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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88467; File No. SR-DTC-2020-006]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the DTC Operational Arrangements with Respect to Notices Submitted to DTC for Posting to LENS

March 25, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 18, 2020, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(1) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change⁵ consists of modifications to the DTC Operational

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(1).

⁵ Capitalized terms not otherwise defined in this rule filing are defined 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>, the Deposits Service Guide (“Deposits Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Deposits.pdf> and the Custody Service Guide (“Custody Guide”), available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Custody.pdf>.

Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) (“OA”)⁶ in order to make clarifying changes to DTC’s Procedures⁷ relating to notices posted to the Legal Notice System (“LENS”),⁸ as described below.

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

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

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

⁶ Available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

⁷ Pursuant to the Rules, the term “Procedures” means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27, as amended from time to time. See Rule 1, Section 1, supra note 5.

⁸ As the registered holder of Securities Deposited at DTC and/or as appropriate qualified registered securities depository, infra note 5, DTC receives notices to holders of the Securities. Participants may view these notices to holders via LENS, a secure interface offered by DTC. The Commission issued an order approving LENS on June 12, 1991. See Securities Exchange Act Release No. 29291 (June 12, 1991), 56 FR 28190 (June 19, 1991) (File No. SR-DTC-91-08). (“LENS Approval Order”). LENS was originally accessible through the DTC Participant Terminal System (“PTS”). Id. DTC subsequently implemented a web-based LENS interface. See Securities Exchange Act Release No. 43964 (February 14, 2001), 66 FR 11190 (February 22, 2001) (SR-DTC-00-18). The LENS PTS function was retired effective August 27, 2010, and Participants may access LENS via the web-based functionality mentioned above. See Securities Exchange Act Release No. 62686 (August 10, 2010), 75 FR 50032 (August 16, 2010) (SR-DTC-2010-10).

1. Purpose

The proposed rule change consists of modifications to the OA in order to make clarifying changes to DTC's Procedures relating to notices posted to LENS, as described below.

Background

DTC receives notices to holders of Securities from various sources that may not be Participants, or may be Participants acting in another capacity, including those that may be issuers, transfer agents, and/or other third parties, relating to Securities on Deposit at DTC. These parties may have a legal or regulatory obligation or other interest to distribute notices containing certain information to holders relating to Securities. These parties deliver such notices to DTC because DTC is the registered holder of the applicable Securities and/or the appropriate qualified registered securities depository⁹ with respect to an issue. DTC posts the notices it receives in this regard to LENS, where they are available for viewing by a Participant, who may share the notices with investors that may hold a beneficial interest in an applicable Security on the books to the Participant.

In 2019, DTC implemented changes¹⁰ to the text of the OA relating to receipt and posting to LENS of notices of transfer agent changes ("17Ad-16 Notice") pursuant to

⁹ 17 CFR 240.17Ad-16. Pursuant to Rule 17Ad-16, an "appropriate qualified registered securities depository" shall mean the qualified registered securities depository that the Commission so designates by order or, in the absence of such designation, the qualified registered securities depository that is the largest holder of record of all qualified registered securities depositories as of the most recent record date. 17 CFR 240.17Ad-16(f).

¹⁰ See Securities and Exchange Act Release No. 34-86113 (June 14, 2019), 84 FR 28867 (June 20, 2019) (SR-DTC-2019-001) ("17Ad-16 Notice Rule Filing").

Rule 17Ad-16¹¹ (“Rule 17Ad-16”) of the Act.¹² Pursuant to the 17Ad-16 Notice Rule Filing, DTC added a note to the sections relating to posting of 17Ad-16 Notices and trustee notices (Section II (B)(4)(f) and Section II (B)(5), respectively) to state that (1) DTC does not screen the 17Ad-16 Notices for confidential information, and (2) it is the full and sole responsibility of the transfer agent or trustee, as applicable, submitting a 17Ad-16 Notice to ensure that the information contained in the 17Ad-16 Notice is correct and does not include any information that would otherwise be deemed as confidential or material non-public information.

Pursuant to the proposed rule change, DTC would make clarifying changes to the OA to add similar notes, where applicable, with respect to all notices received by DTC for posting to LENS, as described below. DTC would also add text to clarify and update requirements for delivery of certain notice types that DTC receives from transfer agents for posting to LENS, as described below.

Proposed Rule Change

Because DTC is not the issuer, and does not have any role with respect to the creation or content, of notices sent to it for posting to LENS, DTC believes it would be prudent to include provisions in the OA relating to confidential information for all notices submitted to DTC for posting to LENS that are like those added with respect to the transfer agent notices submitted to DTC in accordance with the OA provisions implemented pursuant to the 17Ad-16 Notice Rule Filing. In this regard, pursuant to the proposed rule change, DTC would add text to the OA, including in and new Section II. B.

¹¹ 17 CFR 240.17Ad-16.

¹² 15 U.S.C. 78q-1.

4. g. and existing Section VI. E. 1. b. with respect to information received for posting to LENS from any party that is consistent with the text previously added to the OA pursuant to the 17Ad-16 Notice Rule Filing, as described above. DTC would also make other changes relating to LENS to the OA, including clarifying and updating delivery requirements for LENS notices, as described below.

New Section Relating to Posting of Certain Notices Sent by Transfer Agents

DTC would add a new Section II. B. 4. g. to the OA to clarify delivery requirements for notices delivered to DTC from transfer agents for posting to LENS. The new section would be titled “Other Notices Delivered by Transfer Agents for Posting to LENS” and sequentially would follow the sections in the OA relating to requirements for the delivery and posting of 17Ad-16 Notices to LENS.

Pursuant to the OA, a copy of a 17Ad-16 Notice should be either (i) printed and signed by the transfer agent on its company letterhead and e-mailed in a Word document or portable document format to DTC’s Transfer Agent Services area at TAServices@dtcc.com, or (ii) may be electronically signed and submitted using the link titled “Notice of Assumption or Termination of Transfer Agent Services Form 17Ad-16” available at: <http://dtcc.com/matching-settlement-and-asset-services/agent-services/dtc-eligible-agent>. The latter delivery option is dedicated solely to 17Ad-16 Notices. Therefore, DTC would add new Section 11. B. 4. g. to describe that other notices, separate from 17Ad-16 Notices, may also be sent to DTC from transfer agents for DTC’s posting to LENS, including, but not limited to, closing memoranda and new issue

memoranda,¹³ and state that such notices should be sent to TAServices@dtcc.com. The proposed text for this new section would also include (i) the e-mail address (LENSnotices@dtcc.com) described above for inquiries regarding the status of LENS notices and (ii) a note consistent with that set forth in the section regarding posting of 17Ad-16 Notices stating that “DTC does not screen notices it receives for posting to LENS for confidential information. It is the full and sole responsibility of the transfer agent submitting a notice to ensure that the information contained in the notice is correct and does not include any information that would otherwise be deemed as confidential or material non-public information.” Like 17Ad-16 Notices, an address for hard copy notices would not be provided. To provide additional clarity with respect to the instructions for delivery of a LENS notice, DTC would add a sentence to the section to state that “Hard copy notices will not be posted to LENS.”

Section VI. E. 1. b. (Legal Notices)

Pursuant to the proposed rule change, to provide consistency with the text in the OA relating to 17Ad-16 Notices and reflecting the obligations of submitters of information as mentioned above, DTC would add a note to Section VI (E)(1)(b)¹⁴ of the OA that describes the Procedure for legal notices¹⁵ posted to LENS, to state that (1) DTC does not screen

¹³ These types of notices provided to DTC for delivery to Participants and securityholders through LENS provide details relating to securities, including but not limited to details relating to new issues and related to closings of those issues.

¹⁴ See OA, supra note 6 at 54.

¹⁵ Legal notices posted to LENS include notices (including notices to security holders) of bankruptcies, litigation/class actions, and defaults. See also description of LENS, available at <http://www.dtcc.com/settlement-and-asset-services/issuer-services/legal-notice-system>.

legal notices for confidential information, and (2) it is the full and sole responsibility of the issuer, transfer agent, trustee, or other party, as applicable, submitting a legal notice, to ensure that the information contained in the legal notice is correct and does not include any information that would otherwise be deemed as confidential or material non-public information.

DTC would also update this section as follows:

- (i) Text would be added to state that if hardcopy delivery is used it is to be in addition to emailing the notices the section. This additional text would provide clarification consistent with the delivery requirements provided in the first paragraph of this section which states that all legal notices shall be sent by email but also provides a physical mailing address in the event the sender is required by the governing document for the applicable security to make hardcopy notification. The added text would also conform to similar included in the section that immediately precedes it (Section VI. E. 1. a.) (Consent Notices) with respect to consent notices.
- (ii) DTC would eliminate an email address for delivery of notices for posting to LENS such that a sender would only be required to send a notice to a single email address, rather than two as currently stated in this section. Currently, the OA states that notices should be sent by email to LegalandTaxNotices@dtcc.com and mandatoryreorganizationannouncements@dtcc.com. In accordance with this change the revised text would only include the former and the latter would be removed. DTC believes that requiring delivery to a single email address

rather than two would simplify the process and add efficiencies for DTC in that only one email address would need to be monitored for receipt of the applicable notices.

- (iii) Text would be added to provide a contact email address for inquiries regarding the status of any notice previously sent to DTC. This address would be LensNotices@dtcc.com. DTC believes that providing a contact email in the text of the OA in this section would provide senders of notices with an enhanced ability to communicate with DTC about the status of LENS posting requests sent by them to DTC.

Effective Date

The proposed rule change would become effective upon filing with the Commission.

2. Statutory Basis

Section 17A(b)(3)(F)¹⁶ of the Act 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 the proposed rule change is consistent with this provision because by making a clarifying change to the text within the Procedures set forth in the OA to (i) add a note relating to responsibilities of users with respect to accuracy and confidentiality considerations relating to notices sent to DTC for posting to LENS, as described above and (ii) adding text to clarify the delivery requirements of notices to be posted to LENS, the proposed rule change would provide enhanced

¹⁶ 15 U.S.C. 78q-1(b)(3)(F).

transparency for users with respect to the Procedures relating to submission and processing of notices that may be submitted by them, as applicable, in accordance with the section of the OA mentioned above. Therefore, by providing users with enhanced transparency with regard to the Procedures relating to the submission of notices to LENS, and therefore facilitating the prompt posting of notices and distribution of information to Participants related to Securities held by the Participants, and that may be the subject of transactions processed through the DTC system, DTC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions consistent with the Act.

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

DTC does not believe that the proposed rule change would have any impact, or impose any burden, on competition. The proposed rule change consists of clarifying changes that would add text to the OA that clarifies DTC's policies with respect to notices received from third parties for posting to LENS for view by Participants and would make other clarifying changes and updates to delivery information for notices, as described above. Therefore, the proposed rule change would not create new rights or obligations for users of DTC's services and would not impact, or impose any burden on, competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments relating to this proposed rule change have not been solicited or received. DTC will notify the Commission of any written comments received by DTC.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)

of the Act¹⁷ and paragraph (f) of Rule 19b-4 thereunder.¹⁸ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2020-006 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-2020-006. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f).

(<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2020-006 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

J. Matthew DeLesDernier,
Assistant Secretary.

¹⁹ 17 CFR 200.30-3(a)(12).

