



**SECURITIES AND EXCHANGE COMMISSION**  
**[Release No. 34-96543; File No. SR-DTC-2022-013]**

**Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing  
and Immediate Effectiveness of Proposed Rule Change to Amend the  
Reorganizations Guide and the Fee Guide**

December 20, 2022.

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 December 15, 2022, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. DTC filed the proposed rule change pursuant to section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The purpose of the proposed rule change is to amend the Reorganizations Guide to (i) provide Participants with the option to submit instructions for the withdrawal of an earlier acceptance of an Automated Tender Offer Program (“ATOP”)-eligible<sup>5</sup> offer (each, an “ATOP Offer”) via Application Program Interface (“API”) and ISO 20022 real-time messaging (collectively, “Automated Instruction Messaging”), (ii) postpone the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

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

<sup>5</sup> ATOP is a DTC program through which Participant instructions are transmitted to the agent for an ATOP offer and through which a participant can tender its securities to the agent’s account at DTC.

retirement of DTC's legacy computer-to-computer facility ("CCF") files for corporate actions entitlements and allocations ("CCF Entitlements and Allocations Files")<sup>6</sup> to July 1, 2024, and (iii) make technical and ministerial changes. In addition, DTC is proposing to amend the Fee Guide to continue to charge Participants that consume CCF Entitlements and Allocations Files after December 31, 2022 the CCF File Fee of \$50,000, as described in greater detail below.<sup>7</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 purpose of the proposed rule change is to amend the Reorganizations Guide to (i) provide Participants with the option to submit instructions for the withdrawal of an

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<sup>6</sup> There are three types of CCF files representing the corporate actions lifecycle: corporate actions announcements ("CCF Announcements Files"); the CCF Entitlements and Allocations Files; and corporate actions instructions from Participants through CCF files ("CCF Corporate Actions Instructions Files"). All CCF Announcement Files were retired as of December 31, 2018. See Securities Exchange Act Release No. 79746 (January 5, 2017), 82 FR 3372 (January 11, 2017) (SR-DTC-2016-014).

<sup>7</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"), the Guide to the DTC Fee Schedule ("Fee Guide"), and the Reorganizations Service Guide (the "Reorganizations Guide"), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

earlier acceptance of an Automated Tender Offer Program (“ATOP”)-eligible<sup>8</sup> offer (each, an “ATOP Offer”) via Application Program Interface (“API”) and ISO 20022 real-time messaging (collectively, “Automated Instruction Messaging”), (ii) postpone the retirement of DTC’s legacy computer-to-computer facility (“CCF”) files for corporate actions entitlements and allocations (“CCF Entitlements and Allocations Files”)<sup>9</sup> to July 1, 2024, and (iii) make technical and ministerial changes. In addition, DTC is proposing to amend the Fee Guide to continue to charge Participants that consume CCF Entitlements and Allocations Files after December 31, 2022 the CCF File Fee of \$50,000, as discussed more fully below.

(i) Automated Instruction Messaging

A. Background

On July 7, 2021, DTC filed a rule filing<sup>10</sup> (the “ATOP Automated Messaging Filing”) that provided Participants with the option to use Automated Instruction Messaging to submit acceptance, protect, and cover of protect instructions (each, an “Acceptance Instruction”) for ATOP Offers instead of submitting those instructions

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<sup>8</sup> ATOP is a DTC program through which Participant instructions are transmitted to the agent for an ATOP offer and through which a participant can tender its securities to the agent’s account at DTC.

<sup>9</sup> There are three types of CCF files representing the corporate actions lifecycle: corporate actions announcements (“CCF Announcements Files”); the CCF Entitlements and Allocations Files; and corporate actions instructions from Participants through CCF files (“CCF Corporate Actions Instructions Files”). All CCF Announcement Files were retired as of December 31, 2018. *See* Securities Exchange Act Release No. 79746 (January 5, 2017), 82 FR 3372 (January 11, 2017) (SR-DTC-2016-014).

<sup>10</sup> *See* Securities Exchange Act Release No. 92339 (July 7, 2021), 86 FR 36810 (July 13, 2021) (SR-DTC-2021-010). In addition, DTC subsequently filed a rule filing that similarly provided Participants with the option to use Automated Instruction Messaging to submit acceptance, protect, and cover of protect instructions for Automated Subscription Offer Program and APUT offers. *See* Securities Exchange Act Release No. 95197 (July 5, 2022), 87 FR 41153 (July 11, 2022) (SR-DTC-2022-007).

through the Participant Tender Offer Program (“PTOP”) or Voluntary Tenders and Exchanges functions through PTS and PBS, respectively.<sup>11</sup>

As described in the ATOP Automated Messaging Filing, the submission of voluntary reorganizations instructions through PTS and PBS is a nonautomated key-entry process, and there are certain potential risks and costs associated with manual processing, particularly in connection with voluntary reorganizations instructions. Nonautomated input may increase the likelihood of errors, which can result in rejected instructions or erroneous elections. Rejected instructions and erroneous elections can delay the submission of the instructions for voluntary offers, which typically have to be submitted within a short timeframe. Further, because information about a voluntary offer and the compilation and transmission of instructions flows across different market segments, the lack of automation and standardization can also lead to errors along the chain.

ISO 20022 is a standard that provides the financial industry with a common language to capture business transactions and associated message flows. The benefits offered by ISO 20022 include, but are not limited to (i) greater straight through processing by utilizing a data model that conforms to market practice and (ii) improved accuracy and less processing risk due to enhanced data elements. APIs provides enhanced flexibility for Participants, making the process of accessing from, and transmitting information to, DTC and its downstream customers more efficient. The flexibility of APIs and its use of modern programming languages provide benefits that

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<sup>11</sup> PTS (Participant Terminal System) and PBS (Participant Browser System) are user interfaces for DTC settlement and asset services functions. PTS is mainframe-based, and PBS is web-based with a mainframe back-end. Participants may use either PTS or PBS, as they are functionally equivalent. PTOp and Voluntary Tenders and Exchanges are functions of PTS and PBS, respectively, that are currently used by Participants to submit instructions, submit protects, submit cover of protects, submit cover of protects on behalf of another Participant, and submit withdrawals on various voluntary reorganization events.

include but are not limited to (i) less frequent maintenance, (ii) client development and implementation can be quicker to market, and (iii) more efficient integration channels.

B. Automated Instruction Messaging

DTC is proposing to enhance Automated Instruction Messaging for ATOP Offers by providing Participants with the ability to use Automated Instruction Messaging to submit an instruction to withdraw an Acceptance Instruction.<sup>12</sup> Automated Instruction Messaging for withdrawal instructions must be for the full quantity of the original Acceptance Instruction. Participants that are submitting withdrawal instructions for less than the full quantity must continue to submit those instructions via PTS/PBS.

As with Automated Instruction Messaging for other actions for ATOP, ASOP and APUT eligible offers, Automated Instruction Messaging for withdrawal instructions for an ATOP Offer would consist of (i) Automated Instruction Messages for the input of instructions and (ii) Automated Response Messages for feedback and status output with respect to submitted instructions. The ISO 20022 Corporate Action Instruction (CAIN) message and the API POST function are Automated Instruction Messages. The ISO 20022 Corporate Action Instruction Status Advice (CAIS) message and the API GET function are Automated Response Messages.

As noted above, automating the submission of withdrawal instructions for ATOP Offers would streamline the flow of information and reduce the costs, errors and risks that are associated with nonautomated processing. Accordingly, pursuant to the proposed rule change, DTC would enhance the ability of Participants to automate and standardize the submission of withdrawal instructions for ATOP Offers through Automated Instruction Messaging.

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<sup>12</sup> DTC notes that withdrawal actions—whether through Automated Instruction Messaging or PTS/PBS—are only available when provided for under the terms of the applicable ATOP Offer.

C. Proposed Rule Changes

Pursuant to the proposed rule change, DTC is proposing to:

1. Add references to “Automated Instruction Messaging” or “Automated Instruction Message,” as context requires, where other types of instruction input for withdrawals of instructions for ATOP Offers (e.g., PTS PTOP and PBS Voluntary Tenders and Exchanges) are referenced.
2. In the “Automated Instruction Messaging” Section:
  - a. Amend the text of footnote 1 to read, “Automated Instruction Messaging for withdrawal instructions for ATOP-eligible offers will be available in Q1 of 2023.”
  - b. At the bottom of the enumerated list of actions for ATOP Offers that can be taken via Automated Instruction Messaging, insert “5. Withdrawal (for full amount of original instruction only).”
  - c. Amend the note under the enumerated list of actions for ATOP Offers that can be taken via Automated Instruction Messaging to state: “Withdrawal instructions submitted via Automated Instruction Messaging must be for the full quantity of the original instruction. Partial withdrawal instructions for ATOP-eligible offers must be performed via PTS/PBS and cannot be instructed via Automated Instruction Message.”
3. In the “Instructions/Expirations” section, amend the note “All withdrawal/cancellation instructions must be performed via PTS/PBS,” to read, “Partial withdrawal instructions must be performed via PTS/PBS.”
4. At the end of the first paragraph of the “Withdrawing an Acceptance of an ATOP-Eligible Offer” section, insert the following sentence: “Note: Only full withdrawals will be accepted via Automated Instruction Messaging. Partial withdrawal instructions must be performed via PTS/PBS.”

5. Amend the second paragraph in the “Checklist for Withdrawing an Acceptance” section to read, “Enter and transmit an instruction to withdraw the acceptance via PTS PTOP, PBS Voluntary Tenders and Exchanges, or Automated Instruction Messaging. For instructions transmitted via PTS/PBS, the withdrawal request can be for all or any part of the acceptance previously submitted, and you can submit more than one withdrawal request as long as the quantity of securities indicated in the withdrawal instructions does not exceed the original quantity of the acceptance. Withdrawal instructions submitted via Automated Instruction Messaging must be for the full quantity of the original instruction.”

6. Amend the first bullet under the fourth paragraph in the “Checklist for Withdrawing an Acceptance” section to read, “You can inquire about your withdrawal instructions and the status thereof via the PTS PTOP or PBS Voluntary Tenders and Exchanges function's inquiry feature, or via Automated Instruction Messaging.”

7. Make ministerial changes for clarity, to correct typos and omissions and to enhance conformity and readability, including, but not limited to:

a. In the “Important Legal Information” replace “Copyright © 2022” with “Copyright © 2023.”

b. Delete all instances of the following sentences: “If possible, DTC will attempt to notify you of the rejection, but DTC cannot guarantee such notification,” “If practicable, DTC will attempt to notify you of the rejection, but cannot guarantee such notification,” “DTC will attempt to notify your designated coordinator by telephone of the rejection, but DTC cannot guarantee that this will be done,” and “If rejection is for a reason other than that your tender price was not accepted or that a pro rata portion of your tender was not accepted, DTC will attempt to notify you by telephone, calling first the coordinator (s) at the telephone number (s) entered on the instructions form, but takes no responsibility

therefor.” DTC is proposing to delete these sentences in order to make it clear that Participants are solely responsible for monitoring their accounts and the response messages to ensure that they properly submitted their instructions and that the instructions were accepted.

c. In “How to View Mandatory and Voluntary Reorganization Announcements” section, delete the footnote that reads “The RIPS function for mandatory reorganizations announcements will be retired on November 16, 2020.” DTC is proposing to delete this sentence because RIPS for mandatory reorganizations has been retired.

(ii) CCF Entitlements and Allocations Files and CCF File Fee

A. Background

On November 19, 2020, DTC filed a rule change (the “2021 CCF Retirement Filing”)<sup>13</sup> that amended the Reorganizations Guide and the Fee Guide to (i) set a retirement date for CCF Entitlements and Allocations Files of January 1, 2022, and (ii) apply a \$50,000 CCF File Fee, per File Category (Pre-Allocation or Allocation/Post-Allocation) of CCF Entitlements and Allocations Files,<sup>14</sup> to Participants that continued to consume CCF Entitlements and Allocations Files between January 1, 2021 and December 31, 2021. The CCF File Fee was charged to the Account of the Participant upon the Participant’s first receipt of CCF Entitlements and Allocations Files in a particular File

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<sup>13</sup> See Securities Exchange Act Release No. 90490 (November 23, 2020), 85 FR 76645 (November 30, 2020) (SR-DTC-2020-016).

<sup>14</sup> Each of the CCF Entitlements and Allocations Files falls into one of two categories (each, a “File Category”): (i) pre-allocation (“Pre-Allocation CCF Files”), which includes files containing a Participant’s allocation projections and entitlements, or (ii) allocation/post-allocation (“Allocation/Post-Allocation CCF Files”), which includes files containing information on a Participant’s allocations and pending allocations. See Important Notice 13851-20 (August 27, 2020), available at <https://www.dtcc.com/legal/important-notices>.



Category during 2021. The CCF File Fee covered all CCF Entitlements and Allocations Files within that File Category during 2021.

Many Participants completed their adoption of ISO 20022 messaging for entitlements and allocations information, and their migration from the CCF Entitlements and Allocations Files, before the January 1, 2022 retirement date. However, some Participants had not completed their system development for the ISO 20022 messaging requested that DTC continue to offer the CCF Entitlements and Allocations Files for another year. Accordingly, on December 29, 2021, DTC filed a rule change (“2022 CCF Retirement Filing”)<sup>15</sup> to postpone the retirement date of the CCF Entitlements and Allocation Files to January 1, 2023, and to charge Participants the \$50,000 CCF File Fee for each File Category of CCF Entitlements and Allocations Files that they consumed between January 1, 2022 and December 31, 2022. The CCF File Fee was charged to the Account of the Participant upon the Participant’s first receipt of CCF Entitlements and Allocations Files in a particular File Category during 2022. The CCF File Fee covered all CCF Entitlements and Allocations Files within that File Category during 2022.

As discussed in the 2021 and 2022 CCF Retirement Filings, DTC has been informing Participants that corporate actions CCF files<sup>16</sup> will be retired and will be

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<sup>15</sup> See Securities Exchange Act Release No. 93885 (December 30, 2021), 87 FR 528 (January 5, 2022) (SR-DTC-2021-018).

<sup>16</sup> There are three event groups for CCF files for corporate actions. Participants subscribe to the CCF files for each event group separately. The event groups are (i) distributions (“Distributions”), such as cash and stock dividends, principal and interest, and capital gain distributions; (ii) redemptions (“Redemptions”), such as full and partial calls, final paydowns, and maturities; and (iii) reorganizations (“Reorganizations”), which include both mandatory and voluntary reorganizations such as exchange offers, conversions, Dutch auctions, mergers, puts, reverse stock splits, tender offers, and warrant exercises.

replaced by ISO 20022 messaging since 2011.<sup>17</sup> As noted above, ISO 20022 messaging offers enhanced efficiency and transparency in the corporate action lifecycle because, in contrast to the proprietary function and activity codes of CCF Files, ISO 20022 is a business-model-based standard for the development of messages for the international financial services industry.

DTC has been working with Participants to specifically support their orderly transition from CCF Entitlements and Allocations Files to ISO 20022 messaging since 2013. DTC began providing Participants with parallel entitlements and allocations ISO 20022 messaging in 2013 (Distributions), 2015 (Redemptions) and 2017 (Reorganizations). In addition, since 2016, DTC had been communicating with Participants about the deadline for retirement of the CCF Entitlements and Allocation Files and postponed the projected retirement date multiple times.<sup>18</sup> Until the 2021 CCF Retirement Filing, DTC had not imposed a fee on Participants' continued use of CCF Entitlements and Allocations Files.

#### B. Proposed Rule Change

Almost all Participants have now successfully migrated from CCF Entitlements and Allocations Files to ISO 20022 messaging. There are, however, a few Participants that have indicated to DTC that, for reasons internal to their respective firms, they would not be able to complete their migration by the end of 2022.

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<sup>17</sup> See Securities Exchange Act Release No. 63886 (February 10, 2011), 76 FR 9070 (February 16, 2011) (SR-DTC-2011-02) (indicating that DTC would continue to support its legacy proprietary CCF files until 2015.)

<sup>18</sup> See Important Notice 2538-16 (January 21, 2016), supra note 15; Important Notice 4381-16 (November 4, 2016), supra note 15; Important Notice 5099-17 (February 2017), supra note 15; Important Notice 7488-18 (February 28, 2018), supra note 15; Important Notice 9861-18 (October 9, 2018), supra note 15.

Therefore, pursuant to this proposed rule change, DTC would postpone the retirement date of the CCF Entitlements and Allocation Files to July 1, 2024, and would continue to charge each Participant the CCF File Fee of \$50,000 for each File Category of CCF Entitlements and Allocations Files that it consumes during each of the following fee periods (each, a “Fee Period”): (i) from January 1, 2023 through December 31, 2023, and (ii) from January 1, 2024 through June 30, 2024. The CCF File Fee would be charged to the Account of the Participant, upon the Participant’s first receipt of CCF Entitlements and Allocations Files in a particular File Category during that specific Fee Period. The CCF File Fee would cover all CCF Entitlements and Allocations Files within that File Category during that Fee Period.

Pursuant to the proposed rule change, DTC would amend the description of the CCF File Fee in the Fee Guide to conform with the proposed rule change. DTC would also amend the Reorganizations Guide to reflect the July 1, 2024, retirement date for CCF Entitlements and Allocations Files. Specifically, in the “Preparing to Use the Services” subsection of the “How Reorganizations Work” section of the Reorganizations Guide, DTC is proposing to replace “\*CCF files associated with entitlements and allocations will be retired as of January 1, 2023” with “\*CCF files associated with entitlements and allocations will be retired as of July 1, 2024.”

#### Implementation Date

DTC will implement the proposed changes on January 1, 2023. DTC will announce the implementation date of the proposed rule change in an Important Notice posted on its website.

As proposed, a legend would be added to the Reorganizations Guide and the Fee Guide stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include that the implementation date will be January 1, 2023. In addition, the proposed legend would state that the legend would automatically be removed upon the implementation of the proposed changes.

## 2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>19</sup>

The proposed rule change would amend the Reorganizations Guide to provide Participants with the option to use Automated Instruction Messaging for withdrawal instructions for ATOP Offers. As discussed above, Automated Instruction Messaging provides greater straight-through processing, improved accuracy, more efficient integration channels and less processing risk than nonautomated processing.

DTC believes that the proposed rule change to amend the Reorganizations Guide to make technical and clarifying changes would enhance the clarity and transparency of the Reorganizations Guide. By enhancing the clarity and transparency of the Reorganizations Guide, the proposed rule change would allow Participants to more efficiently and effectively conduct their business in connection with processing reorganization events and associated securities transactions. Based on the foregoing, DTC believes that the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions, consistent with section 17A(b)(3)(F) of the Act, cited above.

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<sup>19</sup> 15 U.S.C. 78q-1(b)(3)(F).

In addition, the proposed rule change would (i) postpone the retirement of CCF Entitlements and Allocations Files to July 1, 2024, and (ii) continue the application of a CCF File Fee of \$50,000 to Participants that continue to consume CCF Entitlements and Allocations Files after December 31, 2022. By postponing the retirement of CCF Entitlements and Allocations Files to July 1, 2024, the proposed rule change would allow Participants to minimize potential business interruptions by undertaking an orderly and organized migration from CCF files to the more efficient ISO 20022 standard. Similarly, by continuing to charge a CCF File Fee of \$50,000 to those Participants that continue to receive CCF Entitlements and Allocations Files after December 31, 2022, the proposed rule change would encourage the few remaining Participants still utilizing CCF Entitlements and Allocations Files to accelerate system development and their adoption of the ISO 20022 standard. In this manner, the proposed rule change would encourage and facilitate the transition to the ISO 20022 standard, which provides efficiencies and enhanced transparency in processing corporate actions and the settlement activities related thereto. Accordingly, DTC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of 17A(b)(3)(F) of the Act, cited above.

Section 17A(b)(3)(D) of the Act requires that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Participants.<sup>20</sup> DTC believes that the proposed rule change to continue to apply the \$50,000 CCF File Fee to Participants that continue to consume CCF Entitlements and Allocations Files after December 31, 2022 would provide for the equitable allocation of reasonable fees.

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<sup>20</sup> 15 U.S.C. 78q-1(b)(3)(D).

DTC believes that the proposed application of the CCF File Fee would be equitably allocated because the CCF File Fee (i) would only be charged to those Participants that have delayed their migration from CCF Entitlements and Allocations Files beyond December 31, 2022<sup>21</sup> and (ii) would be applied in accordance with the Participant's use of a particular File Category during a specific Fee Period.

Further, DTC believes that the continued application of the \$50,000 CCF File Fee would be reasonable. As discussed above, Participants that did not complete their migration to ISO 20022 by January 1, 2021, or January 1, 2022, were charged the \$50,000 CCF File Fee for each File Category of CCF Entitlements and Allocations Files that they consumed during each calendar year. Most Participants have now completed their migration, which DTC believes is due, in part, to the application of the CCF File Fee. Based on this prior experience with the CCF File Fee, DTC believes that the CCF File Fee in the amount of \$50,000 provides the necessary encouragement for Participants to accelerate their system development for their adoption of the ISO 20022 standard for entitlements and allocations information.<sup>22</sup> Further, during the prior applications of the CCF File Fee to CCF Entitlements and Allocations Files, DTC had not received any negative feedback from Participants that suggested that the \$50,000 fee was overly burdensome.

Therefore, DTC believes that the proposed rule change regarding the CCF File Fee provides for the equitable allocation of reasonable dues, fees, and other charges among its Participants, consistent with 17A(b)(3)(D) of the Act, cited above.

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<sup>21</sup> As noted above, DTC has been communicating with Participants about the migration from CCF files to the ISO 20022 standard for corporate actions events since 2011. Since 2013, DTC has been communicating with Participants about targeted retirement dates for CCF Entitlements and Allocations Files and has, at the request of Participants, postponed the projected dates numerous times.

<sup>22</sup> The CCF File Fee is not designed to cover costs incurred by DTC as a result of continuing to service CCF files.

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

DTC believes that the proposed rule change to provide Participants with the option to use Automated Instruction Messaging for withdrawal instructions for ATOP Offers would not have any impact on competition. Because Automated Instruction Messaging is an optional service that would be available to all Participants in connection with ATOP Offers, DTC does not believe that the proposed rule change would impose a burden on competition.<sup>23</sup> In addition, DTC believes that the proposed rule change to make technical and ministerial changes to the Reorganizations Guide, would not have any impact on competition because it would merely enhance the clarity of the procedures relating to ATOP Offers. In light of the foregoing, DTC does not believe that the proposed rule changes would impose a burden on competition.<sup>24</sup>

DTC believes that the proposed rule change with respect to postponing the retirement of CCF Entitlements and Allocations Files to July 1, 2024 would not have any impact on competition. The proposed rule change would provide any Participant that has not completed its migration from CCF Entitlements and Allocation Files with additional time to complete its testing and development of its systems and finalize the transition to ISO 20022 messaging. Therefore, DTC believes that the proposed rule change with respect to postponing the retirement of CCF Entitlements and Allocations Files to July 1, 2024 would not have a burden on competition.<sup>25</sup>

DTC believes that the proposed rule change with respect to amending the Fee Guide to continue to apply the CCF File Fee to Participants that continue to consume CCF Entitlements and Allocations Files after December 31, 2022 could have an impact

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

<sup>24</sup> Id.

<sup>25</sup> 15 U.S.C. 78q-1(b)(3)(I).

on competition because it could create a burden on competition.<sup>26</sup> Although the proposed application of the CCF File Fee is designed to incentivize Participants to accelerate and complete their adoption of the ISO 20022 standard, DTC recognizes and appreciates that continuing to charge the fee could negatively affect such Participants' operating costs. However, DTC believes that any burden on competition would not be significant and would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by 17A(b)(3)(I) of the Act.<sup>27</sup>

DTC believes any burden on competition would not be significant because (i) the fee would only be charged once per File Category, upon the Participant's first receipt of CCF Entitlements and Allocations Files for a File Category during a particular Fee Period, and (ii) the application of the CCF File Fee for a File Category would cover the consumption of all CCF Entitlements and Allocations Files within that File Category during that Fee Period. In addition, based on DTC's prior use of the CCF File Fee for CCF Entitlements and Application Files, DTC has no indication that the amount of the fee creates a significant burden on any Participant.

DTC believes that any burden on competition that may be created by the proposed change to amend the Fee Guide to continue to apply the CCF File Fee to Participants that continue to consume CCF Entitlements and Allocations Files after December 31, 2022 would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by 17A(b)(3)(I) of the Act.<sup>28</sup> DTC believes that this proposed change would be necessary because some Participants have yet to adopt the ISO 20022 standard, despite

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<sup>26</sup> Id.

<sup>27</sup> Id.

<sup>28</sup> Id.



at least nine years of communication and prompting on the issue.<sup>29</sup> As noted above, the ISO 20022 standard provides efficiencies and enhanced transparency in processing corporate actions and the settlement activities related thereto. Thus, DTC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with 17A(b)(3)(F) of the Act.<sup>30</sup>

DTC believes that the proposed rule change to continue to apply the CCF File Fee to Participants that continue to consume CCF Entitlements and Allocations Files after December 31, 2022 would be appropriate in furtherance of the purposes of the Act, as permitted by 17A(b)(3)(I) of the Act.<sup>31</sup> As discussed above, Participants that did not complete their migration to ISO 20022 by January 1, 2021 or by January 1, 2022 were charged the \$50,000 CCF File Fee for each File Category of CCF Entitlements and Allocations Files that they consumed during the each calendar year. Most Participants have now completed their migration, which DTC believes is due, in part, to the application of the \$50,000 CCF File Fee. DTC's prior experience with the \$50,000 CCF File Fee illustrates that a \$50,000 CCF File Fee provides the necessary encouragement for Participants to accelerate their system development for the full adoption of the ISO 20022 standard. Further, during the previous application of the CCF File Fee to CCF Entitlements and Allocations Files, DTC had not received any negative feedback from Participants that suggested that the \$50,000 fee was overly burdensome. Accordingly, DTC believes that the continued application of the \$50,000 CCF File Fee would be appropriate here in order to incentivize the remaining Participants to accelerate their migration to the ISO 20022 standard. In addition, as discussed above, DTC believes that

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<sup>29</sup> See supra notes 17 and 18.

<sup>30</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>31</sup> 15 U.S.C. 78q-1(b)(3)(I).

the proposed continued application of the CCF File Fee would be equitably allocated because the CCF File Fee (i) would only be charged to those Participants that have delayed their migration from CCF Entitlements and Allocations beyond December 31, 2022, and (ii) would be applied in accordance with the Participant's use of a particular File Category during a specific Fee Period.

Therefore, for these reasons, DTC believes that a perceived competitive burden of the proposed rule change to continue to apply the CCF File Fee to Participants that continue to consume CCF Entitlements and Allocations Files after December 31, 2022, would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by 17A(b)(3)(I) of the Act.<sup>32</sup>

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

DTC has not received or solicited any written comments relating to this proposal. If any written comments are received, they would be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions

regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at [tradingandmarkets@sec.gov](mailto:tradingandmarkets@sec.gov) or 202-551-5777.

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

The foregoing rule change has become effective pursuant to 19(b)(3)(A)<sup>33</sup> of the Act and paragraph (f)<sup>34</sup> of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2022-013 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-2022-013. This file number should be included on the subject line if e-mail is used. To help the Commission process

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<sup>33</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>34</sup> 17 CFR 240.19b-4(f).

and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2022-013 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>35</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*

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<sup>35</sup> 17 CFR 200.30-3(a)(12).