

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 2023 - * 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 * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input checked="" type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 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 Recovery and Wind-down Plan

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 * [REDACTED] Last Name * [REDACTED]

Title * [REDACTED]

E-mail * RuleFilingAdmin@dtcc.com

Telephone * [REDACTED] Fax [REDACTED]

Signature

Pursuant to the requirements of the Securities Exchange of 1934, The Depository Trust Company has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 09/01/2023

(Title *)

By [REDACTED]

(Name *)

[REDACTED]

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: 2023.09.01
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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 *

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Narrative (DTC) - RWP - 8.31.2023.doc

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 *

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Exh 1A (DTC) - RWP - 2023.docx

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

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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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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

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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

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Exh 5 (Redacted) - DTC RWP - 2023.doc

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 Board of Directors of DTC (“Board”) at a meeting duly called and held on October 19, 2022.

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

(a) Purpose

Executive Summary

The R&W Plan was adopted in August 2018² and is maintained by DTC for compliance with Rule 17Ad-22(e)(3)(ii) under the Securities Exchange Act of 1934 (“Act”).³ Rule 17Ad-22(e)(3)(ii) requires registered clearing agencies to, in short, establish, implement and maintain plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses. The Plan is intended to be used by the Board and DTC management in the event DTC encounters scenarios that could potentially prevent it from being able to provide its critical services to the marketplace as a going concern.

The R&W Plan is comprised of two primary sections: (i) the “Recovery Plan,” which sets out the tools and strategies to enable DTC to recover, in the event it experiences losses that exceed its prefunded resources, and (ii) the “Wind-down Plan,” which describes the tools and strategies to be used to conduct an orderly wind-down of DTC’s business in a manner designed

¹ Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC (the “Rules”), available at www.dtcc.com/-/media/Files/Downloads/legal/rules/dtc_rules.pdf, or in the Recovery & Wind-down Plan of DTC (the “Recovery & Wind-down Plan,” “R&W Plan” or “Plan”).

² See Securities Exchange Act Release Nos. 83972 (Aug. 28, 2018), 83 FR 44964 (Sep. 4, 2018) (SR-DTC-2017-021); and 83953 (Aug. 27, 2018), 83 FR 44381 (Aug. 30, 2018) (SR-DTC-2017-803).

³ 17 CFR 240.17Ad-22(e)(3)(ii). DTC is a “covered clearing agency” as defined in Rule 17Ad-22(a)(5) under the Act and must comply with paragraph (e) of Rule 17Ad-22.

to permit the continuation of DTC's critical services in the event that its recovery efforts are not successful.

The purpose of the rule proposal is to amend the R&W Plan to reflect business and product developments that have taken place since the time it was last amended,⁴ and make certain changes to improve the clarity of the Plan and make other updates and technical revisions. Some of the business and product-related amendments included in the proposed rule change are as follows (and described in more detail below):

- Changes to reflect the discontinuation of the Canadian dollar ("CAD") settlement feature of the Canadian-Link Service.⁵
- Removal of DTC's inbound link with the Peruvian central securities depository, based on its voluntary termination.
- The addition of The Bank of New York Mellon as a DTC Pledgee Bank.

DTC believes that by helping to ensure that the R&W Plan reflects current business and product developments, providing additional clarity, and making necessary grammatical corrections, that the proposed rule change will help DTC continue to maintain the Plan in a manner that supports the continuity of DTC's critical services and enables Participants and Pledgees to maintain access to DTC's services through the transfer of its membership in the event DTC defaults or the Wind-down Plan is ever triggered by the Board.

Background

The R&W Plan is managed by the Office of Recovery & Resolution Planning (referred to in the Plan as the "R&R Team") of DTC's parent company, the Depository Trust & Clearing

⁴ See Securities Exchange Act Release No. 91429 No. (Mar. 29, 2021), 86 FR 17421 (Apr. 2, 2021) (SR-DTC-2021-004).

⁵ The Canadian-Link Service provides Participants with a single depository interface for CAD transactions. The link facilitates Participants' ability to maintain U.S. and Canadian Security positions in their DTC accounts for Securities listed in both Canada and the United States (i.e., dually listed). In recent years, activity at DTC in CAD has accounted for less than 0.20 percent of DTC's average daily valued settlement volume. While Participants continue to use the Canadian-Link Service for custody purposes to position securities inventory at CDS Clearing and Depository Services Inc., ("CDS") through DTC's CDS account and receive related distribution payments, no Participants have effectuated a DVP of Securities through the Canadian-Link Service since 2018. For DTC to continue to maintain access to CDS's CAD settlement services, it would have been necessary for DTC to perform systems development in order to be able to continue to use this aspect of the Canadian-Link service. In DTC's judgement, it would be impractical for DTC to incur the costs to undertake such changes, including incurring development costs, due to the lack of demand by its Participants to use the valued aspect of the Canadian Link Service. See Securities Exchange Act Release No. 34-91429 (Mar. 29, 2021), 86 FR 17421 (Apr. 2, 2021) (SR-DTC-2021-004).

Corporation (“DTCC”),⁶ on behalf of DTC, with review and oversight by the DTCC Management Committee and the Board. In accordance with the SEC’s Approval Order covering the Plan,⁷ the Board, or such committees as may be delegated authority by the Board from time to time, is required to review and approve the R&W Plan biennially and would also review and approve any changes that are proposed to the R&W Plan outside of the biennial review. DTC completed its most recent biennial review in 2022. The proposed rule change reflects amendments proposed to the Plans resulting from that review, which are described in greater detail below. None of the proposed changes modify DTC’s general objectives and approach with respect to its recovery and wind-down strategy as set forth under the current Plan.

Proposed Amendments

A. Proposed Changes to Reflect Business or Product Developments

DTC is proposing changes to the following sections of the Plan based upon business updates that have occurred since the Plan was last amended.⁸

Section 2.2 (DTC Settlement) currently states that DTC is the primary U.S. central securities depository (“CSD”) and Securities Settlement System for eligible securities and that Fedwire book entry securities (U.S. Treasuries and Federal Agencies) are also eligible for deposit at DTC. This section also includes a bullet point list of the primary services performed by DTC. The proposal would clarify that U.S. Treasuries and Federal Agencies securities are eligible for all activity at DTC (not deposit activity only). It would also clarify the fact that DTC provides a platform to support the book entry transfer of eligible security positions and an end-of-day net funds settlement relating to eligible securities transfers and the processing of principal and interest distributions.

Section 2.4 (Intercompany Arrangements) describes how corporate support services are provided to DTC from DTCC and DTCC’s other subsidiaries, through intercompany agreements under a shared services model. This section includes a table, (Facilities, Table 2-B), that lists each of the DTCC facilities utilized by the Clearing Agencies and indicates whether the facility is owned or leased. DTC proposes to update this table to add Washington D.C., London, UK, and McLean, Virginia as additional DTCC facility locations.

⁶ DTCC operates on a shared service model with respect to DTC and its other affiliated clearing agencies, National Securities Clearing Corporation (“NSCC”) and Fixed Income Clearing Corporation (“FICC”). Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides relevant services to DTC, NSCC and FICC (collectively, the “Clearing Agencies”).

⁷ Supra note 2.

⁸ Supra note 4.

Section 2.5 (FMI Links)⁹ describes some of the key financial market infrastructures (“FMIs”), both domestic and foreign, that DTC has identified as critical “links.”¹⁰ As set out in this section of the Plan, the inventory of DTC’s links is maintained by DTCC’s Systemic Risk Office (“SRO”) and the SRO has set forth a set of practices and protocols for managing and reviewing the various risks and controls associated with clearing agency links. Based on a change to the SRO Clearing Agency Links-Risk Review Procedures, the proposal would clarify that in addition to approval by the Chief Systemic Risk Officer, the inventory of clearing agency links is also subject to the approval of a Deputy General Counsel of the General Counsel’s Office.

This section of the Plan also includes two tables (Table 2-C, Links and Table 2-D: Schedule A Relationships)¹¹ that sets out a brief description of DTC’s FMI links and Schedule A Relationships. The rule proposal would make the following updates to Table 2-C: (i) remove (x) Peru CSD, Cavali S.A.I.C.L.V., due to its voluntary termination from DTC,¹² and (y) Canadian Derivatives Clearing Corporation (“CDCC”) due to termination of their Pledgee Account, (ii) in entries describing DTC’s inbound and outbound links with CDS, remove the description of the Settlement Link Service because this service was discontinued and would be revised to state that DTC settles corporate action entitlements in Canadian dollars,¹³ (iii) in the entry describing DTCs inbound link, with Euroclear Bank SA/NV (“EB”), remove the reference to DTC Rule 34 (EB Collateral Positioning) because the rule and associated service were terminated,¹⁴ (iv) in the

⁹ For purposes of consistency, under the proposed rule change all references to “FMI Links” would be revised to refer to these as “Clearing Agency Links.”

¹⁰ As defined in Rule 17Ad-22(a)(8) under the Act, a link “means, for purposes of paragraph (e)(20) of Rule 17Ad-22, a set of contractual and operational arrangements between two or more clearing agencies, financial market utilities, or trading markets that connect them directly or indirectly for the purposes of participating in settlement, cross margining, expanding their services to additional instruments or participants, or for any other purposes material to their business.” 17 CFR 240.17Ad-22(a)(8).

¹¹ DTC has identified certain critical external service providers that, as determined by DTC’s management, do not meet the specified criteria of “link” but nevertheless are subject to the same review process as is conducted for links, referred to within DTC as “Schedule A Relationships.”

¹² See DTC Important Notice issued to Participants on May 26, 2021 www.dtcc.com/-/media/Files/pdf/2021/5/26/15230-21.pdf.

¹³ Supra note 5.

¹⁴ See Securities Exchange Act Release No. 34-93442 (Oct. 28, 2021), 86 FR 60721 (Nov. 3, 2021) (SR-DTC-2021-015).

entry describing the NSCC / DTC Interface,¹⁵ add that this link is also used for NSCC's Securities Financing Transaction ("SFT") clearing service,¹⁶ this entry would be revised to state that EB (which refers to the link described in (iii) above) maintains an in-bound DVP Link with DTC,¹⁷ (v) in the entry describing S.D. Indeval, S.A. de C.V, the Mexico CSD, clarify that this link is a DVP account, and (v) in the entry describing Depósito Central de Valores, the Chile CSD, clarify that this link is a DVP account. Additionally, for purposes of consistency with SRO's inventory, (i) Table 2-D would be updated to broaden the description of JPMorgan Chase ("JPM") as Corporate Actions Concentration Bank to reflect that JPM collects and disburses funds for various types of corporate action events, including profit and loss amounts, and (ii) The Bank of New York Mellon ("BNYM"), in its role as a Pledgee bank would be added. BNYM maintains repurchase Pledgee and other Pledgee accounts at DTC in order to facilitate the free payment of pledges of collateral by Participants that elect to do so.

Section 5 (Participant Default Losses through the Crisis Continuum) of the Plan is comprised of multiple subsections that identify the risk management surveillance, tools, and governance that DTC may employ across an increasing stress environment, referred to as the "Crisis Continuum."¹⁸ This section identifies, among other things, the tools that can be employed

¹⁵ DTC maintains an interface with NSCC for the book-entry movement of securities to settle NSCC Continuous Net Settlement ("CNS") transactions. As part of the interface, DTC and NSCC have established certain limited cross-guarantees and arrangements to permit transactions to flow smoothly between DTC and NSCC in a collateralized environment.

¹⁶ The Securities Financing Transaction (SFT) Clearing service is a National Securities Clearing Corporation (NSCC) product offering central clearing and settlement services for overnight borrows and loans of equity securities (collectively "SFTs"). The SFT Clearing service: (i) supports central clearing of equity SFTs intermediated by Sponsoring Members or Agent Clearing Members, (ii) supports central clearing of equity SFTs between NSCC full-service members, and (iii) maximizes capital efficiency and mitigates systemic risk by introducing more membership and cleared transaction opportunities for market participants. NSCC novates and guarantees the off-leg/return of an SFT (i) when delivery of underlying SFT security completes at DTC, (ii) at the point of validation in the case of a bilaterally settled SFT or an SFT with a Sponsored Member client or (iii) when the daily pair-off occurs, in the case of a rolled SFT. See Securities Exchange Act Release No. 34-95011 (May 31, 2022), 87 FR 34339 (Jun. 6, 2022) (SR-NSCC-2022-003); and Securities Exchange Act Release No. 34-95012 (May 31, 2022), 87 FR 34325 (Jun. 6, 2022) (SR-DTC-2022-002).

¹⁷ A "DVP Link" refers to a link that is a delivery vs payment account. This in-bound link enables non-U.S. investors to buy and hold DTC eligible securities abroad, while custody is maintained at DTC in the U.S.

¹⁸ As set forth in the Recovery Plan, the phases of the "Crisis Continuum" include (1) a stable market phase, (2) a stressed market phase, (3) a phase commencing with DTC's

by DTC to mitigate losses, and mitigate or minimize liquidity needs, as the market environment becomes increasingly stressed. One of those subsections, Section 5.2.4 (Recovery Corridor and Recovery Phase), outlines the early warning indicators to be used by DTC to measure the potential need to enter the “Recovery Phase” of the Plan.¹⁹ Included in this section are descriptions of potential stress events that could lead to recovery, and several early warning indicators and metrics that DTC has established. These indicators, which are referred to in the Recovery Plan as recovery corridor indicators (“Corridor Indicators”),²⁰ are listed in an associated table (Table 5-A, Corridor Indicators). The table provides a brief description of each Corridor Indicator, along with columns reflecting how the indicator is measured, evaluated, how its status (i.e., deteriorating or improving) is determined, and the escalation process if triggered. The proposed rule change would update this table to add to the “hedging”²¹ indicator entry that it is the Financial Risk Management group (“FRM”) that is responsible for measuring hedging status with input from DTC’s investment advisor. Also, the entry covering Retirements/Transaction Reductions indicator²² would be corrected to state that its status is measured by the Client Account Services and Global Business Operations team, and not FRM and the general manager of DTC.

decision to cease to act for a Participant or Affiliated Family of Participants (The Plan refers to an “Affiliated Family” of Participants as a number of affiliated entities that are all Participants of DTC), and (4) a recovery phase.

¹⁹ The “Recovery Phase” refers to the actions to be taken by DTC to restore its financial resources and avoid a wind-down of its business.

²⁰ The majority of the Corridor Indicators, as identified in the Recovery Plan, relate directly to conditions that may require DTC to adjust its strategy for hedging and liquidating collateral securities, and any such changes would include an assessment of the status of the Corridor Indicators. Corridor Indicators include, for example, the effectiveness and speed of DTC’s efforts to liquidate Collateral securities, and an impediment to the availability of DTC’s resources to repay any borrowings due to any Participant Default. For each Corridor Indicator, the Recovery Plan identifies (1) measures of the indicator, (2) evaluations of the status of the indicator, (3) metrics for determining the status of the deterioration or improvement of the indicator, and (4) “Corridor Actions,” which are steps that may be taken to improve the status of the indicator, as well as management escalations required to authorize those steps.

²¹ Hedging is a risk management strategy that would be employed when executing the liquidation of a defaulting participant’s portfolio to potentially help reduce the risk of loss of an existing position.

²² The Retirements/Transaction Reductions indicator measures Participant terminations or curtailment of transactions that impact the financial viability of DTC.

B. Other Updates, Clarifications and Technical Revisions

DTC is also proposing to make other updates and technical revisions to the Plan. These technical revisions would, for example, make grammatical corrections, update the names of certain DTC internal groups, and clarify the description of internal organizations, without changing the substantive statements being revised.

For example, in Section 2.4, Table 2-A (SIFMU Legal Entity Structure and Intercompany Agreements), for purposes of clarifying the full scope of DTC's services, the description of DTC's services would be revised from "Underwriting, Securities Processing, Corporate Actions," to "Asset Services." Some other examples include: (i) a revision would be made throughout the Plan to reflect an internal name change from DTCC's "Operational Risk Management" to "Operational Risk," and add a new internal organization, "Embedded Risk Management,"²³ (ii) all references to "FMI Links" would be revised to refer to these as "Clearing Agency Links," and (iii) in the section covering DTCC facilities the name of the DTCC legal entity that is the holder of the lease for the Manila location would be changed from "DTCC" to "DTCC Manila."

DTC believes the proposed updates and technical revisions would improve the clarity and accuracy of the Plan and, therefore, would help facilitate the execution of Plan, if necessary.

(b) Statutory Basis

DTC believes that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, DTC believes that the amendments to the R&W Plan are consistent with Section 17A(b)(3)(F) of the Act²⁴ and Rule 17Ad-22(e)(3)(ii) under the Act,²⁵ for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of DTC be designed to promote the prompt and accurate clearance and settlement of securities transactions. As described above, the proposed rule change would update the R&W Plan to reflect business and product developments and make certain technical corrections. By helping to ensure that the R&W Plan reflects current business and product developments, and providing additional clarity, DTC believes that the proposed rule change would help it continue to maintain the Plan in a manner that supports the continuity of DTC's critical services and enables its Participants and Pledgees to maintain access to DTC's services through the transfer of its membership in the event DTC defaults or the Wind-down Plan is ever triggered by the Board. Further, by facilitating the continuity of its critical clearance and settlement services, DTC believes the Plan

²³ The Embedded Risk Management group supports the R&R Team. For example, they may assist in the identification of new initiatives, processes, or product developments that may impact DTC's R&W Plan.

²⁴ 15 U.S.C. 78q-1(b)(3)(F).

²⁵ 17 CFR 240.17Ad-22(e)(3)(ii).

and the proposed rule change would continue to promote the prompt and accurate clearance and settlement of securities transactions. Therefore, DTC believes the proposed amendments to the R&W Plan are consistent with the requirements of Section 17A(b)(3)(F) of the Act.

Rule 17Ad-22(e)(3)(ii) under the Act requires DTC to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by the covered clearing agency, which includes plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses.²⁶

Specifically, the Recovery Plan defines the risk management activities, stress conditions and indicators, and tools that DTC may use to address stress scenarios that could eventually prevent it from being able to provide its critical services as a going concern. Through the framework of the Crisis Continuum, the Recovery Plan addresses measures that DTC may take to address risks of credit losses and liquidity shortfalls, and other losses that could arise from a Participant default. The Recovery Plan also addresses the management of general business risks and other non-default risks that could lead to losses. The Wind-down Plan would be triggered by a determination by the Board that recovery efforts have not been, or are unlikely to be, successful in returning DTC to viability as a going concern. Once triggered, the Wind-down Plan sets forth clear mechanisms for the transfer of DTC's membership and business and is designed to facilitate continued access to DTC's critical services and to minimize market impact of the transfer. By establishing the framework and strategy for the execution of the transfer and wind-down of DTC in order to facilitate continuous access to its critical services, the Wind-down Plan establishes a plan for the orderly wind-down of DTC.

As described above, the proposed rule change would update the R&W Plan to reflect business and product developments and make certain technical corrections. By ensuring that material provisions of the Plan are current, clear, and technically correct, DTC believes that the proposed amendments are designed to support the maintenance of the Plan for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses, and, as such, meets the requirements of Rule 17Ad-22(e)(3)(ii) under the Act.²⁷ Therefore, the proposed changes would help DTC to maintain the Plan in a way that continues to be consistent with the requirements of Rule 17Ad-22(e)(3)(ii).

4. Clearing Agency's Statement on Burden on Competition

DTC does not believe that the proposed rule change would have any impact, or impose any burden, on competition. DTC does not anticipate that the proposal would affect its day-to-day operations under normal circumstances, or in the management of a typical Participant default

²⁶ Id.

²⁷ Id.

scenario or non-default event. The R&W Plan was developed and documented in order to satisfy applicable regulatory requirements, as discussed above. The proposal is intended to enhance and update the Plan to ensure it is clear and remains current in the event it is ever necessary to be implemented. The proposed revisions would not affect any changes to the overall structure or operation of the Plan or DTC's recovery and wind-down strategy as set forth under the current Plan. As such, DTC believes the proposal would not have any impact, or impose any burden, on competition.

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, DTC will amend this filing to publicly file such comments as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting written 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 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)

(a) The proposed rule change is to take effect immediately upon filing pursuant to paragraph A of Section 19(b)(3) of the Act.²⁸

(b) The proposed rule change effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible, and (ii) does not significantly affect the

²⁸ 15 U.S.C. 78s(b)(3)(A).

respective rights or obligations of the clearing agency or persons using the service,²⁹ because the proposed changes merely provide for amendments to the R&W Plan to reflect business and product developments that have taken place since the time it was last amended and make certain changes to improve the clarity of the Plan and make other updates and technical revisions.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

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

Not applicable.

10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act of 2010

Not applicable.

11. Exhibits

Exhibit 1 – Not applicable.

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

Exhibit 2 – Not applicable.

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – R&W Plan (marked). **Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 5 is being requested pursuant to 17 CFR 240.24b-2.**

²⁹ 17 CFR 240.19b-4(f)(4).

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[____]; File No. SR-DTC-2023-008)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Recovery and Wind-down Plan

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 September __, 2023, 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 consists of amendments to the Recovery and Wind-down Plan to reflect business and product developments that have taken place since the

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).

time it was last amended, and make certain changes to improve the clarity of the Plan and make other updates and technical revisions, as described in greater detail below.⁵

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

Executive Summary

The R&W Plan was adopted in August 2018⁶ and is maintained by DTC for compliance with Rule 17Ad-22(e)(3)(ii) under the Act.⁷ Rule 17Ad-22(e)(3)(ii) requires registered clearing agencies to, in short, establish, implement and maintain plans for the

⁵ Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC (the "Rules"), available at www.dtcc.com/-/media/Files/Downloads/legal/rules/dtc_rules.pdf, or in the Recovery & Wind-down Plan of DTC (the "Recovery & Wind-down Plan," "R&W Plan" or "Plan").

⁶ See Securities Exchange Act Release Nos. 83972 (Aug. 28, 2018), 83 FR 44964 (Sep. 4, 2018) (SR-DTC-2017-021); and 83953 (Aug. 27, 2018), 83 FR 44381 (Aug. 30, 2018) (SR-DTC-2017-803).

⁷ 17 CFR 240.17Ad-22(e)(3)(ii). DTC is a "covered clearing agency" as defined in Rule 17Ad-22(a)(5) under the Act and must comply with paragraph (e) of Rule 17Ad-22.

recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses. The Plan is intended to be used by the Board and DTC management in the event DTC encounters scenarios that could potentially prevent it from being able to provide its critical services to the marketplace as a going concern.

The R&W Plan is comprised of two primary sections: (i) the “Recovery Plan,” which sets out the tools and strategies to enable DTC to recover, in the event it experiences losses that exceed its prefunded resources, and (ii) the “Wind-down Plan,” which describes the tools and strategies to be used to conduct an orderly wind-down of DTC’s business in a manner designed to permit the continuation of DTC’s critical services in the event that its recovery efforts are not successful.

The purpose of the rule proposal is to amend the R&W Plan to reflect business and product developments that have taken place since the time it was last amended,⁸ and make certain changes to improve the clarity of the Plan and make other updates and technical revisions. Some of the business and product-related amendments included in the proposed rule change are as follows (and described in more detail below):

- Changes to reflect the discontinuation of the Canadian dollar (“CAD”) settlement feature of the Canadian-Link Service.⁹

⁸ See Securities Exchange Act Release No. 91429 No. (Mar. 29, 2021), 86 FR 17421 (Apr. 2, 2021) (SR-DTC-2021-004).

⁹ The Canadian-Link Service provides Participants with a single depository interface for CAD transactions. The link facilitates Participants’ ability to maintain U.S. and Canadian Security positions in their DTC accounts for Securities listed in both Canada and the United States (i.e., dually listed). In recent years, activity at DTC in CAD has accounted for less than 0.20 percent of DTC’s average daily valued settlement volume. While Participants continue to use the Canadian-Link Service for custody purposes to position securities

- Removal of DTC's inbound link with the Peruvian central securities depository, based on its voluntary termination.
- The addition of The Bank of New York Mellon as a DTC Pledge Bank.

DTC believes that by helping to ensure that the R&W Plan reflects current business and product developments, providing additional clarity, and making necessary grammatical corrections, that the proposed rule change will help DTC continue to maintain the Plan in a manner that supports the continuity of DTC's critical services and enables Participants and Pledges to maintain access to DTC's services through the transfer of its membership in the event DTC defaults or the Wind-down Plan is ever triggered by the Board.

Background

The R&W Plan is managed by the Office of Recovery & Resolution Planning (referred to in the Plan as the "R&R Team") of DTC's parent company, the Depository Trust & Clearing Corporation ("DTCC"),¹⁰ on behalf of DTC, with review and oversight

inventory at CDS Clearing and Depository Services Inc., ("CDS") through DTC's CDS account and receive related distribution payments, no Participants have effectuated a DVP of Securities through the Canadian-Link Service since 2018. For DTC to continue to maintain access to CDS's CAD settlement services, it would have been necessary for DTC to perform systems development in order to be able to continue to use this aspect of the Canadian-Link service. In DTC's judgement, it would be impractical for DTC to incur the costs to undertake such changes, including incurring development costs, due to the lack of demand by its Participants to use the valued aspect of the Canadian Link Service. See Securities Exchange Act Release No. 34-91429 (Mar. 29, 2021), 86 FR 17421 (Apr. 2, 2021) (SR-DTC-2021-004).

¹⁰ DTCC operates on a shared service model with respect to DTC and its other affiliated clearing agencies, National Securities Clearing Corporation ("NSCC") and Fixed Income Clearing Corporation ("FICC"). Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany

by the DTCC Management Committee and the Board. In accordance with the SEC's Approval Order covering the Plan,¹¹ the Board, or such committees as may be delegated authority by the Board from time to time, is required to review and approve the R&W Plan biennially and would also review and approve any changes that are proposed to the R&W Plan outside of the biennial review. DTC completed its most recent biennial review in 2022. The proposed rule change reflects amendments proposed to the Plans resulting from that review, which are described in greater detail below. None of the proposed changes modify DTC's general objectives and approach with respect to its recovery and wind-down strategy as set forth under the current Plan.

Proposed Amendments

A. Proposed Changes to Reflect Business or Product Developments

DTC is proposing changes to the following sections of the Plan based upon business updates that have occurred since the Plan was last amended.¹²

Section 2.2 (DTC Settlement) currently states that DTC is the primary U.S. central securities depository ("CSD") and Securities Settlement System for eligible securities and that Fedwire book entry securities (U.S. Treasuries and Federal Agencies) are also eligible for deposit at DTC. This section also includes a bullet point list of the primary services performed by DTC. The proposal would clarify that U.S. Treasuries and Federal Agencies securities are eligible for all activity at DTC (not deposit activity only).

agreements under which it is generally DTCC that provides relevant services to DTC, NSCC and FICC (collectively, the "Clearing Agencies").

¹¹ Supra note 6.

¹² Supra note 8.

It would also clarify the fact that DTC provides a platform to support the book entry transfer of eligible security positions and an end-of-day net funds settlement relating to eligible securities transfers and the processing of principal and interest distributions.

Section 2.4 (Intercompany Arrangements) describes how corporate support services are provided to DTC from DTCC and DTCC's other subsidiaries, through intercompany agreements under a shared services model. This section includes a table, (Facilities, Table 2-B), that lists each of the DTCC facilities utilized by the Clearing Agencies and indicates whether the facility is owned or leased. DTC proposes to update this table to add Washington D.C., London, UK, and McLean, Virginia as additional DTCC facility locations.

Section 2.5 (FMI Links)¹³ describes some of the key financial market infrastructures ("FMIs"), both domestic and foreign, that DTC has identified as critical "links."¹⁴ As set out in this section of the Plan, the inventory of DTC's links is maintained by DTCC's Systemic Risk Office ("SRO") and the SRO has set forth a set of practices and protocols for managing and reviewing the various risks and controls associated with clearing agency links. Based on a change to the SRO Clearing Agency Links-Risk Review Procedures, the proposal would clarify that in addition to approval by

¹³ For purposes of consistency, under the proposed rule change all references to "FMI Links" would be revised to refer to these as "Clearing Agency Links."

¹⁴ As defined in Rule 17Ad-22(a)(8) under the Act, a link "means, for purposes of paragraph (e)(20) of Rule 17Ad-22, a set of contractual and operational arrangements between two or more clearing agencies, financial market utilities, or trading markets that connect them directly or indirectly for the purposes of participating in settlement, cross margining, expanding their services to additional instruments or participants, or for any other purposes material to their business." 17 CFR 240.17Ad-22(a)(8).

the Chief Systemic Risk Officer, the inventory of clearing agency links is also subject to the approval of a Deputy General Counsel of the General Counsel's Office.

This section of the Plan also includes two tables (Table 2-C, Links and Table 2-D: Schedule A Relationships)¹⁵ that sets out a brief description of DTC's FMI links and Schedule A Relationships. The rule proposal would make the following updates to Table 2-C: (i) remove (x) Peru CSD, Cavali S.A.I.C.L.V., due to its voluntary termination from DTC,¹⁶ and (y) Canadian Derivatives Clearing Corporation ("CDCC") due to termination of their Pledge Account, (ii) in entries describing DTC's inbound and outbound links with CDS, remove the description of the Settlement Link Service because this service was discontinued and would be revised to state that DTC settles corporate action entitlements in Canadian dollars,¹⁷ (iii) in the entry describing DTC's inbound link, with Euroclear Bank SA/NV ("EB"), remove the reference to DTC Rule 34 (EB Collateral Positioning) because the rule and associated service were terminated,¹⁸ (iv) in the entry describing the NSCC / DTC Interface,¹⁹ add that this link is also used for NSCC's

¹⁵ DTC has identified certain critical external service providers that, as determined by DTC's management, do not meet the specified criteria of "link" but nevertheless are subject to the same review process as is conducted for links, referred to within DTC as "Schedule A Relationships."

¹⁶ See DTC Important Notice issued to Participants on May 26, 2021 www.dtcc.com/-/media/Files/pdf/2021/5/26/15230-21.pdf.

¹⁷ Supra note 9.

¹⁸ See Securities Exchange Act Release No. 34-93442 (Oct. 28, 2021), 86 FR 60721 (Nov. 3, 2021) (SR-DTC-2021-015).

¹⁹ DTC maintains an interface with NSCC for the book-entry movement of securities to settle NSCC Continuous Net Settlement ("CNS") transactions. As part of the interface, DTC and NSCC have established certain limited cross-guarantees and arrangements to permit transactions to flow smoothly between DTC and NSCC in a collateralized environment.

Securities Financing Transaction (“SFT”) clearing service,²⁰ this entry would be revised to state that EB (which refers to the link described in (iii) above) maintains an in-bound DVP Link with DTC,²¹ (v) in the entry describing S.D. Indeval, S.A. de C.V, the Mexico CSD, clarify that this link is a DVP account, and (v) in the entry describing Depósito Central de Valores, the Chile CSD, clarify that this link is a DVP account. Additionally, for purposes of consistency with SRO’s inventory, (i) Table 2-D would be updated to broaden the description of JPMorgan Chase (“JPM”) as Corporate Actions Concentration Bank to reflect that JPM collects and disburses funds for various types of corporate action events, including profit and loss amounts, and (ii) The Bank of New York Mellon (“BNYM”), in its role as a Pledgee bank would be added. BNYM maintains repurchase Pledgee and other Pledgee accounts at DTC in order to facilitate the free payment of pledges of collateral by Participants that elect to do so.

²⁰ The Securities Financing Transaction (SFT) Clearing service is a National Securities Clearing Corporation (NSCC) product offering central clearing and settlement services for overnight borrows and loans of equity securities (collectively “SFTs”). The SFT Clearing service: (i) supports central clearing of equity SFTs intermediated by Sponsoring Members or Agent Clearing Members, (ii) supports central clearing of equity SFTs between NSCC full-service members, and (iii) maximizes capital efficiency and mitigates systemic risk by introducing more membership and cleared transaction opportunities for market participants. NSCC novates and guarantees the off-leg/return of an SFT (i) when delivery of underlying SFT security completes at DTC, (ii) at the point of validation in the case of a bilaterally settled SFT or an SFT with a Sponsored Member client or (iii) when the daily pair-off occurs, in the case of a rolled SFT. See Securities Exchange Act Release No. 34-95011 (May 31, 2022), 87 FR 34339 (Jun. 6, 2022) (SR-NSCC-2022-003); and Securities Exchange Act Release No. 34-95012 (May 31, 2022), 87 FR 34325 (Jun. 6, 2022) (SR-DTC-2022-002).

²¹ A “DVP Link” refers to a link that is a delivery vs payment account. This in-bound link enables non-U.S. investors to buy and hold DTC eligible securities abroad, while custody is maintained at DTC in the U.S.

Section 5 (Participant Default Losses through the Crisis Continuum) of the Plan is comprised of multiple subsections that identify the risk management surveillance, tools, and governance that DTC may employ across an increasing stress environment, referred to as the “Crisis Continuum.”²² This section identifies, among other things, the tools that can be employed by DTC to mitigate losses, and mitigate or minimize liquidity needs, as the market environment becomes increasingly stressed. One of those subsections, Section 5.2.4 (Recovery Corridor and Recovery Phase), outlines the early warning indicators to be used by DTC to measure the potential need to enter the “Recovery Phase” of the Plan.²³ Included in this section are descriptions of potential stress events that could lead to recovery, and several early warning indicators and metrics that DTC has established. These indicators, which are referred to in the Recovery Plan as recovery corridor indicators (“Corridor Indicators”),²⁴ are listed in an associated table (Table 5-A, Corridor

²² As set forth in the Recovery Plan, the phases of the “Crisis Continuum” include (1) a stable market phase, (2) a stressed market phase, (3) a phase commencing with DTC’s decision to cease to act for a Participant or Affiliated Family of Participants (The Plan refers to an “Affiliated Family” of Participants as a number of affiliated entities that are all Participants of DTC), and (4) a recovery phase.

²³ The “Recovery Phase” refers to the actions to be taken by DTC to restore its financial resources and avoid a wind-down of its business.

²⁴ The majority of the Corridor Indicators, as identified in the Recovery Plan, relate directly to conditions that may require DTC to adjust its strategy for hedging and liquidating collateral securities, and any such changes would include an assessment of the status of the Corridor Indicators. Corridor Indicators include, for example, the effectiveness and speed of DTC’s efforts to liquidate Collateral securities, and an impediment to the availability of DTC’s resources to repay any borrowings due to any Participant Default. For each Corridor Indicator, the Recovery Plan identifies (1) measures of the indicator, (2) evaluations of the status of the indicator, (3) metrics for determining the status of the deterioration or improvement of the indicator, and (4) “Corridor Actions,” which are steps that

Indicators). The table provides a brief description of each Corridor Indicator, along with columns reflecting how the indicator is measured, evaluated, how its status (i.e., deteriorating or improving) is determined, and the escalation process if triggered. The proposed rule change would update this table to add to the “hedging”²⁵ indicator entry that it is the Financial Risk Management group (“FRM”) that is responsible for measuring hedging status with input from DTC’s investment advisor. Also, the entry covering Retirements/ Transaction Reductions indicator²⁶ would be corrected to state that its status is measured by the Client Account Services and Global Business Operations team, and not FRM and the general manager of DTC.

B. Other Updates, Clarifications and Technical Revisions

DTC is also proposing to make other updates and technical revisions to the Plan. These technical revisions would, for example, make grammatical corrections, update the names of certain DTC internal groups, and clarify the description of internal organizations, without changing the substantive statements being revised.

For example, in Section 2.4, Table 2-A (SIFMU Legal Entity Structure and Intercompany Agreements), for purposes of clarifying the full scope of DTC’s services, the description of DTC’s services would be revised from “Underwriting, Securities

may be taken to improve the status of the indicator, as well as management escalations required to authorize those steps.

²⁵ Hedging is a risk management strategy that would be employed when executing the liquidation of a defaulting participant’s portfolio to potentially help reduce the risk of loss of an existing position.

²⁶ The Retirements/Transaction Reductions indicator measures Participant terminations or curtailment of transactions that impact the financial viability of DTC.

Processing, Corporate Actions,” to “Asset Services.” Some other examples include: (i) a revision would be made throughout the Plan to reflect an internal name change from DTCC’s “Operational Risk Management” to “Operational Risk,” and add a new internal organization, “Embedded Risk Management,”²⁷ (ii) all references to “FMI Links” would be revised to refer to these as “Clearing Agency Links,” and (iii) in the section covering DTCC facilities the name of the DTCC legal entity that is the holder of the lease for the Manila location would be changed from “DTCC” to “DTCC Manila.”

DTC believes the proposed updates and technical revisions would improve the clarity and accuracy of the Plan and, therefore, would help facilitate the execution of Plan, if necessary.

2. Statutory Basis

DTC believes that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, DTC believes that the amendments to the R&W Plan are consistent with Section 17A(b)(3)(F) of the Act²⁸ and Rule 17Ad-22(e)(3)(ii) under the Act,²⁹ for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of DTC be designed to promote the prompt and accurate clearance and settlement of securities

²⁷ The Embedded Risk Management group supports the R&R Team. For example, they may assist in the identification of new initiatives, processes, or product developments that may impact DTC’s R&W Plan.

²⁸ 15 U.S.C. 78q-1(b)(3)(F).

²⁹ 17 CFR 240.17Ad-22(e)(3)(ii).

transactions. As described above, the proposed rule change would update the R&W Plan to reflect business and product developments and make certain technical corrections. By helping to ensure that the R&W Plan reflects current business and product developments, and providing additional clarity, DTC believes that the proposed rule change would help it continue to maintain the Plan in a manner that supports the continuity of DTC's critical services and enables its Participants and Pledgees to maintain access to DTC's services through the transfer of its membership in the event DTC defaults or the Wind-down Plan is ever triggered by the Board. Further, by facilitating the continuity of its critical clearance and settlement services, DTC believes the Plan and the proposed rule change would continue to promote the prompt and accurate clearance and settlement of securities transactions. Therefore, DTC believes the proposed amendments to the R&W Plan are consistent with the requirements of Section 17A(b)(3)(F) of the Act.

Rule 17Ad-22(e)(3)(ii) under the Act requires DTC to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by the covered clearing agency, which includes plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses.³⁰

Specifically, the Recovery Plan defines the risk management activities, stress conditions and indicators, and tools that DTC may use to address stress scenarios that could eventually prevent it from being able to provide its critical services as a going

³⁰ Id.

concern. Through the framework of the Crisis Continuum, the Recovery Plan addresses measures that DTC may take to address risks of credit losses and liquidity shortfalls, and other losses that could arise from a Participant default. The Recovery Plan also addresses the management of general business risks and other non-default risks that could lead to losses. The Wind-down Plan would be triggered by a determination by the Board that recovery efforts have not been, or are unlikely to be, successful in returning DTC to viability as a going concern. Once triggered, the Wind-down Plan sets forth clear mechanisms for the transfer of DTC's membership and business and is designed to facilitate continued access to DTC's critical services and to minimize market impact of the transfer. By establishing the framework and strategy for the execution of the transfer and wind-down of DTC in order to facilitate continuous access to its critical services, the Wind-down Plan establishes a plan for the orderly wind-down of DTC.

As described above, the proposed rule change would update the R&W Plan to reflect business and product developments and make certain technical corrections. By ensuring that material provisions of the Plan are current, clear, and technically correct, DTC believes that the proposed amendments are designed to support the maintenance of the Plan for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses, and, as such, meets the requirements of Rule 17Ad-22(e)(3)(ii) under the Act.³¹ Therefore, the proposed changes would help DTC to maintain the Plan in a way that continues to be consistent with the requirements of Rule 17Ad-22(e)(3)(ii).

³¹ Id.

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

DTC does not believe that the proposed rule change would have any impact, or impose any burden, on competition. DTC does not anticipate that the proposal would affect its day-to-day operations under normal circumstances, or in the management of a typical Participant default scenario or non-default event. The R&W Plan was developed and documented in order to satisfy applicable regulatory requirements, as discussed above. The proposal is intended to enhance and update the Plan to ensure it is clear and remains current in the event it is ever necessary to be implemented. The proposed revisions would not affect any changes to the overall structure or operation of the Plan or DTC's recovery and wind-down strategy as set forth under the current Plan. As such, DTC believes the proposal would not have any impact, or impose any burden, on competition.

(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, DTC will amend this filing to publicly file such comments as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting written 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 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.

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)³² of the Act and paragraph (f)³³ 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

³² 15 U.S.C. 78s(b)(3)(A).

³³ 17 CFR 240.19b-4(f).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2023-008 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-2023-008. 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>). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-DTC-2023-008

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.³⁴

Secretary

³⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

The information contained in this Exhibit 5 is subject to exemption from mandatory disclosure under Exemption #4 of the Freedom of Information Act because the information concerns commercial or financial information which could harm the competitive posture or business interests of The Depository Trust Company (DTC). This Exhibit 5 contains one or more electronic files embedded in a two-page document for filing efficiency, as listed below. The information contained in the embedded file is not intended for public disclosure. Accordingly, this Exhibit 5 has been redacted and confidential treatment requested pursuant to 17 CFR 240.24b-2. An unredacted version of the embedded file was filed separately and confidentially with the Securities and Exchange Commission. Notwithstanding the request for confidential treatment, DTC believes the substance of this Exhibit 5 is clearly and adequately described in the accompanying Exhibit 1A and Form 19b-4 narrative to the proposed rule change filing, thus allowing for meaningful public comment.

Embedded File:

- **DTC Recovery & Wind-down Plan;** 76 pages; Amended Recovery & Wind-down Plan

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