



8011-01p  
SECURITIES AND EXCHANGE COMMISSION  
[Release No. 34-81854; File No. SR-DTC-2017-019]

October 11, 2017

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Eliminate a Surcharge for Eligibility Requests Submitted to DTC Two Days Prior to Closing Date

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 2, 2017, 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)(2) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change<sup>5</sup> would revise the DTC Fee Schedule (“Fee Schedule”)<sup>6</sup> to eliminate a fee charged to Participants that submit an eligibility request or required

---

<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)(2).

<sup>5</sup> Each term not otherwise defined herein has its respective meaning as set forth in the Rules, By-Laws and Organization Certificate of DTC (the “Rules”), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>, and the DTC Operational Arrangements (Necessary for Securities to Become and Remain

offering documents for a new issue (“Issue”) of Securities two business days prior to the Closing Date (“Two-Day Surcharge”), as discussed below.

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

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

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

1. Purpose

Background

The proposed rule change would revise the Fee Schedule<sup>7</sup> to eliminate the Two-Day Surcharge, as discussed below.

Participants<sup>8</sup> are required to provide an eligibility request for specified Securities to DTC by the submission of all required “Issuer”<sup>9</sup> and securities data and all required

---

Eligible for DTC Services) (“OA”), available at  
<http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

<sup>6</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/dtcfeeguide.pdf?la=en>.

<sup>7</sup> Supra note 6.

<sup>8</sup> Only (i) Participants and (ii) underwriters with an approved correspondent relationship with a Participant, may request DTC eligibility for a new security being offered and distributed. It is therefore incumbent on an Issuer to have a

offering documents,<sup>10</sup> at a minimum, through the online Securities Origination, Underwriting and Reliable Corporate Action Environment (“UW SOURCE”) system for the Security to be considered for full service eligibility at DTC.<sup>11</sup> In addition to meeting other requirements as set forth in the OA,<sup>12</sup> a Participant that seeks to make a new Issue eligible for Deposit at DTC must submit the eligibility request and offering documentation described above through UW SOURCE at least six business days prior to the Closing Date. If the Participant submits the eligibility request or the required offering documentation for a new Issue within two days or less prior to the Closing Date, it will be subject to fees, referred to in the Fee Schedule as surcharges (“Surcharges”), as outlined in the DTC Fee Schedule: (a) the Two-Day Surcharge is \$2,000 per Issue (b) the Surcharge for submission of an eligibility request or the required offering documentation one day prior to the Closing Date is \$5,000 per Issue (“One-Day Surcharge”), and (c) the

---

relationship with an underwriter or other financial institution that is a Participant or is directly associated with a Participant that is willing to sponsor the eligibility process for the Issuer’s securities. See OA, supra note 5 at 1-2.

<sup>9</sup> “Issuer” is defined as an issuer of Securities deposited at DTC. See OA, supra note 5 at 1.

<sup>10</sup> The eligibility request must contain the (i) identity of the lead underwriter, (ii) CUSIP number(s), (iii) principal/share amount, as applicable per CUSIP, and interest rates and maturity dates, as applicable per CUSIP. The preliminary offering document must be submitted and (*e.g.*, official statement, prospectus, offering memorandum) provide relevant information necessary for DTC to process the Issue (*e.g.*, Issuer name, description of the Security, denominations, name of the trustee, paying agent, transfer agent, and if applicable, other features of the Security, such as an early redemption). See Exhibit B of OA, supra note 5.

<sup>11</sup> See OA, supra note 5 at 1-2.

<sup>12</sup> See Exhibit B of OA, supra note 5.

Surcharge for submission of an eligibility request or required the offering documentation on the Closing Date is \$10,000 per Issue (“Closing Date Surcharge”).<sup>13</sup> The Surcharges are designed to cover costs to DTC of providing expedited processing of the eligibility request.

#### Proposed Rule Change

After reviewing its cost structure relating to eligibility processing, DTC has determined that due to the development of enhanced systemic and processing efficiencies over time, the Two-Day Surcharge is no longer necessary to be charged in order to cover the cost of processing an eligibility request for a new Issue submitted two days prior to Closing Date. Therefore, DTC proposes to eliminate the Two-Day Surcharge and revise the Fee Schedule accordingly. The Closing Date and One-Day Surcharges would remain unchanged and continue to be charged to Participants to offset costs associated with more manually intensive processing associated with the timely processing of eligibility requests submitted on or one day before Closing Date, as applicable.

#### Effective Date of Proposed Rule Change

The proposed rule change would be effective on October 2, 2017.

#### 2. Statutory Basis

Section 17A(b)(3)(D) of the Act<sup>14</sup> requires, in part, that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. DTC believes that the proposed rule change provides for the equitable allocation of fees charged to Participants, because elimination of the Two-Day Surcharge would apply to

---

<sup>13</sup> See Fee Schedule, supra note 6 at 28.

<sup>14</sup> 15 U.S.C. 78q-1(b)(3)(D).

all Participants. In addition, DTC believes that the proposed change is reasonable, because the Two-Day Surcharge is no longer necessary to balance DTC revenue with its costs associated with processing of the applicable eligibility requests, as discussed above. Therefore, DTC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(D) of the Act.<sup>15</sup>

The proposed rule change is also designed to be consistent with Rule 17Ad-22(e)(23) of the Act.<sup>16</sup> Rule 17Ad-22(e)(23) requires DTC, inter alia, to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency. The proposed rule change, as described above, would update the Fee Schedule to reflect the proposed elimination of the Two-Day Surcharge. As such, DTC believes that the proposed change would promote disclosure of relevant rules and material procedures and provide sufficient information to enable participants and other users of DTC's services to evaluate fees and other material costs of utilizing DTC's services, in accordance with the requirements of Rule 17Ad-22(e)(23), promulgated under the Act, cited above.

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

DTC does not believe that the proposed rule change would have any impact on competition, because the Two-Day Surcharge is a minimal amount and its elimination should not have a material effect on (i) a determination by an underwriter on whether to

---

<sup>15</sup> Id.

<sup>16</sup> 17 CFR 240.17Ad-22(e)(23).

submit an eligibility request for a new Issue or (ii) costs incurred by Participants in using DTC's eligibility 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.

DTC will notify the Commission of any written comments received by DTC.

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) of the Act<sup>17</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>18</sup> 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

---

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f).

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2017-019 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-DTC-2017-019. 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 20549-1090 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2017-019 and should be submitted on or before November 7, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

Eduardo A. Aleman,  
Assistant Secretary.

---

<sup>19</sup> 17 CFR 200.30-3(a)(12).

[FR Doc. 2017-22391 Filed: 10/16/2017 8:45 am; Publication Date: 10/17/2017]