

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-98604; File No. SR-DTC-2023-010]

**Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the DTC Operational Arrangements (Necessary for Securities To Become and Remain Eligible for DTC Services)**

**DATES:** September 28, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 27, 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 primarily 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 Rules 19b-4(f)(4) thereunder.<sup>4</sup> The Commission is publishing this notice to

solicit comments on the proposed rule change from interested persons.

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

The proposed rule change consists of modifications to the DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) (“OA”)<sup>5</sup> to clarify and update provisions relating to the processing of securities eligibility requests and servicing of assets on Deposit at DTC, as described in greater detail below.<sup>6</sup>

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

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

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

1. Purpose

The OA is designed to maximize the number of issues of securities that may be made eligible for DTC services, providing for the orderly processing of such securities and timely payments to Participants. DTC’s experience demonstrates that when Participants, Issuers, Underwriters, Agents (as such terms are defined in the Rules<sup>7</sup> or in the OA),<sup>8</sup> and their counsel are aware of DTC’s requirements, those requirements can be readily met in most instances. The purpose of this rule change is to revise the text of the OA to update and clarify DTC’s processes in this regard. Additionally, some ministerial changes, changes to methods of notification, and clarifying language have been introduced to provide a more concise description of OA procedures. In this regard, the proposed rule change would revise the text of the OA as set forth in the respective sections as described below:

OA section	Revision
I.A.1. (Submission of an Eligibility Request) .....	<p>Pursuant to Rule 5, DTC shall accept a Security as an Eligible Security only, among other requirements, upon a determination by the Corporation that it has the operational capability and can obtain information regarding the Security necessary to permit it to provide its services to Participants and Pledgees when such Security is Deposited.<sup>9</sup> Timely confirmation of details relating to a security is an important part of making an eligibility determination. Therefore, pursuant to the proposed rule change, the OA would be revised to add new text to this subsection that requires the agent for a security to confirm an issue’s features and attributes once the underwriter of the security has submitted the issue for eligibility. In this regard, new text would be added to this subsection which would state:</p> <p>“As Agent for a new security qualifying for DTC eligibility, Agent must complete the Agent Confirmation supplied by DTC’s Underwriting Department to confirm a new issue’s features and attributes based on the security type. The agreement of the information supplied by the underwriter, the Agent Confirmation, and the offering document ensure the accuracy of the asset servicing of the security. This confirmation must be provided by the Agent via email at least three (3) business days prior to the Closing Date of the issue.”</p>
Section I.B.5 (Instruction Letters Regarding the Expiration of a Restrictive Period).	<p>The proposed rule change would enhance instructions relating to existing forms and requirements for Issuers and Agents to request the processing of exchanges relating to CUSIPs for securities that were originally restricted pursuant to Rule 144A and/or Regulation S and which have become unrestricted. In this regard, the proposed rule change would add three subsections to respectively provide instructions for the three types of exchange processes that may occur in this regard, namely (a) an optional exchange process, (b) a voluntary exchange process, and (c) a mandatory exchange process. The processes for (a) and (b) relate to exchanges where a Participant has an option to exchange existing 144A shares to unrestricted shares, with the difference between an optional exchange and a voluntary exchange being described functionally in terms of, (i) with respect to (a), the agent for the issue facilitating the exchange through DTC’s Deposit/Withdrawal at Custodian (“DWAC”) function and (ii) with respect to (b) being conducted using DTC’s Automated Tender Offer Program (“ATOP”). Under a mandatory exchange, the issuer requires the Participant to receive the unrestricted shares in exchange for any 144A shares the Participant holds.</p>

<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).

<sup>5</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.  
<sup>6</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 OA, *supra* note 5.  
<sup>7</sup> See *supra* note 6.  
<sup>8</sup> See *supra* note 5.

OA section	Revision
Section I.C.6. (Certificated Securities with Short-Term Maturities).	<p>The text added with respect to (a) above would include a heading named “Optional Exchange Process (Agent Facilitates via Deposit/Withdrawal at Custodian “DWAC”))” for a new subsection a. under I.B.5. The new subsection a. would state: “To request DTC to provide for the ability to have the Issuer’s Agent facilitate via DWAC the exchange on an optional basis for Participants to request to exchange restricted Securities represented by a restricted CUSIP number for new unrestricted Securities of the same issue represented by an unrestricted CUSIP, Issuer will complete and submit the instruction letter along with a copy of the form of each unrestricted Security (without effective restrictive legends) bearing the new unrestricted CUSIP to DTC’s Underwriting Department no later than 10 business days prior to the effective date or exchange date (<i>i.e.</i>, date of the end of the restrictive period and/or distribution compliance period imposed under such exemptions has elapsed) or the date Agent will begin acknowledging Participants’ DWAC requests. Receipt of the instruction letter must be in conjunction with the DTC Participant eligibility request via UW SOURCE for the new unrestricted Securities. (<i>Refer</i> to Section I (A)(1), Submission of an Eligibility Request to DTC.)”</p> <p>Subsection a. would also incorporate existing text that provides an internet link to the applicable form for optional exchanges. This existing text also previously referred to voluntary exchanges, however, the reference to voluntary exchanges would be deleted and instead be included in a new subsection relating to voluntary exchanges as described below. The internet link would be updated to reflect that the link uses a Hypertext Transfer Protocol Secure (https:) format rather than a Hypertext Transfer Protocol (http:) format.</p> <p>The text added with respect to (b) above would include a heading named “Voluntary Exchange Process (Use of DTC’s Automated Tender Offer Program “ATOP”))” for a new subsection b. under I.B.5. The new subsection b. would state: “Issuer and Agent acknowledges that any such exchange of restricted Securities for Securities of a CUSIP that is unrestricted will be made in accordance with the rules and procedures of DTC’s Automated Tender Offer Program (“ATOP”) including that Agent is required to approve and adhere to all requirements represented in the Letter of Agreement (“LOA”) for each exchange processed through ATOP, (<i>Refer</i> to Section VI(D)(5)(a), Tender/Exchange Processing). To request DTC to process a voluntary exchange of restricted Securities represented by a restricted CUSIP number for new unrestricted Securities of the same issue represented by an unrestricted CUSIP, Issuer will complete and submit the instruction letter along with a copy of the form of each unrestricted Security (without effective restrictive legends) bearing the new unrestricted CUSIP no later than 10 business days prior to the effective date or exchange date (<i>i.e.</i>, date of the end of the restrictive period and/or distribution compliance period imposed under such exemptions has elapsed) to both DTC’s Underwriting Department and Reorganization Voluntary Announcements Department by email at <a href="mailto:uwcoplor@dtcc.com">uwcoplor@dtcc.com</a> and <a href="mailto:voluntaryreorgannouncements@dtcc.com">voluntaryreorgannouncements@dtcc.com</a>.</p> <p>The form of instruction letter and related requirements for Issuers and Agents with respect to such exchanges to be made voluntary for Participants are available at: <a href="https://www.dtcc.com/-/media/Files/Downloads/legal/issue-eligibility/special-letters/Optional-Process-Instruction-Letter.pdf">https://www.dtcc.com/-/media/Files/Downloads/legal/issue-eligibility/special-letters/Optional-Process-Instruction-Letter.pdf</a>.”</p> <p>The text added with respect to (c) above would include a heading named “Mandatory Exchange Process” for a new subsection b. under I.B.5. The new subsection c. would state: “To request DTC to process a mandatory exchange of restricted Securities represented by a restricted CUSIP number for new unrestricted Securities of the same issue represented by an unrestricted CUSIP, Issuer will complete and submit the instruction letter along with a copy of the form of each unrestricted Security (without effective restrictive legends) bearing the new unrestricted CUSIP no later than 10 business days prior to the effective date or exchange date (<i>i.e.</i>, date of the end of the restrictive period and/or distribution compliance period imposed under such exemptions has elapsed) to both DTC’s Underwriting Department and Reorganization Mandatory Announcements Department by email at <a href="mailto:uwcoplor@dtcc.com">uwcoplor@dtcc.com</a> and <a href="mailto:mandatoryreorgannouncements@dtcc.com">mandatoryreorgannouncements@dtcc.com</a>. Issuer and Agent acknowledges that any such exchange of restricted Securities for Securities of a CUSIP that is unrestricted will be made in accordance with the DTC Rules concerning mandatory exchanges.”</p> <p>The new subsection c. would also incorporate existing text that provides internet links for documentation relating to mandatory exchanges. However, these links would be updated to indicate that they utilize a Hypertext Transfer Protocol Secure (https:) format rather than a Hypertext Transfer Protocol (http:) format.</p> <p>This subsection provides in its first of two paragraphs that DTC, at its sole discretion, may make eligible a certificated security maturing within 60 calendar days of its closing date, on an exception basis subject to processing considerations. However, this provision relates to securities that are not in DTC’s money market instrument program (“MMI Program”) and the MMI Program does facilitate the eligibility and processing of such short-term securities.<sup>10</sup> The MMI Program operates using an automated platform providing MMI Issuing and Paying Agents<sup>11</sup> (each, an “IPA”) with the ability to issue, service, and settle Securities that are money market instruments (“MMI Securities”) that are processed in the MMI Program<sup>12</sup> that they introduce into the marketplace through DTC.</p>

OA section	Revision
	<p>DTC believes that, given efficiencies for the processing of short-term securities that have been built into the MMI Program, directing short term securities to the MMI Program would promote the prompt and accurate processing of such securities. In addition, pursuant to the Rules, DTC maintains sole discretion with respect to accepting any security as eligible for DTC services on a non-discriminatory basis;<sup>13</sup> and therefore the existing text relating to DTC's exercise discretion in this regard is redundant. Therefore, DTC would revise the OA text to delete the substance of the text reflecting the provision described above relating to DTC's discretion with regard to accepting for eligibility a security maturing within 60 days of its closing date and replace it with text that would state that a security that is scheduled to mature in 30 calendar days or less from the issuance date or DTC eligibility date will not be made eligible as a Non-MMI Security. The added text would also include a cross-reference to the OA Section I(A)(2) (Special Rules and Processes for Money Market Instruments) for more information relating to special rules and processes for MMI Securities. Also, a reference to referring to a short-term security as a "bond" would be changed to "security" to make the reference consistent with DTC's terminology for MMI whereby MMI are referred to as MMI Securities in its Rules.<sup>14</sup></p> <p>In addition, the second paragraph of this subsection which relates specifically to monthly optional redemptions would be designated as a new subsection I.C.7., as described below.</p>
<p>I.C.7. Monthly Optional Redemptions (New Sub-section).</p>	<p>The proposed rule change would break out the last paragraph of subsection I.C.6. into a separate subsection under the heading "Monthly Optional Redemptions." The paragraph describes eligibility requirements for debt securities that have provisions allowing an issuer the option to make monthly redemptions of securities. The paragraph is broken out as the requirements are not specific to short-term securities. The text of the newly broken out subsection would be revised for technical changes, including (i) clarifying that the securities subject to the subsection are debt securities, (ii) change references to "issue" and "issuance" to "security, and (iii) remove text that the security will be considered for eligibility if it is a new issuance that is registered under the Securities Act of 1933 ("Securities Act") and replace it with a cross-reference to the OA's eligibility requirements.</p>
<p>II.A.1. (CUSIP Number Assignment) .....</p>	<p>This subsection describes DTC's requirements for issuers to obtain CUSIP Numbers as part of the eligibility process.</p> <p>The second paragraph states that certain corporate actions on existing securities may require the issuer to obtain a new CUSIP Number. This paragraph will be revised for technical wording changes.</p> <p>In this regard, the text currently states: "DTC may require the Issuer or Agent to obtain a new CUSIP number from Standard &amp; Poor's CUSIP Service Bureau to facilitate the adequate processing of a corporate action events, (e.g., reverse stock split, interest payment). An example of such a requirement for a new CUSIP for an interest payment is when the additional issuance of debt securities carries an interest accrual date or period that is different than the original issuance." Pursuant to the proposed rule change (i) "in order to" would be shortened to "to", (ii) the "a" between "processing of" and "corporate action" will be deleted and replaced with "certain", and (iii) and the word "event" will be changed to the plural "events" and a comma will be added after the word.</p> <p>In addition, "Standard &amp; Poor's CUSIP Service Bureau" would be shortened to "CUSIP Service Bureau". Standard &amp; Poor's recently transferred the CUSIP Service Bureau to a different entity and therefore the reference to Standard &amp; Poor's is outdated. However, since there is only one CUSIP Service Bureau, DTC believes it is unnecessary for the OA to include the name of the owner of the CUSIP Service Bureau in the OA.</p>
<p>II.B.2. (Balancing Securities) .....</p>	<p>This section contains several subsections that describe DTC's FAST program of which balancing, referred to in the current title of the section, is a component. The title of the section will be changed from "Balancing Securities" to "FAST Program" to better reflect the nature of the content.</p>
<p>II.B.2.b. FRAC .....</p>	<p>This subsection describes requirements relating to the use of the FRAC function by issuers' agents for confirmation or rejection of balances or transfers of securities in DTC's FAST program.<sup>15</sup> Pursuant to the OA, FAST Agents shall reconcile and confirm to DTC the amount of the Securities reflected by such Balance Certificate and recorded in the name of Cede &amp; Co. daily, or other periodic basis as DTC may reasonably request. The subsection that describes the FRAC process provides details on confirmation and rejection requirements relating to the closing date of a new issuance or secondary offering. DTC would like to clarify the process requiring a FAST Agent to confirm or reject balance transfers associated with the presentation, by adding the following text to this subsection:</p> <p>"FRAC is to also be used by the FAST Agent to confirm or reject balances or transfers associated with the presentation, by DTC, of securities for a corporate action event for the draw-down of the FAST position on the target security and/or an add-to-balance of position when the entitlement security will be FAST. Balances are to be confirmed by the FAST Agent upon receipt of the SCL instruction from DTC on the effective date or the DTC allocation date of the corporate action or as soon as practicable thereafter. It is the obligation of the FAST Agent to use FRAC to confirm the Cede &amp; Co. FAST Balance and process the event according to the electronic SCL instructions presented."<sup>16</sup></p>

OA section	Revision
	<p>In addition, a sentence in the first paragraph of this subsection would be revised for clarity. The sentence states: “<i>Under no circumstances will a Participant’s account be credited unless DTC’s Underwriting Department receives closing information from the underwriter and the Agent.</i>” Alt text: It is necessary that the closing information provided to DTC, by each the issuer and the agent, agree. In this regard, the following text would be added to the end of the sentence (after “Agent” and before the period): “, and the closing information is in agreement”.</p>
II.B.2.c. DWAC .....	<p>The text of this section will be revised to create a defined term to clarify that the term “ADRs” refers to American Depository Receipts.</p>
II.B.4.c. (Termination of Transfer Agent Services).	<p>In compliance with Rule 17Ad–16 of the Act, all registered transfer agents are required to provide written notice (“17Ad–16 Notice”) to DTC when ceasing to perform or assuming transfer agent services on behalf of an Issuer or when the transfer agent is changing its name or address. Subsection II.B.4.c. lists information to be included on termination notices, as required by DTC. Pursuant to the proposed rule change, the OA would be revised for technical and clarifying changes to (i) change references to “Transfer Agent” to “transfer agent,” (ii) remove text indicating that the agent must list issues for which the transfer agent will no longer be responsible, and replace the text with a more succinct statement that the notice include the issuer’s name, (iii) modify text stating “The name of each issuer . . .” to instead state “The name and description of each Issuer’s Security . . .”.</p>
II.B.4.g. (Other Notices Delivered by Transfer Agents for Posting to LENS).	<p>This subsection describes the delivery requirements for certain notices that an Agent forwards to DTC to post to LENS. Two existing sentences will be revised for clarity. These sentences state: “In order to be posted to LENS, the notice must be sent to <i>TAServices@dtcc.com</i>. Hard copy notices will not be posted to LENS.” In order to clarify the text which is intended to describe how notices must be sent by email, these sentences would be revised to: (i) delete “In order for” and replace it with “For a notice”, (ii) add “an email with” between “LENS,” and “the notice”, (iii) add “attached as a PDF file” between “the notice attached as a PDF file” and “must” and (iv) add “and/or notices embedded in the body of the email” between “Hard copy notices” and “will not be posted”.</p>
III.B. (Notices) .....	<p>This section sets forth requirements for Issuers and Agents provision of notices to DTC for distribution to Participants. In addition to describing the information required to be included in a notice, it provides that the information may be delivered to DTC by secure means such as registered or certified mail, overnight delivery, or email. DTC believes that due to the time sensitive nature of such notices and risks of delay in delivery and transmittal via hard copy, for purposes of timeliness and processing efficiency relating to such notices, all such notices should be sent to DTC electronically. Therefore, the proposed rule change would delete provisions for hard copy delivery and instead provide that such notices should be sent via email or other electronic transmission (<i>i.e.</i>, BMA5 or REDCAL) and remove all references to transmittal by telecopy.<sup>17</sup></p> <p>DTC would also revise a sentence that states: “If the party sending the notice by telecopy or email does not receive a telecopy or email receipt from DTC confirming that the notice has been received, such party shall telephone the respective DTC department to confirm their receipt of the notice.” The proposed change would change “shall” after “party” and before “telephone” with “may (in addition to removing references to telecopy notice as mentioned above).”</p> <p>The proposed rule change would also delete a parenthetical cross-reference at the end of this subsection that states: “(See Exhibit C for a summary of important notices and required time frames for income, redemption and maturity, and reorganization payments.)” Exhibit C does not exist, and any applicable timeframes are included within the main text of the OA.</p>
III.C. (Payment Instructions) .....	<p>This section states, among other things, that all payments must be received by DTC in immediately available funds and must equal the full amount due on payable date. However, occasionally payments are tied to an “effective date.” Also, for Reorganization events, a payment date or effective date may not be specified, but the funds are made available for payment at a certain time in accordance with the timing of a specific transaction. To account for such varying terminology and timing of payments, the proposed rule change would clarify this section to add text to, in addition to requiring immediate payment on “payable date”, payments should be made in immediately available funds on the full amount due on the “effective date” or the date on which funds are first made available for payment for Reorganization events, as applicable.</p>
III.C.1. (Income Payment Standards) .....	<p>This subsection describes how income payments must be made to DTC. The section would be revised for technical and grammatical changes. It would also be revised to (i) change a reference to “same day funds” to “immediately available funds” as part of the description on how income payments must be made, for consistency with terminology used in III.C. (Payment Instructions) and (ii) remove text indicating that DTC may allow for special arrangements in exception to the requirement to make payment in immediate available funds via Fedwire. DTC believes that accepting a special arrangement in exception to these standards, such as payment by check, would introduce risk to DTC’s ability to timely pass income through to its Participants.</p>
III.C.2. (Redemption and Maturity Payment Standards).	<p>Redemption and maturity payments include cash payments of principal proceeds due to redemptions and maturities (“Redemption and Maturity Payments”). Such payments must be made to DTC’s Redemption Deposit Account in accordance with the Procedures set forth in this subsection.</p>

OA section	Revision
	<p>The second paragraph of this subsection includes a paragraph that states: “DTC must receive CUSIP-specific detail of payments, no later than 2:50 p.m. ET. The dollar amount associated with such detail must correspond with the actual dollar payment received by 3:00 p.m. ET. All Redemption and Maturity Payments must be paid in same-day funds prior to 3:00 p.m. ET on the payable date. Failure to provide timely payment to DTC could jeopardize the same-day distribution of these payments to Participants and beneficial holders.”</p> <p>To clarify text relating to the required timing of payments to DTC, the proposed rule change would delete “by” in the second sentence after the word “received” and before “3:00 p.m.” with “prior to.”</p> <p>In addition, the proposed rule change would make clarifying changes to the third sentence of the paragraph. Funds paid to DTC in accordance with this subsection are paid via Fedwire. Fedwire funds are immediately available. Therefore, the third sentence as shown above would be revised to instead state: “All Redemption and Maturity Payments must be delivered to Cede &amp; Co., as nominee of DTC, in immediately available funds prior to 3:00 p.m. ET on the payable date.”</p> <p>The proposed rule change would remove text indicating that DTC may allow for special arrangements in exception to the requirement to make payment in immediate available funds via Fedwire. DTC believes that accepting a special arrangement in exception to these standards, such as payment by check, would introduce risk to DTC’s ability to timely pass income through to its Participants.</p> <p>The proposed rule change would make technical and conforming changes to the third paragraph of the subsection by (i) replacing “payments” with “Redemption and Maturity Payments,” (ii) enhancing readability by moving the phrase “via Fedwire” from one place to another in a sentence describing how payments should be made and (iii) change a reference from “same-day” funds to “immediately available” funds.</p> <p>Finally, a reference in the final paragraph of the subsection to the “Customer Service Hotline” would be changed to “Client Support Line.” In addition, all other references to “Customer Service Hotline” to “Client Support Line” would be changed throughout the OA.</p>
II.C.3. (Reorganization Payment Standards) .....	<p>As with a change described for the subsection directly above, this subsection would be revised to change references from “same-day” funds to “immediately available” funds. The subsection would also be revised for other stylistic and descriptive purposes without altering the substance of the text as well as updating an email address supplied for submission of inquiries relating to wire instructions and payment information.</p> <p>The proposed change would also remove text indicating that DTC may allow for special arrangements in exception to the requirement to make payment in immediate available funds via Fedwire. DTC believes that accepting a special arrangement in exception to these standards, such as payment by check, would introduce risk to DTC’s ability to timely pass income through to its Participants.</p>
III.D. (Additional Payment Arrangements/Policies/Procedures).	<p>This subsection includes a statement that “no fees, such as wire fees, may be deducted from any payment due to DTC, its nominee, Cede &amp; Co., or its assigns.” Because such payments are passed through to the beneficial owners that are entitled to the entirety of the payment, it is not appropriate for an agent to charge DTC any fee in this regard. Therefore, DTC would clarify this provision by replacing the word “deducted” with “charged to DTC; this includes invoicing DTC a fee or deducting a fee.”</p> <p>Also, text relating to making inquiries directs the reader to email addresses further above in the OA text. However, the referenced text also includes phone information. Therefore, the proposed rule change would revise the reference to email addresses to instead refer to “contact information.”</p>
III.D.3. (Post-Payable Income Adjustments) .....	<p>This would be added as a new subsection to describe DTC’s existing practices regarding post-payable income adjustments. Adjustments can result from (but are not limited to) changes in rate, record date, accrual period or payable date and any activity tracking for stock loans, repos and due bill fail tracking.</p> <p>The subsection would provide that DTC will agree to Agents’ requests for the reallocation of certain misapplied, misdirected, or miscalculated income payments resulting in post-payable adjustment to DTC Participants under the following conditions:</p> <ul style="list-style-type: none"> <li>• Agent’s notice to DTC where the adjustment request will result in a credit to DTC Participants must be received by DTC no later than one calendar year from the initial payment date;</li> <li>• Agent’s notice to DTC for any adjustment request which will cause a debit-only, or there is a portion of the adjustment that will result in a debit, must be received by DTC no later than 90 calendar days from the initial payment date;</li> <li>• Agent’s notice to DTC for the adjustment request is to include the root cause adjustment code and information identifying issuance date, instrument, issuer, servicer, and calculating agent. DTC will not process any post-payable adjustments missing these key details; and</li> <li>• In the event the Agent’s adjustment request (e.g., rate change) resulted in an overpayment of funds and requires DTC to charge back funds from DTC Participants’ accounts, in order to receive the collect funds the Agent is to refer to Section III(D)(4)(b) <i>Processing Errors</i>, and contact DTC’s P&amp;I Event Reconciliation and Support (PIERS) Department via email at <a href="mailto:returboverpayments@dtcc.com">returboverpayments@dtcc.com</a> for further details.</li> </ul>

OA section	Revision
	<p>Issuers and/or Agents wishing to modify certain income payments beyond the time period that DTC will process the adjustments may do so by obtaining a "P&amp;I Allocation Register" by emailing <i>AnnouncementsRateChangeRequests@dtcc.com</i> and making payment arrangements directly with the affected DTC participants.</p> <p>For adjustments resulting from Agent's requests to DTC to revise rates, record dates, or payable dates, DTC will notify Participants at least one day prior to processing the adjustment to Participants' accounts when the adjustment will be processed within 30 days of the original allocation, and DTC will notify Participants at least three days prior to processing the adjustment to Participants' accounts when the adjustment will be processed 30 days or more after the original allocation.</p>
III.D.4. (Requests for Return-of Funds) .....	<p>This subsection provides introductory text for provisions that apply to instances where the Paying Agent and/or Issuer request the return of funds made to DTC. The proposed rule change would clarify that this subsection applies to such requests as they relate to income, redemption, or maturity payments, as applicable. A cross-reference to related text in Section VI.E. (Chargeback of Reorganization Payments) would also be added.</p>
III.D.4.b. (Processing Errors) .....	<p>This subsection provides instructions for agents and issuers on how to request returns of erroneous payments made to DTC. The proposed rule change would clarify that in addition to erroneous payments, the instructions also apply to overpayments made to DTC. The subsection states that a return of payment will only be made to the account from which the payment was received. While this provision is intended to prevent the return of a payment to the wrong location, occasionally, an issuer or agent may request that the payment be returned to an account other than the one that originally sent the payment. In these instances, DTC will send the payment to an account designated by the agent or issuer in a signed "Account Designation Letter." For security reasons, DTC believes it should receive such a signed letter with respect to all such accounts to which payments are sent to an issuer or agent. Therefore, DTC would replace the reference to payments being sent only to the account from which the payment was originally made, to state that the payment will be sent to the account named in the Account Designation Letter from the issuer or agent that DTC has on file.</p> <p>In addition, it is DTC's experience that the return of payments under \$100 is not cost effective for DTC or the applicable issuer or agent, as the cost of processing the return could be equal to or exceed the amount of the erroneous payment. Therefore, DTC would add text to this subsection to state that DTC will only process claims of \$100.00 or greater.</p>
III.d.4.c. (DWAC Deposit and Income Payments)	<p>A new subsection III.D.4.c. (DWAC Deposit Income Payments) will be added to clarify to Agents' their existing responsibilities relating to DWAC deposits made between a record date and payment date. Failure by Agents to fulfill these responsibilities may cause processing errors requiring remediation in accordance with III.d.4.b.</p> <p>In this regard, the text of this new subsection would read as follows:</p> <p>"Agent is to pay DTC income payments on payment date for record date position. Agent is responsible when approving a DWAC deposit after a record date and before the payment date to ensure the deposited position is not included in the Cede &amp; Co. captured record date position when funding DTC on the payment date, and Agent will make the income payment due the depositing participant directly to the participant. DTC has no responsibility to make the payment to the participant.</p> <p>Agent is responsible when approving a DWAC deposit to ensure the deposited position has all the same attributes of the security into which the deposit is being made, (e.g., accrual date or period, record date, payment date, payment cycle, interest rate, call feature, put feature, maturity date). Refer to Section II A. 1. <i>CUSIP Number Assignment</i>.</p> <p>Failure by Agent to follow the above procedures could result in an overpayment by Agent to DTC and jeopardize the timely and accurate payment to DTC and the same-day distribution of these payments to Participants and beneficial holders. See also Section b., <i>Processing Errors</i>, above."</p>
IV.A. (Dividend and Income Payment Details) ...	<p>The title of this section will be revised to remove the words "Dividend and", so that the section will be named "Income Payment Details", because dividends are a form of income and including "Dividend" in the title is redundant. A reference to the text of the section to dividends and income would also be revised to delete the word "dividends."</p> <p>Text would also be added to describe that income payments include cash dividends, interest, and periodic principal distributions paid to holders of record.</p> <p>The section text provides that an Issuer or Agent shall provide a notice of dividend and income payment information to DTC electronically, as previously arranged by Issuer or Agent and DTC, as soon as the information is available. However, if DTC does not receive such information by a certain time prior to when the payment is to be made it is possible that that payment will not be processed within the timeframe requested by the Issuer or Agent. Therefore, DTC would revise the text to remove the reference that the notice should be provided as soon as the information is available, and instead include a specific timeframe such that the notice must be provided to facilitate timely processing. Specifically, the changed text would state that the notice should be received by DTC prior to the payable date, but in no event later than 3 a.m. on the payable date, which is consistent with a timeframe already noted in IV.A.1 of the OA with respect to notices relating to structured securities.</p> <p>In addition, DTC will add text requiring that the electronic notification mentioned above must be provided either via automated files (DCN/BMA/RedCal) or the standard spreadsheet files (DCNLite/BMALite/RedCalLite).</p>

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IV.A.1. (Structured Securities) .....	<p>In addition, because the text requires that notice be sent via electronic submission, DTC would remove outdated references to an email address and a physical mailing address.</p> <p>This subsection includes the specific information DTC requires to be in a notice for DTC to process a payment relating to structured securities. The specified information would be revised to delete “coupon rate, expressed as a percentage” as this information is not needed by DTC to process the payment. Also, an item requiring the notice to include the payment classification (e.g., Interest, Principal, Premium, and Special Distribution) would be added as this information is necessary to accurately designate the payment type in DTC’s system.</p>
IV.A.3. (Defaulted Issues) .....	<p>DTC would add a new subsection to describe information needed to process payments on issues that are currently in a defaulted payment status. The additional text would read as follows:</p> <p>“3. Defaulted Issues</p> <p>Agent shall provide DTC with a notice of payments on defaulted issues. After establishing the amount of any payment to be made on such Securities, Agent shall send such notice to DTC’s Announcements Department via email to <i>dividenddefaultpayments@dtcc.com</i>, preferably five but no fewer than two business days prior to the payable or distribution date. Such notice shall include the following information:</p> <ul style="list-style-type: none"> <li>• Security description and CUSIP number;</li> <li>• record date;</li> <li>• payable date; and</li> <li>• dividend (rate per share) or interest rate (per \$1,000 principal amount) and the potential tax liability, including but not limited to capital gains, liquidations, and any cash liquidating distributions.” </li></ul>
IV.B. (Currency Payment Provisions) .....	<p>This section describes requirements relating to currency payments, including that all income payments must be made in U.S. dollars or Canadian dollars, as applicable. The section also states that payments in other currencies must be made directly by the Agent. The proposed rule change would clarify that such payments must be made directly by the Agent to the DTC Participants.</p>
IV.B.2.a. (Securities Denominated in a Non-U.S. Currency with an Option for U.S Dollar Payments).	<p>This subsection provides terms for Issues and Agents making payments in currencies other than U.S. dollars. The proposed rule change clarifies that any payment in non-U.S. currency should be made in the currency designated in an offering document provided to DTC. The non-U.S. currency would be defined as the “Initial Currency and/or Designated Currency.”</p> <p>Because this subsection is intended to apply to payments relating to equity and debt instruments, DTC would change references to such payments from describing them as income, redemption and maturity, and reorganization payments and instead refer to them as principal, interest and dividends payments, as the latter more broadly captures both payment types.</p> <p>The text currently provides that the Agent is authorized by the Issuer to make payments on its behalf. For the purpose of confirming that the Issuer is fully authorized to act on behalf of the Agent in this regard, DTC would add text to this subsection whereby the Agent represents that it has been appointed by Issuer to receive and convert designated portions of payments into U.S. dollars.</p> <p>The subsection provides, among other things, that (i) absent any other arrangements, any beneficial owners that do not elect payments in a non-US currency shall receive U.S. dollar payments by DTC payment to the Participants holding on their behalf and, (ii) unless the Agent is notified by DTC of any election to receive non-U.S. currency payments, all payments will be made in U.S. dollars. To provide for enhanced clarity in this regard, DTC would revise the text to move the latter statement (ii) so that it appears in a sentence directly after the former statement (i) as opposed to further down the text as is currently the case.</p> <p>If payments are made by the Agent outside of DTC, then DTC is not part of such payment process and is unable to confirm if the applicable Participants have been paid. To provide for enhanced clarity, the proposed rule change would add the following text in this regard: “Agent accepts responsibility for the Non-U.S. currency payment made to DTC Participants, including confirming directly to the DTC Participants that payment has been made. The Agent acknowledges that DTC is unable to, and will not, confirm whether such payments were made to or received by DTC Participants.”</p> <p>The proposed rule change would also make changes related to updating terminology to align defined terms and modify text for grammar and readability.</p>
IV.B.2.b. (Securities with Payments Made in Canadian Dollars and/or U.S. Dollars).	<p>This subsection relates to Securities that may make payments in Canadian and/or U.S. Dollars. DTC accepts and passes through income payments in U.S. Dollars and will also process payments in Canadian Dollars to the extent the Security is eligible for DTC’s Canadian-Link Service. The proposed rule change would revise the text of this subsection to consolidate language relating to the responsibilities of DTC, Issuers and Agents in this regard, as well as the acceptable denominations for payment on applicable Securities, namely U.S. Dollars and Canadian Dollars. The proposed rule change also provides clarification relating to the form and method of payments made to DTC (depending on whether payments are to be made in Canadian Dollars or U.S. Dollars), details on tax withholding to reflect existing arrangements where CDS serves as DTC’s Tax Withholding Agent, and notifications and related deadlines.</p>

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IV.B.2.b.3. (Securities Denominated in a Non-U.S. Currency without an Option for U.S. Dollar Payments).	<p>DTC maintains an account at the CDS Clearing and Depository Services Inc. (“CDS”) in Canada and Securities credited to DTC by CDS are onward credited by DTC to Participants. As Securities may transfer between CDS and DTC regularly, it is necessary that the records of the Agent and DTC agree on record date so that the DTC position in the Security is in balance with the records of the Agent. In this regard, the proposed rule change would add text relating to the applicable process necessary for such balancing to occur timely. Specifically, the added text would state that the Agent must confirm via FRAC the Securities Control Listing (SCL) by 6:00 p.m. ET on the record date or the date requested by DTC.</p> <p>DTC does not process non-U.S. currency (other than Canadian). This subsection provides requirements on how such payments should be made by the Agent outside of DTC. The proposed rule change would clarify the text relating to the obligations for the Agent in this regard and clarifying that the Agent is solely responsible to ensure such payments are made to Participants. This proposed change would provide that DTC shall bear no responsibility with respect to such Non-U.S. currency payments, and note that DTC is unable to confirm whether such payments were made to or received by DTC Participants.</p>
IV.C.2. (Reduction of Payment on Treasury Shares or Repurchased Debt Securities (for Cash Dividend or Interest Payment)).	<p>This subsection provides that a Participant that holds treasury shares or repurchased debt securities (<i>i.e.</i>, issuer buy-back) at DTC on the record date for a cash dividend or interest payment shall submit an instruction through the Corporate Actions Web (“CA Web”) to reduce its entitlement to the payment by the amount attributable to such treasury shares or repurchased securities. If the Participant does not submit such instruction within a designated timeframe, then the Agent shall provide to DTC a notice of reduction in the dividend or interest payment amount due DTC because of treasury shares or repurchased debt securities held on deposit by DTC on the record date. With respect to each Participant with a reduced entitlement, the Agent is responsible to ensure that the applicable Participants submit a confirmation letter providing details relating to the reduction. The proposed rule change would clarify, that while it is the Agent’s responsibility to ensure that each Participant submits a confirmation letter, it is the responsibility of the Participant to provide the letter to DTC. For the sake of clarity, the proposed rule change would also consolidate a list of the contents and requirements that relate to the required letter.</p>
IV.D.1.a. (Voluntary Dividend Reinvestment and Securities with an Automatic Dividend Reinvestment (with an option to elect a cash dividend)).	<p>This subsection describes conditions for an Issuer’s securities to participate in the DTC Dividend Reinvestment Program. The DTC Dividend Reinvestment Program allows Participants to reinvest income payments for additional securities. The DTC Dividend Reinvestment Program also includes an opt-out feature, where income payments on certain issues have been automatically reinvested into securities and Participants could instruct to receive cash instead. For an issue to participate, the Issuer’s Agent, acting as the Issuer’s Dividend Reinvestment Plan Administrator, must complete and sign DTC’s Dividend Reinvestment Letter of Agreement (reprinted on Agent’s letterhead). This Dividend Reinvestment Letter of Agreement details the terms agreed upon by the Agent for the processing of reinvestment instructions through DTC. The subsection includes the following statement: “The Agent must provide a written request to DTC for all Securities to be included in DTC’s DRP. <i>DTC may refuse to make eligible certain issues if Agent has a record of failing to comply with such arrangements.</i>” DTC proposes to delete this statement as it is redundant because the provision of the letter of agreement constitutes the writing, and it is intuitive that an Agent would need to comply with the agreement for its issues to be added to the program.</p> <p>The text would also be modified to remove a reference to right fax as a method for Agents to submit dividend reinvestment instructions.</p>
IV.D.2. (Stock/Pay-in-Kind (“PIK”) Distributions to Holders of Record).	<p>This subsection contains information and requirements relating to a PIK, which is a distribution that pays additional shares of a security that the payment relates to. Text in this subsection relating to stock distributions would be revised for technical and clarifying changes for readability without altering its substance or meaning.</p> <p>A sentence in the text relating to a PIK on a bond issue currently states: “If the new denomination of the new bond is different from the denomination of the Original Bond (<i>i.e.</i>, the minimum denomination and/or the increment), then the Original Bond denomination (<i>e.g.</i>, \$1,000 by \$1,000) is to be changed to reflect the denomination of the new bonds (<i>e.g.</i>, \$1000 by \$1.00) for the remainder of the Original Bond’s term.” The proposed rule change would modify this sentence to add the following words at the end of this sentence before the period: “or until all baby bond positions are eliminated.” This sentence will also be moved to another paragraph in the text for enhanced clarity and flow. In addition, text will be modified for consistency with respect to defined terms.</p>

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IV.D.2.a. (Fractional Entitlements in Cash or Additional Roundup Shares).	<p>This subsection discusses the processing of fractional entitlements on a stock distribution such as a stock split, stock dividend, or pay-in-kind distribution. The section states that DTC does not support the distribution of fractional shares of securities and lists the acceptable forms of fractional entitlements that may be processed through DTC, namely cash-in-lieu of fractions (“CIL”) and roundup shares. CIL pays the cash value of fractional shares that would otherwise be distributed. Roundup shares provide for issuers and their agents to round the amounts of shares distributed to the next whole number. The section provides those fractional entitlements are to be computed by the agent at the Participant level or beneficial owner level and provides instructions relating to providing DTC with such payments. Pursuant to the proposed rule change, the OA text would add a clarification that such information on fractional entitlements should not be calculated at the Cede &amp; Co. level only. An issuer and their Issuer and their Agent when paying CIL of fractions or additional roundup shares are to calculate and pay such entitlement down to the beneficial owner level when the event notification specifically refers to fractional entitlements being calculated at the shareholder/beneficial owners level, however, if the timing of the event precludes providing the opportunity for participants to identify and receive payment calculated at the beneficial owner level, or it is not specified in the event, then calculations can be done at the DTC participant level. Fractional entitlements should not be calculated at the Cede &amp; Co. level only.</p> <p>The proposed rule change would also make technical and clarifying changes to the text of this subsection relating to Participant instructions collected at the beneficial owner level and update a mailing address.</p>
IV.D.2.b. (Restricted Distribution Shares Issued)	<p>This subsection would be modified to remove a cross-reference to “Section VI(A), <i>Standards for Voluntary and Mandatory Reorganizations Notices</i> for notice instructions.” This reference is misplaced and not relevant to the subsection.</p>
IV.D.3. (Reduction of Payment on Treasury Shares (for Stock Dividend Payments)).	<p>Treasury shares are owned by the issuer and not entitled to receive distributions. If a Participant holds any Treasury shares, the Participant must notify DTC via a confirmation letter regarding the treasury shares it holds so that the Participant’s entitlement will be reduced in relation to the treasury shares it holds. The proposed rule change would revise the text to clarify that the confirmation letter is only required of “applicable Participants” and that an agent will facilitate obtaining the letter from Participants. The proposed change would also consolidate a list of information required to be included in such letters so that all the elements of the letter are included in one list rather than two, as the OA currently reads.</p> <p>The change would also remove a requirement that the Participant affix its medallion signature guarantee stamp to the letter.</p> <p>Text would also be added to refer the reader to an email address to contact to obtain a template of the confirmation letter.</p>
V.A. (Redemptions, Advance Refundings, and Calls Inclusive of Sinking Funds and Mandatory Redemptions).	<p>This section sets forth certain requirements relating to redemptions of securities. An issuer may conduct its redemptions pro-rata (distributed as an equal percentage across all holders) or by lottery (whereby DTC randomly selects holders whose securities will be redeemed). Once an issuer uses either a pro-rata process or the lottery process, future redemptions must be made using the same process. Pursuant to the proposed rule change, this section would be clarified by adding the following text after a sentence that states that DTC cannot support pro-rata lottery redemptions: “In addition, once a security starts paying principal via lottery or pro-rata pass-through of principal, future principal payments must be made using the same payment method. Securities must not use both lottery and pro-rata pass through methods of paying principal. Pro-rata pass-through of principal must not be used for securities that offer “pay-in-kind” distributions.”</p> <p>The proposed rule change would move text relating to eligibility of new issues that contain provisions for monthly optional redemptions from this Section to a new subsection I.C.7. (Monthly Optional Redemptions). The specific text to be moved states: “DTC will consider for eligibility a new issue of securities where the issuance is registered under the Securities Act and containing provisions for monthly optional redemptions by the Issuer only if the issue is in book-entry “BEO” format and DTC has received an executed LOR prior to closing. (See Section I(B), <i>Documentation</i>.” This text is a more logical fit to be included under Section I. of the OA as Section I. covers securities eligibility.</p> <p>Text would also be revised to delete a provision relating to notifications under this subsection that states that a “second” redemption notice shall be sent to DTC in a secure fashion within 60 calendar days if action is required and if DTC has not acted on the first notice, as it would be redundant to require such a second notice to be sent.</p> <p>The text would also be revised to delete text that states that an Agent’s receipt of securities and redemption presentment documentation from DTC may be confirmed to DTC by using DTC’s Participant Browser Service (“PBS”) function Redemption Payment Summary Return. Paying agents on the PWP program shall send their confirmations via email at <i>fastpay@dtcc.com</i> using the format provided by DTC. This confirmation verifies receipt of the redemption presentment and confirms intent to pay DTC, on the payable date by 3:00 p.m. ET, the value stated in the presentment documentation, provided the item is funded. Agent shall notify DTC immediately via email at <i>rpsdiscrepancies@dtcc.com</i> when discrepancies between the securities and redemption presentment documentation and the Agent’s records are identified. This text is unnecessary as such information is delivered electronically and as such a confirmation would not be required.</p>

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V.A.1. (Notice of Recission) .....	<p>The proposed rule change would also clarify that in addition to other methods described in this section, instructions relating to redemptions may be sent to DTC using a supported automated feed, such as REDCAL, DCN or BMA, or using an appropriate DTC formatted Microsoft Excel spreadsheet.<sup>18</sup></p> <p>Finally, the subsection would be revised to for other technical and clarifying changes to the text.</p> <p>From time to time, an issuer will seek to rescind a redemption event. DTC requests information and documentation to process the recission. To enhance clarity relating to this process, DTC would add a new subsection V.A.1. (Notice of Recission) that sets forth the information and documentation that DTC needs to be able to process the recission. In this regard, the new subsection would state:</p> <p>“To notify DTC of a rescinded redemption event, Issuer or Agent must utilize DTC’s automated file or email all related documents to <i>redemptionnotification@dtcc.com</i>, and the notice shall include the following:</p> <ul style="list-style-type: none"> <li>• Security description and CUSIP number(s)</li> <li>• statement that the redemption/refunding is rescind/cancel;</li> <li>• amount of the redemption or refunding being rescinded;</li> <li>• Publication Date of any related notices;</li> <li>• Redemption date of event being rescinded;</li> <li>• Redemption Agent’s name and address; and</li> <li>• Administrator’s contact information.</li> </ul> <p>Recission notice requests to DTC 30 days or more after the Redemption Date will only be accepted and processed when the Agent has provided a DTC debit request letter from each DTC Participant paid in the redemption. The letter is to include the DTC indemnification statement and medallion stamp. (Note: The authorized signer of the medallion stamp must be a different party than the signer of the letter.) To request a letter template, please contact <i>redemptionnotification@dtcc.com</i>.”</p>
V.A.2. (Notice of Revision) .....	<p>From time to time, an issuer may seek to revise a pending redemption event. DTC requests information and documentation to process the revision. To enhance clarity relating to this process, DTC would add a new subsection V.A.2. (Notice of Revision) that sets forth the information and documentation that DTC needs to be able to process the revision. In this regard, the new subsection would state:</p> <p>“To notify DTC of a revision to a redemption announcement, such as called amount, redemption date, or publication date, Issuer or Agent shall send a notice to DTC specifying:</p> <ul style="list-style-type: none"> <li>• Security description and CUSIP number(s);</li> <li>• the redemption notice is revised from the prior notice and clearly indicates the revised information (e.g., called amount, redemption date, pub date);</li> <li>• Amount of the redemption or refunding being revised;</li> <li>• Publication date of the notice;</li> <li>• Redemption date of event being revised;</li> <li>• Redemption Agent’s name and address; and</li> <li>• Administrator’s contact information.</li> </ul> <p>Revision notices requests to DTC 30 days or more after the Redemption Date which increase the called amount will not be accepted. A new notice with a current Redemption Date will be required. Interest must be paid up to the new Redemption Date.</p> <p>Revision notice requests to DTC 30 days or more after the Redemption Date which decrease the called amount will only be accepted and processed when the Agent has provided a DTC debit request letter from each DTC Participant paid in the redemption. The letter is to include the DTC indemnification statement and medallion stamp. Note: The authorized signer of the medallion stamp must be a different party than the signer of the letter.) To request a letter template, please contact <i>redemptionnotification@dtcc.com</i>.”</p>
V.A.3. (Notice of a Security Declared “Null, Void and Worthless”).	<p>DTC’s Null/Void Worthless Letter template provides agents with the required verbiage to initiate a mandatory corporate action that authorizes DTCC to delete/cancel a participant position on its books and records.<sup>19</sup> The letter<sup>20</sup> is available for download on DTCC’s website and contains the required indemnification language to confirm that the securities are deemed null, void, and worthless, and that there will be no future payments.</p> <p>Pursuant to the proposed rule change, DTC would add a new subsection V.A.3. to clarify that the template letter should be used if a Security will not make a final paydown/redemption and the agent or issuer/agent intends to have the Security removed from the books and records. The new subsection would state the following:</p> <p>“In the event a security will not make a final paydown/redemption, as may be the case with a structured security, or in the event that a security is being or has been cancelled pursuant to a bankruptcy, court order, or other similar circumstance and is therefore worthless, the Issuer, Trustee or Agent must instruct DTC to remove the position from DTC’s books and records on the basis that the security is null, void, and worthless, that all interests in the security have been cancelled, and that there will be no further payments. The Issuer, Trustee or Agent instruction to DTC must be in the form of the “Null, Void, and Worthless” (“NVW”) letter template available on the DTCC’s website at <a href="https://www.dtcc.com/settlement-and-asset-services/agent-services/corporate-action-information-for-agents">https://www.dtcc.com/settlement-and-asset-services/agent-services/corporate-action-information-for-agents</a> and must be emailed to the applicable email address as set forth in the following paragraph. The letter, including an indemnification of DTC, must not be altered or edited.</p>

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	<p>Issuer, Trustee or Agent shall email the completed and signed NVW letter for a security not making a final paydown/redemption to <i>redemptionnotification@dtcc.com</i>. Issuer, Trustee or Agent shall send the completed and signed NVW letter to DTC for convertible securities, warrant or rights deemed null, void, and worthless to <i>conversionsandwarrantsannouncements@dtcc.com</i>. Issuer, Trustee or Agent shall send the completed and signed NVW letter to DTC for other event types to <i>mandatoryreorgannouncements@dtcc.com</i>.</p> <p>DTC reserves the right to request revised or additional documentation from the Agent, Issuer or Trustee as DTC deems necessary or appropriate.”</p>
<p>V.A.4. (to be renumbered from V.A.1.) (Pro Rata Pass-Through Distributions of Principal).</p>	<p>Considering the proposal to add the new subsections under Section V.A., as described above, current Section V.A.1. will be renumbered as V.A.4. This subsection provides requirements for notification to DTC and processing for pro rata pass-through distributions of principal. The subsection will be updated to clarify that such a pass-through is referred to as a “final pay-down” as opposed to a “pay-down” and adjust a related reference accordingly. The text of the subsection would also be revised for clarity and readability and to add that in addition to email, notification of a final pay-down can be provided to DTC via BMA5.</p>
<p>V.A.5. (to be renumbered from V.A.2.) (Partial Redemptions for Auction Rate Securities (“ARS”) and Requests for ARS Lottery Results).</p>	<p>Considering the proposal to add the new subsections under Section V.A., as described above, current Section V.A.2. will be renumbered as V.A.5. Also, a reference to the DTCC Customer Service Hotline, which can be called for further information regarding instructions on processing requirements, would be updated to reflect the current name of this customer support line, which is referred to as the “Client Support Line.”</p>
<p>V.A.6. (to be renumbered from V.A.3.) (Redemption Notification Exceptions).</p>	<p>Considering the proposal to add the new subsections under Section V.A., as described above, current Section V.A.3. will be renumbered as V.A.6.</p>
<p>V.B.1. (Standards for Put Notifications) .....</p>	<p>Text would be removed that states “DTC requires Agents to meet standards for put notifications as they apply to notifications to depositories and to the extent that this OA or related LOR does not supersede them.” This text is redundant as the specific provisions relating to such put notifications are described in detail directly below the text to be deleted.</p>
<p>V.B.1.a. (Initial Notices of Puts) .....</p>	<p>The text would be clarified to indicate that email addresses must be provided to DTC for the delivery of put exercise instructions.</p>
<p>V.B.1.b. (Timing) .....</p>	<p>This subsection on the timing of notices to DTC would be modified to add that DTC should be notified no fewer than 10 days prior to payment date for mandatory puts. This is in addition to a stated requirement that the notice should be sent to DTC no fewer than 10 days prior to the expiration of the applicable tender period for puts with instruction windows. Mandatory puts would not necessarily involve an instruction window and therefore the existing text would not apply to mandatory puts.</p>
<p>V.B.1.c. (Additional Notices) .....</p>	<p>This subsection states a notice requirement relating to partial redemptions and information that should be included in a notice. The proposed rule change deletes a provision that such notices should be sent by the Issuer or Agent to one or more nationally recognized information services that disseminate put notices. This is a provision relating to a notification that would occur outside DTC and is not required for DTC to process the partial redemption.</p>
<p>V.B.1.d. (Warning on Envelope for Physical Notice Delivery).</p>	<p>This subsection contains a provision relating to notice relating to the circumstance where a bond indenture requires a physical notice to be sent in connection with a redemption. The subsection contains a requirement that a warning should be printed on envelopes provided to DTC in this regard and provides an example of such a warning and instructions for delivery of the notice. This subsection will be deleted as this relates to an obligation between an agent/issuer and the indenture trustee for the issue, and such notice is not necessary to be provided to DTC for DTC to process the event.</p>
<p>V.B.2.b. (Collateralized Mortgage Obligations (“CMOs”) and Asset-Backed Securities (“ABSs”).</p>	<p>This subsection contains a provision that is currently misplaced relating to death redemptions, which is an estate feature of some bonds that provides that the bond may be put back to the issuer as a type of early redemption in the event of the death of a bondholder. The provision is misplaced and has been moved to the section relating to early Certificate of Deposit (“CD”) redemption/Survivor Options.</p> <p>The proposed rule change also makes a grammatical change to enhance readability.</p>
<p>V.B.2.c. (Put “Extendible” Issues”) .....</p>	<p>This subsection sets forth notice requirements for issues that may be subject to a “put” provision that allows the security to be exchanged into a new security in accordance with the terms of the issuance. The proposed rule change will make technical and clarifying changes relating to an example of such a put (i) to modify terminology in a parenthetical used to refer to an extendible bond, from being referred to as “Extendible” to instead refer to it as “the extendible bond” and (ii) modify text in the example to refer to the new bond as having a “shortened” maturity rather than a “new” maturity. The word “as” would also be added to the text for the example before modified text “with a shortened maturity date.”</p> <p>In this regard, the existing text subject to these modifications currently states:          “A security subject to a “put” provision may be exchanged for a new security, in accordance with the terms and conditions of such put, with a new maturity date (<i>i.e.</i>, “Extendible”) if a holder does not elect to retain the position.”</p> <p>The modified text would state:          “A security subject to a “put” provision may be exchanged for a new security, in accordance with the terms and conditions of such put, as with a shortened maturity date if a holder does not elect to retain the position (<i>i.e.</i>, the extendible bond).”</p> <p>The subsection would also be modified to add an additional email to which related confirmations must be sent to. In addition to <i>putbonds@dtcc.com</i>, the text will provide that <i>putsprocessing@dtcc.com</i> could also be used for this purpose.</p>

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V.B.2.d. (Put Bonds (Repayment Options)) .....	<p>The proposed rule change would shift the location of text within the subsection, relating to certain notice requirements and related late fees for put bonds, to enhance clarity and readability. The proposed rule change also amends the notice requirements to remove the option to deliver notices to DTC using physical delivery methods in the event email transmission is unavailable. The proposed change would also modify text for accuracy of terminology.</p>
V.B.2.e. (Early CD Redemptions/Survivor Options).	<p>This subsection contains provisions contained in the terms of certain Securities relating to survivor options which permit early redemption of a security in the event of the death of a bondholder or if the bondholder is adjudicated as incompetent.</p> <p>This section is focused on the early redemption of certificates of deposit and MMI Survivor Options. In this regard, the heading of this subsection would be clarified to reflect this focus by adding a reference to early CD redemptions in addition to survivor options, as well as adding “MMI” before “Survivor Options”. In this regard, the heading reads as “Survivor Options” and the modified title would read “Early CD Redemptions/MMI Survivor Options”.</p> <p>The text would be revised to clarify the system functions and procedures used for the early redemptions of certificates of deposit that are issued in DTC’s MMI Program and those that are not issued in the program.</p> <p>In this regard, the text would state that Participants should use the CD Early Redemption Request (“CERR”) function on PTS/PBS for non-MMI CDs to notify DTC in this regard, and Participants should use the “PUTS” function on PTS for CDs issued in the MMI program to notify the Issuing and Paying Agent (“IPA”). (In the MMI program, redemptions are initiated directly between a Participant and an IPA on DTC’s MMI platform, whereas the Participant provides instructions directly to DTC for other redemption types and DTC communicates those instructions to the agent.</p> <p>Text be updated and clarified relating to information actions required for Participants and Agents to instruct and process early redemptions.</p> <p>As such the following deletions and additions would be made.</p> <p>The following text would be deleted:</p> <p>“When submitting instruction via CERR functions, hard copy supporting documentation is not required to be delivered to DTC <i>concurrently</i> with instructions from Participants for certain put exercise instructions, for example, a bond issue with a “death put” provision does not require the submission of a death certificate concurrently with an exercise instruction, however, hard copy <i>documentation</i> must follow promptly. The presentment of the supporting documentation to the Agent is not monitored by DTC.</p> <p>Agent shall receive the specified Securities in accordance with DTC’s CERR procedures. Upon receipt of payment, DTC will credit Participant, and the Participant shall forward the payment to the legal representative of the named beneficial owner.</p> <p>If such Securities are structured so that the redemption option (<i>i.e.</i>, “death put”) pays holders accrued interest, Agent must include such accrued interest with the principal payment which shall be calculated from the day prior to the regular interest payment date to and including the day the funds are wired to DTC. Such funds shall be sent to the account in the manner set forth in Section III(C)(2), Redemption and Maturity Payment Standards.”</p> <p>The deleted text would be replaced with the following:</p> <p>“(1) Early CD Redemptions (Non-MMI)</p> <ul style="list-style-type: none"> <li>• Instruction Processing (with supporting documentation): For early CD redemption instructions submitted through CERR, DTC will provide the Agent the instructions from Participants, and if in addition to the instruction the Agent requires the Participant to present the beneficial-owner supporting documentation, (<i>e.g.</i>, death certificate), DTC will electronically provide to the Agent (unless otherwise notified by DTC) the supporting documentation received from Participants on the condition the Agent meets the following requirements: <ul style="list-style-type: none"> <li>○ Agent agrees to accept the beneficial owner documentation via email from DTC and further agrees it fulfills the documentation requirement of the submission to make the payment;</li> <li>○ Agent can accept the DTC email delivery in the form of a password-protected/ encrypted email; and</li> <li>○ Agent provides DTC a group/business unit email address (as opposed to an individual employee’s email address) for the delivery of the documentation.</li> </ul> </li> </ul> <p>If any of the above conditions cannot be met, DTC will not provide the Agent the supporting documentation and Agent will be responsible to obtain the documentation directly from Participants as may be needed.</p> <ul style="list-style-type: none"> <li>• Instruction Processing (without supporting documentation): For early CD redemption instructions submitted through CERR where the event indicates supporting documentation is not required to complete the submission for payment, DTC will provide the Agent the instructions from Participants including contact information at the Participant should the Agent want to obtain the documentation at a later time. When the event indicates that documentation is not required, Participants submitting instructions will certify that they will retain the documentation for 30 months from the submission should the Agent want to obtain such documentation.</li> </ul>

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<p>VI.A. (Standards for Voluntary and Mandatory Reorganizations Notices).</p>	<ul style="list-style-type: none"> <li>• Early CD Redemption Instruction Confirmation: Agent is required to notify DTC of any issues with instructions submitted to Agent, (e.g., invalid documentation, annual or quarterly cap reached, lifetime cap reached) within 5 business days of receipt by emailing <i>survivoroptions@dtcc.com</i>. For requests in good order, Agent will promptly inform DTC of the anticipated payment date for each instruction submitted to the Agent by emailing <i>CDdeathputs@dtcc.com</i>.</li> <li>• Early CD Redemption Payments: The Agent shall remit wire payment of early CD Redemption to DTC and include the CUSIP number, (e.g., CUSIP 123654AA0), and the CERR transaction ID, (e.g., Transaction ID E@PF0101171216), on the wire. For all payments, Agent must email wire payment details in an Excel file listing the CUSIPs, CERR transaction ID's, and amount to be paid. The email should be sent to <i>CDdeathputs@dtcc.com</i> with the subject of the email containing the same transaction ID (e.g., Transaction ID E@PF0101171216) contained in the wire. The amount to be paid in the email attached Excel file must match the wire amount sent to DTC. If such Securities are structured so that the redemption option (i.e., "death put") pays holders accrued interest, (as payment is not occurring on a scheduled interest payment date), Agent must include such accrued interest with the principal payment which shall be calculated from the day prior to the regular interest payment date to and including the day the funds are wired to DTC. Such funds shall be sent to the account in the manner set forth in Section III(C)(3), Reorganization Payment Standards.</li> </ul> <p>(2) MMI Survivor Options: IPA is to refer to the "Survivor Options Puts User Guide for Agents" for instructions on viewing instructions, accepting/rejecting instructions, and responding to withdrawal requests, and selecting instructions for payments."</p> <p>This section provides notice standards, including timeframes and other requirements, for the processing of voluntary and mandatory reorganization events. The proposed rule change will revise the text of this section as follows:</p> <ol style="list-style-type: none"> <li>1. The text of this section currently provides in its introductory paragraphs that notices for mandatory reorganization events must be sent to DTC no fewer than five business days prior to the transaction (event). Voluntary events require more time for processing than mandatory events, because under a voluntary event Participants need to submit instructions to DTC on how the event should be processed on their or their customers' behalf. For a mandatory event, such instructions are not applicable. This subsection currently provides for a 10-day notice period for voluntary events by stating that final source documentation must be provided to DTC at least 10 business days prior to the expiration of the voluntary event, but it resides further down in the section. The proposed rule change would move the text for the 10-day notice for voluntary events to be closer to the description of the five-day notice period (for mandatory events) to make it clearer to the reader as to which notice period applies to a mandatory or voluntary event. In the regard, revision would also add text to clarify that the five-business day requirement set forth in this section for notice applies with respect to mandatory events. Text referencing provision of preliminary source documentation and late notification fees that are charged for late notifications for voluntary events would be moved further up in the section for improved flow of the text.</li> <li>2. The proposed rule change would delete the word "distribution" from text relating to processing of cash in lieu of fractional shares because this paragraph is referring to reorganization events, which currently states: "the rate of distribution (e.g., stock rate and exchange rate), including the rate for CIL fractions or roundup entitlements . . ." This is because reorganization events do not result in distributions, but instead provide for entitlements to cash or securities. In addition, the referenced text above would be revised to clarify that the "rate" is a "payment rate" and clarify how the rates are expressed for debt and equity.</li> <li>3. The proposed rule change would add text noting that DTC does not support the distribution of fractional shares of securities.<sup>21</sup></li> <li>4. The following note would be added to the text: "Important Note: If there is a change in terms, a revised notice must be provided to DTC immediately upon publication. Agent is to confirm that DTC took the appropriate action with the information provided, (e.g., extended/revised the DTC expiration date when given a new expiration date)."</li> <li>5. The proposed rule change would add that a notice should include information on whether shares issued as the result of exercise of dissenter rights would be issued as a certificate or in Direct Registration Statement format.</li> <li>6. The subsection provides an email address for submission of notices of voluntary events. The proposed rule change would clarify that notices for three of the event types listed, namely conversions, right exercises, and warrant exercises should be sent to a different email box than the email box currently listed for all voluntary reorganization events. The email address currently listed for all such events is <i>voluntaryreorgannouncements@dtcc.com</i>. This will continue to be a valid address for all events listed therein except for the three mentioned above, for which notices should be sent to <i>conversionsandwarrantsannouncements@dtcc.com</i>. In addition, text would be added stating that notifications pertaining to Put events should be sent to <i>putbonds@dtcc.com</i>. Also, a reference to "dutch auctions" will be changed to "Dutch auctions" to capitalize "Dutch" to reflect that it is referring to a specific type of auction.</li> </ol>

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	<p>7. The proposed rule change would revise text that describes requirements relating to events that DTC is unable to process and that must be paid outside of DTC. For these events, the OA states that details of the related entitlement must be provided. The revision would modify a clause that currently states “Agents will accept responsibility to make payment directly to DTC Participants and agree to provide DTC details of the entitlement being allocated to DTC Participants, including calculations at the instruction level at the time of the allocation to DTC Participants and to notify DTC that instructed positions can be drawn down from the DTC balance as DTC has no ability to confirm whether such payments were made to or received by DTC Participants” to add “if applicable between “including” and “calculations.”</p> <p>8. The proposed rule change would add wording in a sentence relating to issues listed on an exchange, to make a reference to the plural “securities” to also refer to the singular “security” so that the applicable text would reflect “the security or securities.” In addition, “cash and/or stock merger” would be added to examples of transactions that are corporate actions.</p> <p>9. Pursuant to the DTC Fee Schedule, DTC may assess fees for the processing of a corporate action whose structure does not conform to DTC’s processing standards.<sup>22</sup> Pursuant to the proposed rule change, DTC would move text describing these fees from subsection VI.D.4. to this section, with clarifying modifications to clarify DTC’s discretion to establish an appropriate fee for a given event once notice is received by DTC. The proposed text would read: “Upon receipt of a notice and evaluation of the event/offer details DTC may assess non-standard corporate action processing fees as DTC deems appropriate to announce and process the corporate action event through DTC. Approval of the fee will be required prior to DTC committing to handling the offer/event as well as agreement to provide DTC with allocation information in a specified format (e.g., spreadsheet). Payment of fees is due upon receipt of an invoice from DTC.”</p> <p>10. Revisions to this section would also include technical changes to clarify the text.</p>
VI.B. (Fractional Entitlements in Cash or Additional Roundup Shares).	<p>Section IV.D.2., described above, sets forth requirements relating to the handling of distributions that may result in fractional entitlements. Reorganizations can also result in the distribution of fractional entitlements. The proposed rule change would add a new section VI.B. (Fractional Entitlements in Cash or Additional Roundup Shares). Such distributions are processed similarly as distributions that are not associated with reorganizations.</p> <p>To provide clarity in this regard, the proposed rule change will add the following text to this new subsection that is like that stated in Section IV.D.2.</p> <p>Specifically, the new text would state:</p> <p>“In the event the corporate action rate of distribution results in fractional entitlements, Issuer shall provide DTC one of the following:</p> <p>(a) cash in lieu (“CIL”) of fractions or;</p> <p>(b) additional roundup shares, or;</p> <p>(c) written notification to DTC that fractional shares will be dropped.</p> <p><i>Important Note: DTC does not support the distribution of fractional shares of securities. Fractional entitlements should not be calculated at the Cede &amp; Co. level only.</i> For mandatory corporate action events, Issuer and their Agent when paying CIL of fractions or additional roundup shares are to calculate and pay such entitlement down to the beneficial owner level when the event notification specifically refers to fractional entitlements being calculated at the shareholder/beneficial owners level, however, if the timing of the event precludes providing the opportunity for participants to identify and receive payment calculated at the beneficial owner level, or it is not specified in the event, then calculations can be done at the DTC participant level.</p> <p>For voluntary corporate action events, the treatment of fractional entitlements (CIL, roundup, or dropped) must be calculated at the Voluntary Offering Instruction (“VOI”) level.</p> <p>For CIL or additional round-up shares, Issuer or Agent must:</p> <p>(1) accept instructions from DTC to liquidate a designated quantity of full shares or issue additional roundup shares to satisfy Participant CIL/roundup entitlements <i>down to the beneficial owner level</i>. Such instructions will be presented to Issuer or Agent on the date agreed upon by DTC and Issuer or Agent. Issuer or Agent must provide DTC ample time (preferably 5 business days after the distribution) to collect Participant instructions;</p> <p>(2) include additional roundup shares to DTC’s overall share entitlement;</p> <p>(3) provide the CIL price to DTC on the date the price is established. Such price shall be provided to DTC by email in accordance with the type of corporate action to <i>mandatoryreorg@dtcc.com</i>, <i>reorgtenders@dtcc.com</i>, or <i>reorgconv@dtcc.com</i>.</p> <p>(4) wire funds for the payment of CIL of fractional entitlements to DTC’s Reorg Deposit Account via Fedwire using the Originator Beneficiary Instruction “Vol. CIL,” or “Mand CIL”, as applicable, (absent any other arrangement between paying agent and DTC); and</p> <p>(5) upon issuance of additional roundup shares, for securities held in the DTC FAST program, reconcile and confirm to DTC the FAST balance or for Non-FAST issues deliver physical Securities to DTC. Such Securities shall be delivered to DTC at: Registered Corporate Vault, The Depository Trust Company, 570 Washington Blvd., 5th Floor, Jersey City, NJ 07310”.</p>
VI.C. (Processing of Specific Mandatory Reorganizations).	<p>This subsection will be renumbered from IV. B. to IV. C. The subsection describes processing requirements for specific types of mandatory corporate actions, including an Item 1 for “Reduction of Payment on Treasury Shares or Repurchased Debt Securities” and Item 2 for “Mandatory Separation of a Unit After the Closing Date.”</p>

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	<p>The proposed rule change would renumber the above two items as 3 and 4, respectively and add three additional items, including a new Item 1 for “Standards for Restricted to Unrestricted Exchanges,” a new Item 2 for “Standards for Maturity-for-Stock Events,” and Item 5 for “MMI to Non-MMI Exchanges.”</p> <p><i>Item 1</i> The new Item 1 (Standards for Restricted to Unrestricted Exchanges) would provide a cross-reference for notice and documentation requirements relating to exchanges of restricted shares for unrestricted shares, including securities that are eligible for resale pursuant to Rule 144(b)1, in the case of former 144A securities, or pursuant to Section 4(1) of the Securities Act, in the case of former Regulation S restricted securities. In this regard this subsection would refer the reader to Section I(B)(5), Instruction Letters Regarding the Expiration of a Restrictive Period, for the notice and documentation requirements.</p> <p><i>Item 2</i> It is DTC’s practice to require certain notices and information relating to mandatory events where a security is being exchanged for stock (as opposed to cash) in order that it may be able to make the entitlement security eligible and timely facilitate the exchange. In order to enhance clarity relating to the notices and information required by DTC in this regard, the new Item 2 (Standards for Maturity-for-Stock Events) would delineate these standards and read as follows: “Issuer or Agent shall provide to DTC notice as soon as possible but no later than three business days prior to the maturity date for a Security which will make payment of a Security or Securities upon maturity in lieu of all or part of the cash payment. Notice shall be on Issuer or Agent’s letterhead and sent to DTC’s Reorganization Announcements Department by email at <i>mandatoryreorgannouncements@dtcc.com</i>. The email subject line shall state the maturing CUSIP number, the maturity date, and that the maturity is for stock (e.g., CUSIP 123456AB, due xx/xx/xx, maturity for stock). The notice shall include the following:</p> <ul style="list-style-type: none"> <li>• Issuer/Security description and CUSIP number of the maturing security, the maturity date, and that it is a maturity-for-stock event;</li> <li>• Issuer name and CUSIP number of the entitlement stock, total number of shares to be paid to DTC, and the rate of payment. (Note: When the maturing security is denominated in shares, the rate of payment is to be calculated per share, and when the maturing security is denominated in principal amount, the rate of payment is to be calculated per \$1,000 principal amount.);</li> <li>• Participant account name and number holding the entitlement shares at DTC;</li> <li>• If a cash component is applicable, provide the total cash payment amount to be paid to DTC and the cash rate; and</li> <li>• If an accrued interest payment is applicable, provide the total interest payment amount to be paid to DTC, the interest rate, and the number of days of accrued interest.</li> </ul> <p>In addition to the notice, (when the entitlement Security will be provided to DTC by a debit to a DTC Participant’s account), DTC must receive the holding Participant’s letter authorizing DTC to reduce their DTC position in the entitlement security by the total quantity of shares to which DTC’s nominee name, Cede &amp; Co., is entitled. In the event the Participant’s letter is sent separately from the notice, it must be emailed to DTC no later than 3:00 p.m. ET on the business day prior to the maturity date to the following email addresses: <i>mandatoryreorgannouncements@dtcc.com</i>, and <i>mandatoryreorg@dtcc.com</i>. Such letter must be on the DTC participant’s letterhead, and include the following:</p> <ul style="list-style-type: none"> <li>• Issuer/Security description and CUSIP number of the maturing security;</li> <li>• Participant account name and number;</li> <li>• Issuer/Security description and CUSIP number of the entitlement shares to be reduced (i.e., debited) from the Participant’s account;</li> <li>• total number of entitlement shares to be debited;</li> <li>• Participant contact name and telephone number;</li> <li>• Participant officer-level signature authorizing the number of shares to be reduced from the Participant’s account;</li> <li>• DTC indemnification statement; and</li> <li>• medallion signature guarantee stamp affixed to such letter. (Note: The authorized signer of the medallion stamp must be a different party than the signer of the letter)</li> </ul> <p><i>Important:</i> The holding DTC Participant must ensure that the total quantity of shares to which DTC’s nominee name, Cede &amp; Co., is entitled and needed to fund the distribution is on deposit in the holding DTC Participant’s General Free Account no later than 10:00 a.m. ET on the maturity date.</p> <p>The template of the DTC Participant (debit) letter can be obtained contacting DTC’s Reorganization Announcement Department at <i>mandatoryreorgannouncements@dtcc.com</i>. Further note, in the event DTC will not be funded the total quantity of entitlement shares due DTC, Agent shall provide to DTC a notice of the reduction in the shares (and if applicable the cash component) due to DTC by no later than 3:00 p.m. ET on the business day prior to the maturity date to the following email addresses: <i>mandatoryreorgannouncements@dtcc.com</i>, and <i>mandatoryreorg@dtcc.com</i>. The notice shall include the information from the Agent and the Participant(s) as described in Section VI(C)(3), Reduction of Payment on Treasury or Repurchased Securities.</p> <p>Delivery of the notices to an email address other than the email addresses set forth above does not constitute a valid notification.</p> <p><i>Failure to comply with any of the notification requirements could result in DTC being unable to support the processing of the event.”</i></p>

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	<p><i>Item 3</i> Renumbered Item 3 (formerly Item 1) relates to the reduction of payment on Treasury Shares or Repurchased Debt Securities. This item would be revised for to clarify and consolidate text relating to requirements for a confirmation letter that the Agent must ensure that each Participant provides to DTC in order for DTC to timely process the event using the appropriate payment amount.</p> <p><i>Item 4</i> Renumbered Item 4 (formerly Item 2) relates to the mandatory separation of a unit from an eligible security after the closing date. The section would be clarified by adding a note that the unit must be DTC eligible at the time the Unit Security was made DTC eligible, or the unit must become eligible in accordance with the provisions of the OA.</p> <p><i>Item 5</i> From time to time, an issuer and/or agent may request that a security be made eligible for DTC's Money Market Instrument ("MMI") Program but later determine that it should have been placed in DTC's non-MMI services. DTC requires certain documentation and information from the Issuer and Issuing and Paying Agent for the MMI issue in order for it to be exchanged for a non-MMI CUSIP.</p> <p>In order to enhance clarity relating to notices, documentation and information required by DTC in this regard, a new Item 5 (MMI to Non-MMI Exchanges) would be added to this subsection and read as follows: "For DTC to agree to announce and process an MMI (CUSIP) to Non-MMI (CUSIP) exchange the following conditions must be met. DTC will not make a Non-MMI CUSIP eligible which will mature 30 days or less from the eligibility date nor perform an exchange from a CUSIP that will mature 30 days or less from the exchange date. (See I (C) 6 Short-Term Maturities) The Issuing Paying Agent ("IPA") must provide notice to DTC on IPA letterhead by email to <i>mandatoryreorgannouncements@dtcc.com</i> by no later than 5 business days prior to the exchange date acknowledging the reason for the exchange, (<i>i.e.</i>, security was incorrectly issued as an MMI CUSIP), the MMI CUSIP and the Non-MMI CUSIP, security description, and the rate of exchange. In addition to the exchange notice, the following must be provided:</p> <ul style="list-style-type: none"> <li>○ notice from the Issuer which includes the DTC indemnification language acknowledging the listed CUSIP(s) were issued incorrectly as MMI securities.</li> <li>○ written acknowledgment from the IPA to be billed all eligibility and exception processing fees for each exchange per CUSIP</li> <li>○ the Non-MMI CUSIP obtained from the CUSIP Service Bureau for each exchange and a copy of the prospectus, offering document, or offering statement describing terms of the Non-MMI security to make the new CUSIP DTC eligible.</li> <li>○ other documentation that may be required by DTC's Underwriting Dept. to determine the eligibility of the NON-MMI security (<i>e.g.</i>, new Letter of Representations for BEO issues; and,</li> <li>○ Dependent upon the review of the information provided, DTC reserves the right to request revised or additional documentation from the Agent and/or Issuer as DTC deems necessary to process the requested exchanges."</li> </ul>
VI.D. (Processing for Specific Voluntary Reorganizations).	<p>This section will be renumbered from IV. C. to become IV. D. In addition, the proposed rule change would clarify the timing by which a Participant's submission of an instruction relating to a voluntary reorganization is effective. In this regard, the following note would be added to the text of this section. "Note to Agents and Issuers regarding Participant instructions for events processed through a DTC instruction processor (<i>i.e.</i>, ATOP, ASOP, or APUT): By processing an event through a DTC instruction processor ("Instruction Processor"), including, but not limited to, ATOP, ASOP, or APUT, the Agent and Issuer acknowledge and agree that the date and time of a Participant's submission of its instruction to DTC (as reflected in the Transaction ID of the completed transaction) is deemed to be the date and time of the Agent's receipt of the instruction and, if applicable, the tendered securities. By way of example, but without limitation, for purposes of determining the timeliness of a Participant's instruction and tender in connection with an event, the Participant's instruction is deemed to have been timely received by, and, if applicable, the securities timely tendered to, the Agent when the date and time of the submission of a Participant's instruction to DTC (as reflected in the Transaction ID of the completed transaction) is prior to the applicable cutoff/expiration date and time, even if the transaction does not complete until after the applicable cutoff/expiration date and time for the event."</p>
VI.D.2. (Mortgage-Backed Securities with Monthly Early Redemption Features).	This subsection would be removed from the OA as it is redundant to language already included relating to Puts.
VI.D.2. (Rights Offers (Use of DTC's Automated Subscription Offer Program ("ASOP"))).	<p>This subsection would be renumbered from IV.D.3 to IV.D.2. This subsection would also be modified to modify the sentence that states: "In the case of rights offers, DTC's ASOP procedures and systems must be utilized to process subscription exercise activities, including the submission of instructions for basic subscriptions, the exercise of step-up and oversubscriptions, sales of rights, and notices of guaranteed deliveries, and all related activities." The change would remove the words "step-up and" from this sentence.</p>
VI.D.3.a. (Convertible Issues/Warrants/Rights Notifications).	This subsection would be renumbered from IV.D.4.a to IV.D.3.a.
	The text of this subsection would be revised as follows:

OA section	Revision
<p>VI.D.3.b. (Convertible Issues/Warrants/Rights Processing).</p>	<ol style="list-style-type: none"> <li>1. A reference to “company/agent” would be revised to “Issuer/Agent” for consistency with the term as used in the OA;</li> <li>2. Text relating to notice provisions relating to the alteration of terms for conversions and warrants would be revised to move text up from further down in the section that reflects timeframes by which notice to DTC is required. This text states that DTC must be notified in accordance with the terms of the offering document, to instead state that DTC must be notified no fewer than 10 business days prior to the effective date of such change, or to the extent an event “triggers” the change (<i>i.e.</i>, on short notice) then notice must be provided to DTC immediately, but, in any event, no later than 24 hours after the triggering event, and that the Agent is to confirm receipt of such notice to DTC. This proposed rule change would facilitate the provision of information to DTC in sufficient time for DTC to process any such alteration in terms.</li> <li>3. The email address to which such notices should be sent would be revised to <i>voluntaryreorganizations@dtcc.com</i> to <i>conversionsandwarrantsannouncements@dtcc.com</i>. The provision would also be revised to require such notices to be delivered by email as opposed to email or to a physical mailbox.</li> <li>4. Text would also be revised for clarity relating requirements for information that must be included in a notice provided to DTC under this subsection and certain notification requirements for variable rate entitlements would be moved to further down in the text of the OA to a renumbered Section IV.D.4.c, as described below.</li> <li>5. Text would be added to clarify the requirements for an Agent to notify DTC relating to a change in terms affecting an expiration date.</li> <li>6. The proposed rule change would make other technical and clarifying changes to this subsection with respect to updating cross-references as well as grammatical changes.</li> </ol> <p>This subsection would be renumbered from IV.D.4.b to IV.D.3.b. The subsection would be modified:</p> <ol style="list-style-type: none"> <li>1. To add text moved from IV.D.4.a. relating to conversions with variable rate entitlements, as described above, and move and condense text from further below in the subsection that such notification include information as to whether a CIL entitlement is to be paid per the instruction with the method of calculation and provide an example stating “market price or the Volume Weighted Average Price.”</li> <li>2. To separate text in a bullet relating to processing of a conversion through a DTC voluntary program so that text relating to an agreement of an issuer and agent relating to a delivery instruction to debit the balance of a security certificate in connection with a conversion, is separated from text setting forth the agreement of the issuer and agent agreeing that any new securities resulting from a conversion, warrant or right exercise shall (i) be issued as of the date on which the conversion, warrant, or right instruction is entered into the DTC system and (ii) follow with issuance occurring no more than two business days from the date of receipt by DTC of the instructions and the Agent is required to notify DTC by 12:00 noon ET the following day of any instructions that have been rejected.</li> <li>3. To delete text relating to CIL entitlements, as described above and which are replaced by the applicable bullet described in 1 above and</li> <li>4. Modify a sentence that states “For rights offering with oversubscriptions, proration and rounding, Agent must agree to utilize DTC’s template for providing payment details for oversubscription, proration and rounding, to add the reference “as well as guaranteed delivery (protect) submissions and cover of protects” between “rounding,” and “Agent”.</li> </ol>
<p>VI.D.4.a. (Tender/Exchange Processing) .....</p>	<p>This subsection would be renumbered from IV.D.5.a to IV.D.4.a. This section describes tender and exchange processing and processing of mergers with elections. It requires the use of DTC’s ATOP system for such processing. The subsection would be modified to clarify that DTC will not process the event if the agent is not an “ATOP agent” by adding the following text: “For DTC to support the processing of the offer/event, Issuer’s (or Offeror’s) Agent must be an established ATOP agent with DTC (<i>i.e.</i>, has an on-line connection to DTC’s ATOP-automated tender offer platform) at the time of the announcement submission to DTC.” Examples provided with respect to other transaction types that ATOP may be utilized for (at DTC’s discretion) would be modified to expand the text from referring only to consent solicitations (with a fee), collection of tax withholding rate or exemption, conversion events where the entitlement can be cash and collection of CIL entitlements to also include (a) conversion events where the entitlement can be securities and are subject to an extended settlement period (which could be in addition to or in the alternative to conversion events where the entitlement can be cash), and (b) cashless warrants. The qualification that a consent limitation be “with a fee” would also be removed, to indicate that any collection of a consent solicitation could be processed by ATOP (with or without a fee (but processing of such an event would still subject to DTC’s discretion as previously mentioned)). A provision stating that a Letter of agreement (LOA) approval by an Agent is required within 24 hours of DTC posting to ATOP, and a reference to applicability of “late notification fees” relating to processing delays stemming from a late approval of a LOA, would be moved from the end of this subsection to text higher up where the LOA is first referenced in this section, so that it appears in the context of other stated requirements relating to the LOA. Also, the reference to “within 24 hours” would be modified to instead reference “1 business day” to take into consideration instances where a deadline for an agent’s approval might otherwise fall on a non-business day.</p>

OA section	Revision
	<p>Text would also be added to clarify the timing by which DTC must receive certain information and documentation relating to an entitlement to facilitate timely processing. In this regard, the added text will state that the entitlement must have a CUSIP number and the Agent must notify DTC of such CUSIP number assigned to the new Securities no less than 3 business days prior to allocation of the entitlement if security is already DTC eligible. The added text would also state that if the security is not DTC eligible, the Agent must provide all required documentation no later than 5 business days prior to allocation of the entitlement security for DTC to complete the eligibility process prior to allocation. The text would also state that additional eligibility processing time could be required dependent upon the determination of the eligibility review and the requirement for additional documentation, (e.g., legal opinion for a Non-US security) and Issuer and Agent shall plan accordingly.</p>
VI.D.4.c. (Altering the Terms of an Offer) .....	<p>The subsection would also be modified to make technical and clarifying changes to the text. This subsection would be renumbered from IV.D.5.c. to IV.D.4.c.</p>
	<p>This subsection provides requirements for communication to DTC of a change in the terms of an offer.</p> <p>The text includes that all extensions to an offer must be provided to DTC via email “by noon on the day following the expiration date of the event and if applicable, shall include any and all changes to terms of the offer.” This provision would be revised to add emphasis to the timing of this deadline to add “no later than” in front of “noon.”</p> <p>It is important that the Agent confirm that its extension of an expiration date of an offer is accurately reflected on DTC’s records. The subsection includes text indicating the need for an Agent to confirm DTC’s receipt of the applicable notice via email or by phone. Pursuant to the proposed rule change, this text would be clarified to state that the agent may make this confirmation by viewing the “Transaction Entry End Date” field in ATOP. If the information is not shown as updated, then the Agent should notify DTC via email or phone.</p>
VI.D.4.f. (Consents) .....	<p>This subsection would also be revised for technical and grammatical changes.</p>
VI.E. (Chargeback of Reorganization Payments)	<p>This subsection would be revised for technical and grammatical changes.</p>
VI.F.1. (Consents and Legal Notices) .....	<p>This subsection would be revised to add examples of the type of refunds of payments covered by this section.</p>
VI.F.2. (Security Position Reports (“SPRs”) .....	<p>This subsection would be revised to make technical changes, including updating to reflect the elimination of hard copy delivery of notices.</p>
VI.F.3. (Shareholder Meetings) .....	<p>This section describes how issuers, trustees and authorized third parties may access security position reports (“SPRs”). This subsection would be revised to clarify and consolidate text and make technical changes relating to the requirements relating SPRs, including with respect to how SPRs are accessed and how third parties may be authorized to obtain and maintain access reports. The proposed rule change would also add contact information for support resources relating to SPRs.</p>
VII. Additional Operational Requirements for Variable-Rate Demand Obligations (“VRDOs”).	<p>This subsection describes processes relating to the announcement of shareholder meetings and issuance of omnibus proxies.</p> <p>The following text would be added to this subsection:          “Issuers and Agents are advised that in the event a voluntary offer (e.g., tender) at DTC is active on the record date of the meeting announcement and a Participant’s instructed position is in the contra-CUSIP on record date, it will be added to that Participant’s record date position in the target CUSIP (i.e., issuer’s security) for purposes of the omnibus proxy and the accompanying SPR. If the active voluntary offer is being made by the Issuer (as opposed to a third-party) and the Issuer, in accordance with the terms of its voluntary offer, wants DTC to exclude the instructed positions of Participants in the contra-CUSIP from the omnibus proxy and accompanying SPR, the Issuer or their Agent must contact DTC, at least 5 business days before the record date for the meeting by emailing DTC at <i>proxyannouncements@dtcc.com</i>. DTC can require indemnification from the Issuer to take such action.”</p> <p>The text would be updated to include that a shareholder meeting announcement should include the “CUSIP number of the issuer’s security” in addition to other information fields already listed. Text saying that the “company name” field would also be updated to read “issuer/company name”.</p> <p>This subsection would also be revised to make technical changes, including, but not limited to, relating to language hardcopy delivery and move text within the subsection for enhanced readability.</p>
	<p>This section would be revised to reflect that delivery of instructions and notices should be sent to DTC electronically rather than via physical delivery.</p>

<sup>9</sup> See Rule 5, *supra* note 6.

<sup>10</sup> Pursuant to the Rules, the term MMI Program means the Program for transactions in MMI Securities, as provided in Rule 9(C) and as specified in the Procedures. See Rule 1, Section 1, *supra* note 6.

<sup>11</sup> Pursuant to the Rules, the term (i) “MMI Issuing Agent” means a Participant, acting as an

issuing agent for an issuer with respect to a particular issue for MMI Securities of that issuer, that has executed such agreements as the Corporation shall require in connection with the participation of such Participant in the MMI Program in that capacity, and (ii) “MMI Paying Agent” means a Participant, acting as a paying agent for an issuer with respect to a particular issue of MMI Securities of that issuer, that has executed such agreements as the Corporation shall require in

connection with the participation of such Participant in the MMI Program in that capacity. See Rule 1, *supra* note 6.

<sup>12</sup> Eligibility for inclusion in the MMI Program covers Securities that are money market instruments, which are short-term debt Securities that generally mature 1 to 270 days from their original issuance date. MMI Securities include, but are not limited to, commercial paper, banker’s

## 2. Statutory Basis

Section 17A(b)(3)(F) of the Act<sup>23</sup> requires that the rules of the clearing agency be designed, *inter alia*, to promote the prompt and accurate clearance and settlement of securities transactions. DTC believes that the proposed rule change is consistent with this provision because it would update the OA to clarify text, provide additional detail on existing processes, update DTC's contact information and therefore provide Participants, Issuers and Agents with transparency with respect to DTC's eligibility and asset servicing processes. By providing such transparency, the proposed rule change would allow each of these parties' greater transparency on processing of transactions in their Securities and, therefore, would promote the prompt and accurate clearance and settlement of securities transactions.

The proposed rule changes are also designed to be consistent with Rule 17Ad-22(e)(23) of the Act,<sup>24</sup> which was recently adopted by the Commission.<sup>25</sup>

acceptances and short-term bank notes and are issued by financial institutions, large corporations, or state and local governments. Most MMI Securities trade in large denominations (typically, \$250,000 to \$50 million) and are purchased by institutional investors. Eligibility for inclusion in the MMI Program also covers medium term notes that mature over a longer term.

<sup>13</sup> See Rule 5, *supra* note 6.

<sup>14</sup> See Rule 1, *supra* note 6.

<sup>15</sup> DTC's FAST program allows an Agent which is an approved FAST Agent to act as custodian for DTC and increase or decrease the amounts of a balance certificate representing Securities eligible for DTC book-entry services. See OA Section II.B.a. (FAST), *supra* note 5.

<sup>16</sup> A SCL, or Shipment Control List, is a form generated by DTC that lists identifying information about a shipped security certificate, including the number of shares or other interests, CUSIP number, and dollar value. An SCL serves as a manifest for a transfer agent receiving security certificates from DTC. See OA Section II.B.a. (FAST), *supra* note 5.

<sup>17</sup> The BMA5 and REDCAL are automated system to system files provided by agents that contain rate and announcement information for distributions and redemptions.

<sup>18</sup> The BMA, DCN and REDCAL are automated system to system files provided by agents that contain rate and announcement information for distributions and redemptions.

<sup>19</sup> See DTCC's website at <https://www.dtcc.com/settlement-and-asset-services/agent-services/corporate-action-information-for-agents>.

<sup>20</sup> See Null/Void/Worthless Letter temple, available at <https://www.dtcc.com/-/media/Files/Downloads/Settlement-Asset-Services/agent-services/Null-Void-Worthless-Letter-Temp.docx>.

<sup>21</sup> See Securities Exchange Act Release No. 75094 (June 2, 2015), 80 FR 32425 (June 8, 2015) (SR-DTC-2015-007).

<sup>22</sup> See Guide to the DTC Fee Schedule, available at <https://www.dtcc.com/-/media/Files/Downloads/legal/fee-guides/DTC-Fee-Schedule.pdf> at 7.

<sup>23</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>24</sup> 17 CFR 240.17Ad-22(e)(23).

<sup>25</sup> The Commission adopted amendments to Rule 17ad-22, including the addition of new subsection

Rule 17Ad-22(e)(23) requires DTC, *inter alia*, to establish, implement, maintain and enforce written policies and procedures reasonably designed to (i) publicly disclose all relevant rules and material procedures, including key aspects of its default rules and procedures, and (ii) 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 changes, as described above, would update DTC's OA with respect to rules, material procedures and certain fee-related provisions relating to DTC's securities eligibility and asset servicing processes. As such, DTC believes that the proposed changes 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 proposed changes merely relate to updates and clarifications of the OA which would not significantly affect the rights and obligations of users of DTC's services and would not disproportionately impact any users.

### (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

17ad-22(e), on September 28, 2016. See Securities Exchange Act Release No. 78961 (September 28, 2016), 81 FR 70786 (October 13, 2016) (S7-03-14). DTC is a "covered clearing agency" as defined by new Rule 17ad-22(a)(5) and must comply with subsection (e) of Rule 17Ad-22. *Id.*

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>26</sup> of the Act and paragraph (f)<sup>27</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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-DTC-2023-010 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-2023-010. This file number should be included on the subject line if email 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the

<sup>26</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>27</sup> 17 CFR 240.19b-4(f).

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 a.m. and 3 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-2023-010 and should be submitted on or before November 2, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>28</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>28</sup> 17 CFR 200.30-3(a)(12).