functionality. Based on DTC's observation of existing Participant deposits and activity, DTC does not anticipate future demand for this process.

Once the Short-Term Maturity process described in the subsection is discontinued, Participants holding any applicable Securities through the Custody Service would need to track any such maturity details on their own and provide appropriate instructions relating to matured Securities through the DTC system via the general Custody Service system functionality, as they would for other transaction types not otherwise specified in the Custody Guide, using the Participant Terminal System (PTS)/Participant Browser System (PBS) function CUST or via messaging.<sup>11</sup>

In discontinuing this function, the Custody Guide would be updated to delete, (i) a reference to the Short-Term Maturity Box under the heading "Custody Reorganization Boxes," and (ii) a reference to short-term maturities under the heading "Reorganization and Redemption Activities."

Finally, in the "Copyright" section of the Custody Guide, the date would be changed from 2021 to 2022.

### Underwriting Guide

The proposed rule change would make the following changes to the text of the Underwriting Guide.

First, the heading titled "Service Topics"<sup>12</sup> would be deleted. The heading follows a section titled "Overview" that explains that the Underwriting Guide describes services offered under the Underwriting Service and related requirements. Also, the "Service Topics" heading immediately precedes descriptions of the various service offerings that DTC provides as part of the Underwriting Service. Because the Overview section provides sufficient context for the reader to understand that the Underwriting Guide provides such descriptions, the inclusion of the "Service Topics" heading is not needed as a reference point for readers to understand the context or purpose of the service descriptions that follow. In this regard, DTC believes the elimination of this heading would enhance readability by reducing unnecessary wording.

Second, the section of the Underwriting Guide titled "Custody Service"<sup>13</sup> would be deleted. Although, the section provides a brief overview of the Custody Service and related

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<sup>11</sup> Custody Guide, supra note 1, at 16.

<sup>12</sup> Underwriting Guide, supra note 1, at 10.

<sup>13</sup> Underwriting Guide, supra note 1, at 18.

Procedures, the Custody Service is already described in the Custody Service Guide. So, inclusion of the description of the Custody Service within the Underwriting Guide is duplicative and unnecessary. The deletion of this section from the Underwriting Guide will not affect the Custody Service or the Procedures described in the Custody Guide.

Third, references to “data distribution boxes” and references to distributions of hard copy reports<sup>14</sup> would be deleted from the Underwriting Guide. The glossary included in the Underwriting Guide defines data distribution boxes as receptacles located in the central delivery area of DTC used for distributing hard copy reports and notices to Participants.<sup>15</sup> A subsection titled “About the Product” under the “IPO Tracking System” section of the Underwriting Guide provides that reports are issued daily in hard copy form and are distributed through DTC’s data distribution boxes or DTC’s Interface Department. The “How the Product Works” subsection of the “IPO Tracking System” section also contains a cross reference regarding instructions on data distribution boxes to the text in the “About the Product” subsection described above.

Today, IPO Tracking reports are transmitted in electronic format, and Participants no longer retrieve such reports in hard copy form. As such, DTC would update the Underwriting Guide to delete the above-described references to data distribution boxes and distribution of hard copy reports from the glossary and the “IPO Tracking System” section.

Finally, in the “Copyright” section of the Underwriting Guide, the date would be changed from 2021 to 2022.

### Policy Statement

The proposed rule change would make a technical amendment to the Policy Statement to align a provision of the Policy Statement with the Procedures.

The Policy Statement covers eligibility provisions for both Foreign Securities deposited with DTC at the time that such Foreign Securities are first distributed (referred to as “new issues”) and Foreign Securities deposited with DTC subsequent to the time that such Foreign Securities are first distributed (referred to as “older issues”).

Section 3 (“Section 3”) of the Policy Statement provides for a variety of measures designed to facilitate compliance by issuers and Participants with their obligations to DTC and pursuant to the federal securities laws.

Among requirements for new issues, Section 3 references an “Eligibility Questionnaire” that sets forth, inter alia, the basis on which the securities are eligible for deposit and book-entry transfer through the facilities of DTC that must be provided by a Participant seeking eligibility of a Foreign Security. However, today, in accordance with the Procedures, namely the

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<sup>14</sup> Underwriting Guide, supra note 1, at 8, 12 and 13.

<sup>15</sup> Underwriting Guide, supra note 1, at 8.

Underwriting Guide<sup>16</sup> and the Operational Arrangements (Necessary for an Issue to Become and Remain Eligible for DTC Services) (“OA”),<sup>17</sup> Participants submit eligibility requests through DTC’s systems designated for this purpose.

In this regard, the proposed rule change would make a technical change to the above-referenced text in the Policy Statement to remove the reference to an “Eligibility Questionnaire” and replace it with a reference to an “eligibility request, to be submitted to the Corporation in accordance with the Procedures.”

(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)<sup>18</sup> 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.<sup>19</sup> As described above, the proposed rule change revises the Custody Guide, the Underwriting Guide, and the Policy Statement to remove references to obsolete functions and make other technical changes. In this regard, the proposed rule change helps clarify the Procedures set forth in the Custody Guide, the Underwriting Guide, and the Policy Statement with respect to services and functions offered by DTC to Participants for processing of applicable transactions. Therefore, by improving the clarity of those documents with respect to those services and functions, the proposed rule change would help 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 does not believe that the proposed rule change will have an impact on competition because the proposed rule change consists of updates relating to obsolete functions and technical changes that would not significantly affect Participants’ use of the applicable services.

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<sup>16</sup> Underwriting Guide, *supra* note 1, at 16.

<sup>17</sup> OA, *available* at <https://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf> at 6-19.

<sup>18</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>19</sup> *Id.*

**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 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 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)**

(a) The proposed rule change is to take effect immediately upon filing pursuant to Section 19(b)(3)(A) of the Act.<sup>20</sup>

(b) The proposed rule change effects changes that (A) do not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible, and (B) do not significantly affect the respective rights or obligations of DTC or users of DTC's services<sup>21</sup> because the proposed rule change merely removes references to obsolete functions from, and makes other technical changes to, the Custody Guide, Underwriting Guide, and Policy Statement. Because these changes are technical in nature, the proposed rule change would not impact the safeguarding of securities or funds at DTC and would not have a significant impact on rights or obligations of DTC or users of its services.

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<sup>20</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>21</sup> 17 CFR 240.19b-4(f)(4)(i).



(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 – Not applicable.

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Custody Guide, the Underwriting Guide, and the Policy Statement.

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_]; File No. SR-DTC-2022-010)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Procedures Set Forth in the Custody Guide and the Underwriting Guide Including the Policy Statement on the Eligibility of Foreign Securities

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 October \_\_, 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.

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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).

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

The proposed rule change consists of amendments to Procedures<sup>5</sup> set forth in the Custody Guide<sup>6</sup> and the Underwriting Guide,<sup>7</sup> as well as the Policy Statement on the Eligibility of Foreign Securities ("Policy Statement") set forth in the Rules,<sup>8, 9</sup> to make technical and clarifying changes, as described in greater detail below.

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<sup>5</sup> 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. Rule 1, Section 1, infra note 9. DTC's Procedures are filed with the Securities and Exchange Commission ("Commission"). They are binding on DTC and each Participant in the same manner that they are bound by the Rules. Rule 27, infra note 9.

<sup>6</sup> The Custody Guide, infra note 9, contains Procedures for DTC's Custody Service. The Custody Service allows a Participant to deposit (i) Securities not eligible for DTC book-entry services, (ii) Securities that would otherwise be eligible for DTC book-entry services but are not registered in the name of DTC's nominee, Cede & Co., and (iii) certain "non-standard assets." Custody Guide, infra note 9, at 7. The Custody Service also includes DTC services for Deposit and Safekeeping, Withdrawal, Regular Transfer, Restricted Deposits and Transfer, Reorganization, Branch Deposits, and Physical Clearance and Settlement services. Custody Guide, infra note 9, at 8.

<sup>7</sup> The Underwriting Guide, infra note 9, contains Procedures for DTC's Underwriting Service. The Underwriting Service allows Participants to request eligibility for Securities and deposit securities eligible for depository services. Underwriting Guide, infra note 9, at 7.

<sup>8</sup> The purpose of the Policy Statement is to set forth in an accessible manner the criteria and procedures for making the securities of foreign issuers ("Foreign Securities") eligible for deposit and book-entry transfer through the facilities of DTC in accordance with the Securities Act of 1933 and the rules and regulations of the Commission thereunder. See Securities Exchange Act Release No. 56277 (August 17, 2007), 72 FR 48709 (August 24, 2007) (File No. SR-DTC-2007-04).

<sup>9</sup> 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 ("Rules"), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>, the DTC Custody Service Guide ("Custody Guide"), available at <https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Custody.pdf> and the DTC Underwriting Service Guide ("Underwriting Guide"), available at

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 Procedures<sup>10</sup> set forth in the Custody Guide<sup>11</sup> and the Underwriting Guide,<sup>12</sup> as well as the Policy Statement on the Eligibility

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<https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Underwriting-Service-Guide.pdf>.

<sup>10</sup> 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. Rule 1, Section 1, supra note 9. DTC’s Procedures are filed with the Securities and Exchange Commission (“Commission”). They are binding on DTC and each Participant in the same manner that they are bound by the Rules. Rule 27, supra note 9.

<sup>11</sup> The Custody Guide, supra note 9, contains Procedures for DTC’s Custody Service. The Custody Service allows a Participant to deposit (i) Securities not eligible for DTC book-entry services, (ii) Securities that would otherwise be eligible for DTC book-entry services but are not registered in the name of DTC’s nominee, Cede & Co., and (iii) certain “non-standard assets.” Custody Guide, supra note 9, at 7. The Custody Service also includes DTC services for Deposit and Safekeeping, Withdrawal, Regular Transfer, Restricted Deposits and Transfer, Reorganization, Branch Deposits, and Physical Clearance and Settlement services. Custody Guide, supra note 9, at 8.

<sup>12</sup> The Underwriting Guide, supra note 9, contains Procedures for DTC’s Underwriting Service. The Underwriting Service allows Participants to request

of Foreign Securities (“Policy Statement”) set forth in the Rules,<sup>13</sup> to make technical and clarifying changes, as described below.

Proposed Rule Change

Custody Guide

The proposed rule change would make the following changes to the text of the Custody Guide.

First, the section of the Custody Guide titled “Requesting Custody Eligibility for a Security”<sup>14</sup> would be revised to delete text that directs Participants with questions regarding the section to a phone number for the DTC Underwriting Hotline.<sup>15</sup> The more appropriate party for a Participant to contact is its relationship manager, which is already noted in the section.<sup>16</sup> Deleting the reference to the Underwriting Hotline would provide greater clarity as to where Participants should direct their inquiries relating to this aspect of the Custody Service.

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eligibility for Securities and deposit securities eligible for depository services. Underwriting Guide, supra note 9, at 7.

<sup>13</sup> The purpose of the Policy Statement is to set forth in an accessible manner the criteria and procedures for making the securities of foreign issuers (“Foreign Securities”) eligible for deposit and book-entry transfer through the facilities of DTC in accordance with the Securities Act of 1933 and the rules and regulations of the Commission thereunder. See Securities Exchange Act Release No. 56277 (August 17, 2007), 72 FR 48709 (August 24, 2007) (File No. SR-DTC-2007-04).

<sup>14</sup> Custody Guide, supra note 9, at 20-21.

<sup>15</sup> Custody Guide, supra note 9, at 21.

<sup>16</sup> Custody Guide, supra note 9, at 20.

Second, the subsection titled “Short-Term Maturity”<sup>17</sup> under the “Custody Reorganization” section of the Custody Guide would be deleted as the functionality described in the subsection will be retired. The functionality described in the subsection relates to a process for the automatic redemption of Securities with short terms to maturity, including, but not limited to, bankers’ acceptances and certificates of deposit.<sup>18</sup> This functionality provides that DTC will track payment details for short-term Securities held in the Custody Service and provides a projection report of maturities to occur within the next 5 Business Days to the applicable Participant for balancing purposes. DTC then arranges for the certificate to be automatically routed to an internal Short-Term Maturity Prep box (“Short-Term Maturity Box”) to then be presented to the paying agent on the payable date, along with a system-generated instruction for the paying agent to wire the proceeds to the bank account designated by the Participant.

DTC is retiring this Short-Term Maturity functionality as it has not been used by a Participant in over five years, and such transactions have been rare since the implementation of the Short-Term Maturity functionality. Based on DTC’s observation of existing Participant deposits and activity, DTC does not anticipate future demand for this process.

Once the Short-Term Maturity process described in the subsection is discontinued, Participants holding any applicable Securities through the Custody Service would need to track any such maturity details on their own and provide appropriate

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<sup>17</sup> Custody Guide, supra note 9, at 24.

<sup>18</sup> See Securities Exchange Act Release No. 42597 (March 30, 2000), 65 FR 18399 (April 7, 2000) (File No. SR-DTC-99-26).

instructions relating to matured Securities through the DTC system via the general Custody Service system functionality, as they would for other transaction types not otherwise specified in the Custody Guide, using the Participant Terminal System (PTS)/Participant Browser System (PBS) function CUST or via messaging.<sup>19</sup>

In discontinuing this function, the Custody Guide would be updated to delete, (i) a reference to the Short-Term Maturity Box under the heading “Custody Reorganization Boxes,” and (ii) a reference to short-term maturities under the heading “Reorganization and Redemption Activities.”

Finally, in the “Copyright” section of the Custody Guide, the date would be changed from 2021 to 2022.

#### Underwriting Guide

The proposed rule change would make the following changes to the text of the Underwriting Guide.

First, the heading titled “Service Topics”<sup>20</sup> would be deleted. The heading follows a section titled “Overview” that explains that the Underwriting Guide describes services offered under the Underwriting Service and related requirements. Also, the “Service Topics” heading immediately precedes descriptions of the various service offerings that DTC provides as part of the Underwriting Service. Because the Overview section provides sufficient context for the reader to understand that the Underwriting Guide provides such descriptions, the inclusion of the “Service Topics” heading is not needed as a reference point for readers to understand the context or purpose of the service

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<sup>19</sup> Custody Guide, supra note 9, at 16.

<sup>20</sup> Underwriting Guide, supra note 9, at 10.

descriptions that follow. In this regard, DTC believes the elimination of this heading would enhance readability by reducing unnecessary wording.

Second, the section of the Underwriting Guide titled “Custody Service”<sup>21</sup> would be deleted. Although, the section provides a brief overview of the Custody Service and related Procedures, the Custody Service is already described in the Custody Service Guide. So, inclusion of the description of the Custody Service within the Underwriting Guide is duplicative and unnecessary. The deletion of this section from the Underwriting Guide will not affect the Custody Service or the Procedures described in the Custody Guide.

Third, references to “data distribution boxes” and references to distributions of hard copy reports<sup>22</sup> would be deleted from the Underwriting Guide. The glossary included in the Underwriting Guide defines data distribution boxes as receptacles located in the central delivery area of DTC used for distributing hard copy reports and notices to Participants.<sup>23</sup> A subsection titled “About the Product” under the “IPO Tracking System” section of the Underwriting Guide provides that reports are issued daily in hard copy form and are distributed through DTC’s data distribution boxes or DTC’s Interface Department. The “How the Product Works” subsection of the “IPO Tracking System” section also contains a cross reference regarding instructions on data distribution boxes to the text in the “About the Product” subsection described above.

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<sup>21</sup> Underwriting Guide, supra note 9, at 18.

<sup>22</sup> Underwriting Guide, supra note 9, at 8, 12 and 13.

<sup>23</sup> Underwriting Guide, supra note 9, at 8.



Today, IPO Tracking reports are transmitted in electronic format, and Participants no longer retrieve such reports in hard copy form. As such, DTC would update the Underwriting Guide to delete the above-described references to data distribution boxes and distribution of hard copy reports from the glossary and the “IPO Tracking System” section.

Finally, in the “Copyright” section of the Underwriting Guide, the date would be changed from 2021 to 2022.

#### Policy Statement

The proposed rule change would make a technical amendment to the Policy Statement to align a provision of the Policy Statement with the Procedures.

The Policy Statement covers eligibility provisions for both Foreign Securities deposited with DTC at the time that such Foreign Securities are first distributed (referred to as “new issues”) and Foreign Securities deposited with DTC subsequent to the time that such Foreign Securities are first distributed (referred to as “older issues”).

Section 3 (“Section 3”) of the Policy Statement provides for a variety of measures designed to facilitate compliance by issuers and Participants with their obligations to DTC and pursuant to the federal securities laws.

Among requirements for new issues, Section 3 references an “Eligibility Questionnaire” that sets forth, inter alia, the basis on which the securities are eligible for deposit and book-entry transfer through the facilities of DTC that must be provided by a Participant seeking eligibility of a Foreign Security. However, today, in accordance with the Procedures, namely the Underwriting Guide<sup>24</sup> and the Operational Arrangements

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<sup>24</sup> Underwriting Guide, supra note 9, at 16.

(Necessary for an Issue to Become and Remain Eligible for DTC Services) (“OA”),<sup>25</sup> Participants submit eligibility requests through DTC’s systems designated for this purpose.

In this regard, the proposed rule change would make a technical change to the above-referenced text in the Policy Statement to remove the reference to an “Eligibility Questionnaire” and replace it with a reference to an “eligibility request, to be submitted to the Corporation in accordance with the Procedures.”

## 2. 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)<sup>26</sup> 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.<sup>27</sup> As described above, the proposed rule change revises the Custody Guide, the Underwriting Guide, and the Policy Statement to remove references to obsolete functions and make other technical changes. In this regard, the proposed rule change helps clarify the Procedures set forth in the Custody Guide, the Underwriting Guide, and the Policy Statement with respect to services and functions offered by DTC to Participants for processing of applicable transactions. Therefore, by improving the

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<sup>25</sup> OA, available at <https://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf> at 6-19.

<sup>26</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>27</sup> Id.

clarity of those documents with respect to those services and functions, the proposed rule change would help 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 does not believe that the proposed rule change will have an impact on competition because the proposed rule change consists of updates relating to obsolete functions and technical changes that would not significantly affect Participants' use of the applicable services.

(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

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 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)<sup>28</sup> of the Act and paragraph (f)<sup>29</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 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-2022-010 on the subject line.

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<sup>28</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>29</sup> 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-2022-010. 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-2022-010 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>30</sup>

Secretary

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<sup>30</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

**Bold, underlined text** indicates proposed added language.

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

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## CUSTODY SERVICE GUIDE

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### Copyright

### IMPORTANT LEGAL INFORMATION

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## CUSTODY SERVICES

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### Requesting Custody Eligibility for a Security

Custody Eligibility Requests must be submitted by Participants through the Custody Eligibility Application within USA which is accessible through the secure Internet portal generally used for DTC's online applications, <https://portal.dtcc.com>.

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#### Note

A Participant should contact its relationship manager with any questions it has regarding access to the DTC portal and the Custody Eligibility Application.

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Custody Eligibility Requests must contain certain Data Elements and copy of the security certificate, or other relevant documentation for an asset that is not a security, as applicable, in order to be processed. Participants seeking to make multiple Custody Eligibility Requests at one time have the option to submit a

spreadsheet containing the Data Elements for all the securities and other assets for which eligibility is being requested at that time.

Data Elements include CUSIP (if available); Sub Issue Type (required); Description (required); U.S./Non U.S. (This field is required for corporate debt and equity issues. For all certificates of deposit, and collateralized mortgage obligations must be U.S. issues. For municipal securities, this field is set to U.S. and is not updateable); Issuer Country of Origin (required for corporate debt and equity issue types); State of Incorporation (required for all U.S. issues), Dated Date (required for corporate debt and municipal security types); Accrual Date (required for corporate debt and municipal security types); Certificate Type (required and defaulted to R for Registered, can be updated to Bearer or Interchangeable); Maturity Date (required for corporate debt, municipal securities and warrants); Interest Rate (required for corporate debt and municipal security types); DTC Participant Number, Name of Paying Agent (required for corporate debt and municipal security types); and Exercise Price (required for warrants). If the Participant does not enter the required Data Elements then the Custody Eligibility Application would prompt the Participant to include the missing information.

Once the Custody Eligibility Request is submitted by a Participant, DTC will validate the Data Elements. DTC will send an automated email to notify the Participant if a Custody Eligibility Request requires further review by DTC prior to adding the security or other asset, as applicable to the Custody system as eligible for deposit. DTC may require other information it deems necessary to complete its processing of a Custody Eligibility Request. If DTC requires additional information to complete its review of a Custody Eligibility Request, or otherwise identifies an issue that may affect processing of the Custody Eligibility Request (e.g., incorrect sub-issue type, OFAC issue, etc.), DTC staff will contact the Participant in this regard directly by phone and/or in writing.

If the security subject of the Custody Eligibility Request complies with the requirements set forth in these Procedures but has not been assigned a CUSIP, DTC will assign a CUSIP which the Participant may view on the Custody Eligibility Application screen. DTC will send the Participant making the Custody Eligibility Request an automated email communication to notify the Participant if the applicable security or other asset becomes eligible for Custody services.

**~~Participants with questions regarding the above should call the DTC Underwriting Hotline phone number at 866-724-4402.~~**

## CUSTODY REORGANIZATION

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### Reorganization and Redemption Activities

All DTC Reorganization and Redemption activity types are eligible for Custody Reorganization services. These include, but are not limited to:

- Cash mergers
- Stock/stock mergers
- Stock/cash mergers
- Partial calls



- Liquidations
- Full calls
- Maturities
- Warrants
- Conversions
- Rights offerings
- Reverse splits
- Tenders
- ~~Short term maturities.~~

## Mandatory Reorganizations

A Participant can move to the Mandatory Reorg Prep box securities that are already in custody in one of two ways:

1. Designate custody box locations as "sweepable" (moveable), allowing DTC to automatically make a daily comparison of all positions to the RIPS database and identify all mandatory items and then to move those items to the Mandatory Reorg Prep box.
2. Designate custody box locations as "nonsweepable." A Participant can then decide at any time to transmit a message instructing DTC to sweep (move) the securities to the Mandatory Reorg Prep box.

Once securities are moved to the Mandatory Reorg Prep box, the system automatically generates Letters of Transmittal (LTs). The LT shows the name and address of the agent and the cash or stock proceeds to which a Participant is entitled. The LT further instructs the agent to pay cash proceeds to DTC and to register the new certificates in the same Participant's or customer name as that of the old securities.

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### Note

A Participant will not be charged for rejects resulting from DTC error. DTC will correct and resubmit, at no charge to the Participant, any rejects that can be corrected.

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## Voluntary Reorganizations

The voluntary portion of the Custody Reorganization product applies to conversions, warrants, tenders, and rights. DTC has designated a special voluntary box location for these items. During the life of a conversion or warrant, a Participant can submit instructions for custody positions through the PTS/PBS functions WARR (warrants) and RCNV (conversions).

Currently, a Participant cannot give instructions on custody positions for tenders and rights offerings through PTOP and PSOP. The Participant should move its custody position to the free account, and if the securities are DTC-eligible, follow the same instructions as those for regular reorg tenders and rights offerings. If the securities are non-negotiable, restricted or if the offer is not being handled by DTC, DTC will accept hard-copy LTs.

## Short-Term Maturity

~~Certificated bankers acceptances, municipal Variable Rate Demand Obligations (VRDO), institutional certificates of deposit (CD), and certain other instruments held in custody must be presented to the paying agent on the scheduled payable date, not before. The short-term component of Custody Reorganization is designed to help the Participant comply with these requirements.~~

~~When DTC receives short-term maturity certificates into custody, the payable date and other relevant payment details are captured at the individual certificate level. DTC produces a short-term redemption payment projection report daily, detailing certificates with payable dates that are within the next 5 business days, and sends it to the Participant to be balanced. Securities shown on the projection report are automatically routed to the Participant's Short-Term Maturity Prep box. DTC then arranges for the securities to be delivered to the paying agent on the payable date along with a system-generated LT instructing the agent to wire the proceeds to the bank account that is designated. It is the Participant's responsibility to inform DTC if there are errors on the projection report.~~

## Reorganization and Redemption Research

DTC's staff tracks certificates from issuance date to the current date in order to determine reorganizations or redemption events and their associated entitlements. DTC attempts to contact the current exchange or redemption agent if one is available to verify status in this regard, as applicable.

The Participant can move an issue into the Custody Reorg Prep box even if the issue does not have an existing DTC RIPS envelope. DTC will research the issue and will either create an envelope or move the position to the Participant's research or reject box. If the latter, DTC will explain why the envelope cannot be created.

Reasons include:

- Offer expired
- Security is worthless or bankrupt
- Escheatment
- Agent cannot be located.

## Agent Follow-up, Collection and Payment

Custody Reorganization also has the following features:

- Agent follow-up on Custody Reorganization presentations. (Note: No allocation of entitlement is processed before it is received from the agent.)
- Payment of cash entitlement (cash mergers, cash-in-lieu, and cash dividends) are allocated through the existing reorganization settlement system and identified as custody allocations.

- All completed stock entitlements are routed to the Custody Reorganization Hold Box (Box 949). The Participants are responsible for moving the securities to a final location (DTC free, Custody vault).

## Custody Reorganization Boxes

Six box locations are associated with Custody Reorganization; all locations appear as Seg 22 sub accounts:

1. 934: Participant Research (rejects from transfer agent also included)
2. 936: Conversion and Warrant
3. 938: DTC Research
4. 939: Mandatory and Voluntary Reorg Prep
5. 949: Completed Reorganization Hold
- ~~6. 953: Short Term Maturity Prep~~
6. 7. 955: At Agent

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## UNDERWRITING SERVICE GUIDE

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## COPYRIGHT

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### Important Legal Information

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## ABOUT UNDERWRITING SERVICES

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## Overview

DTC, through its underwriting department (“Underwriting Department”), serves the financial industry by making securities eligible for depository services. Through DTC, Participants have the ability to distribute new and secondary offerings quickly and economically by electronic book-entry delivery and settlement. These securities are then available for depository services. DTC maintains a master file of all CUSIP numbers representing securities made eligible at DTC.

This guide describes services offered through Underwriting and related requirements.

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**Note:**

It is the sole responsibility of Participants to perform a daily reconciliation of their activity and positions with the information, reports and statements provided by DTC. Participants must immediately report to DTC any discrepancy between their activity and positions with the information, reports and statements provided by DTC or other issues relating to the accuracy of the information, reports and statements provided by DTC. Such reports must be made to DTC by (i) calling the Client Support hotline at 1-888-382-2721 (and selecting Option 1, Option 1) to speak with a DTC representative and (ii) providing a written detailed description of the discrepancy to the DTC representative, or as otherwise directed by DTC in writing. DTC shall not be liable for any loss resulting or arising directly or indirectly from mistakes, errors, or omissions related to the information, reports or statements provided by DTC, other than those caused directly by gross negligence or willful misconduct on the part of DTC.

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In addition, DTC’s Operational Arrangements (“OA”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>, set forth the criteria for an issue to become and remain eligible at DTC and should be used in conjunction with this Service Guide. The OA outlines the various eligibility requirements, including, but not limited to:

- Securities Eligible for DTC’s services
- Standard time frames for providing underwriting information to DTC
- Documentation including Letters of Representations and applicable riders
- Opinions of counsel
- Ownership thresholds

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**Note:**

DTC, as it deems appropriate, may extend any deadline, timeframe, or cutoff established by DTC, including, without limitation, to (i) address operational or other delays that could reasonably affect the ability of DTC, a Participant or other stakeholder from meeting the deadline, timeframe, or cutoff; or (ii) allow DTC time operationally to exercise its existing rights under the Rules and Procedures. In addition, times applicable to DTC are standards and not deadlines; actual processing times may vary, based upon the circumstances. Any action taken by DTC in connection with this paragraph shall not establish a precedent for any situation that may occur in the future (or otherwise bind DTC in any manner). DTC disclaims all liability for any losses and/or expenses incurred by a Participant, stakeholder or any third-party resulting from, relating to, or arising from (i) any action taken by DTC in connection with this paragraph, (ii) the determination of DTC to decline to take action pursuant to this paragraph, and/or (iii) the failure of a Participant, stakeholder or any third-party to meet any deadline, timeframe, cutoff or requirement established by a party other than DTC.

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Glossary Term	Abbreviation	Definition
book-entry-only security	BEO	An issue authorized for deposit at DTC in the form of one or more global certificates for each tranche of an issue. Ownership positions and transactions in each security are reflected in DTC's records and in the records of participating banks and brokers. Transaction confirmations and periodic account statements provided to investors identify securities the investor owns and report on activity in the investor's account.
Blanket Letter of Representations	BLOR	An agreement accepted by DTC from issuers in which the issuer agrees to comply with the requirements stated in the Operational Arrangements, as they may be amended from time to time. DTC requires an issuer to submit a BLOR only once for all its future issuances distributed through DTC.
closing date		The date on which the Underwriting Department will distribute an issue to the underwriter's DTC participant account for book-entry delivery and settlement upon notification by both the underwriter and the issuer that an issue has closed. Also referred to as the distribution date.
CUSIP number		The identification number created by the American Banking Association's Committee on Uniform Security Identification Procedures (CUSIP) to uniquely identify issuers and issues of securities and financial instruments. The CUSIP number consists of nine digits; the first six digits identify the issuer and have been assigned to issuers in alphabetic sequence, and the next two characters (alphabetic or numeric) identify the issue. The ninth digit is the check digit.
<b>data distribution box</b>	<b>DD</b>	<b>A receptacle located in the central delivery area of DTC used for distributing hard-copy reports and notices to participants.</b>
Fast Automated Securities Transfer	FAST	An arrangement between DTC and transfer agents to eliminate the movement of securities certificates. By signing the Balance Certificate Agreement with DTC, agents agree to maintain DTC-eligible inventory in the form of jumbo certificates registered in the name of DTC's nominee name, Cede & Co. DTC and FAST agents electronically reconcile the results of participants' daily deposit and withdrawal activities.
flipping		The sale of shares of a security in the secondary market during the stabilization period or penalty-bid period.
global		An issue that is eligible to trade and settle at a domestic as well as an international depository.
initial public offering	IPO	A corporation's first offering of stock to the public. In an IPO, a corporation must comply with registration requirements of the Securities and Exchange Commission (SEC).
lead manager		The institution that organizes and leads a syndicate of underwriters in purchasing and distributing shares of an offering to investors. Also known as lead underwriter.
Letter of Representations	LOR	An agreement that contains certain representations that must be made to DTC by the issuer and others before various issue types (for

Glossary Term	Abbreviation	Definition
		example, book-entry-only issues, Rule 144A issues, and Regulation S issues) can be made eligible for DTC's services.
offering documents		A formal written offer to sell securities that sets forth the plan for the proposed business enterprise (or the facts concerning an existing one) that an investor needs in order to make an informed investment decision.
operational arrangements		The requirements for an issue to become eligible for DTC services that incorporates standards for income, reorganization, and redemption payments ("Principal and Income Payments"), adopting the guidelines set by the U. S. Working Committee Group of Thirty (G-30) Clearance and the Settlement Project Same-Day Funds Task Force (P Task Force).
penalty-bid period		Established time period in which the lead manager has the right to penalize syndicate members for their customers' flipping activity.
private placement		The sale of securities directly to private persons, institutional investors, or both outside a public offering. Unlike a public offering, a private placement does not have to be registered with the SEC.
SEC-registered company		An offering of securities that is filed with the Securities and Exchange Commission (SEC).
stabilization period		The duration of time immediately after the closing of an issue during which the lead manager may purchase securities in the open market in order to stop a decline in the price of the securities.
syndicate		A group of investment banks assembled by a lead manager to underwrite a new issue. Also known as a selling group.

## SERVICE TOPICS

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## IPO TRACKING SYSTEM

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### About the Product

The IPO Tracking System tracks the movement of IPO shares for a designated period. The system monitors the market activity of an IPO issue, including the sale ("flipping") of IPO shares during the tracking (stabilization) period and generates daily reports for the lead manager and syndicate members itemizing that activity. **Cumulative IPO tracking reports for lead managers and syndicate members are issued daily in hard-copy form and are distributed through DTC's data distribution (DD) boxes or through DTC's Interface Department.**

Daily reports are also available in machine-readable format from approximately 4:00 a.m. to 5:00 p.m. eastern time.

## How the Product Works

In order to track a new issue, the lead manager must submit the necessary documentation as required by DTC's Underwriting Department to make an issue DTC-eligible (see New Issue Eligibility). In addition, the IPO tracking indicators must be activated as more fully described in the next subsection.

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### Note

You must learn to use the appropriate IPO functions to deliver IPO-tracked shares or you will be unable to successfully complete transactions. Moreover, brokers must prepare to include their IPO Control Account when balancing their internal records. Therefore, all lead managers will be required to test with DTC before tracking their first issue. For information on scheduling a test, please call the Underwriting Department at (212) 855-3704.

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The following table shows you how to set up the tracking of an IPO issue by DTC.

Action	Result
Submit to DTC's Underwriting Department a prospectus and completed Eligibility Questionnaire at least 10 days before the closing date.	DTC will call the underwriter to confirm that the issue can be made DTC-eligible.
Provide the Underwriting department with the CUSIP numbers of the issue 7 days before the closing date.	CUSIP numbers will be added to the CUSIP master file and become eligible for all DTC services. For issues that are non-FAST, DTC will provide a denominational breakdown of the certificates to be submitted before closing.
The lead manager should notify DTC's Underwriting Department as early as possible that an IPO issue should be tracked, but must instruct DTC in writing no later than 3:00 p.m. eastern time 2 days before the issue closes. The manager should include the estimated length of the tracking period (the maximum tracking period is 90 calendar days).	When DTC makes the issue eligible, a tracking indicator on DTC's master file is turned on. The indicator defaults to "on" for all common stock IPO CUSIPs but will be turned off if DTC is not instructed in writing by 3:00 p.m. eastern time to track the IPO issue. Tracking information is available via the PTS functions IPOI and GWIZ and over the Computer-to-Computer Facility (CCF) eligibility files (ELISCA).

DTC ends tracking at the close of business on the 90th calendar day of tracking, or any day prior, as instructed by the lead manager. If the lead manager wants to extend or shorten the end tracking date after the issue closes, the Underwriting Department must receive a written request by 3:00 p.m. two days before the current end tracking date.

After DTC ends tracking, at the close of business on the specified date, shares in the brokers' IPO control accounts are moved to their free accounts and are subject to normal collateralization rules, unless the lead underwriter has made prior arrangements to move shares into the subaccount segregation locations. You can perform activities (such as COD withdrawals and deposits) that were chilled during the tracking period. DTC updates the PTS function GWIZ and the CCF file ELISCA to indicate that tracking for that issue has been turned off and generates a final tracking report. ~~(See About the Product for instructions on DD boxes.)~~

For more information on IPO Tracking, refer to the *IPO Tracking System User Guide* at <http://www.dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/Underwriting/IPO.pdf>.

## Associated PTS Functions

You can use the following PTS functions in association with IPO Tracking:

This function	Allows you to
GWIZ	View whether tracking for an IPO issue has been turned on or off.
IPOI	View information about tracked IPO issues.
IPOU	Perform transactions for IPO tracked issues

## IPO Tracking Contact Number

For more information on the IPO Tracking System, call DTC's Customer Support Center at (888) 382-2721.

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## CUSTODY SERVICE

~~Some issues cannot be made eligible for full DTC services because of transfer restrictions or other factors. In these cases, the issue can be made eligible for DTC's Custody Service. The Custody Service enables participants to outsource the safekeeping and processing of physical securities not eligible for regular depository services and allows participants to deposit securities not traditionally eligible for DTC, including~~

- ~~• Restricted securities~~
- ~~• Customer-registered custodial assets~~
- ~~• Non-DTC eligible securities, including certificated and money market instruments, private placements, and limited partnerships.~~

~~DTC's Custody Service, used in conjunction with the New York Window Service and DTC's Branch Deposit Service, allows you to retain control of your securities without having to physically handle and secure them. The Older Issue Eligibility area supports the Custody Service by reviewing issues for eligibility and adding the CUSIP numbers to the security master file.~~



## ~~Preparing to Use the Custody Service~~

~~In order to use the Custody Eligibility service, a Participant must have access to the Underwriting System Applications (USA).~~

## ~~How Custody Eligibility Works~~

~~In order for a Participant to make a deposit through the Custody Service, the security must first be setup on DTC's masterfile.~~

~~Participants should see the Custody Service Guide, available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Custody.pdf>, for DTC's Procedures on how to make a security eligible for the Custody Service.~~

~~For more on Custody visit our website: <http://www.dtcc.com/matching-settlement-and-asset-services/securities-processing/custody-service>.~~

## ~~Associated PTS Functions~~

~~You can use the PTS function GWIZ to view the details of a DTC eligible issue.~~

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### **RULES**

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### **BY-LAWS**

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### **ORGANIZATION CERTIFICATE**

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### **POLICY STATEMENT**

### **ON THE**

### **ELIGIBILITY OF FOREIGN SECURITIES**

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Section 3. Procedures of the Corporation. The Corporation implements a variety of measures designed to facilitate compliance by issuers and Participants with their obligations to the

Corporation and pursuant to the federal securities laws. These measures are set forth below, with particular reference to Foreign Securities.

(a) *New Issues*. With respect to Foreign Securities deposited with the Corporation at the time that such Foreign Securities are first distributed (referred to as “new issues”):

(1) For *all Foreign Securities*, the Corporation will require (i) from the Participant seeking eligibility (e.g., the underwriter), an **Eligibility Questionnaire request, to be submitted to the Corporation in accordance with the Procedures**, that sets forth *inter alia* the basis on which the securities are eligible for deposit and book-entry transfer through the facilities of the Corporation, and (ii) from the issuer, a Letter of Representations with representations that incorporate by reference substantially all of the standard representations set forth in the “Operational Arrangements (Necessary for an Issue to Become and Remain Eligible for DTC Services)” of the Corporation.

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