



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103398; File No. SR-DTC-2025-010]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Settlement Service Guide to Make a Technical Change Relating to DTC’s Memo Segregation Function and to Update DTC’s Mailing Address

July 7, 2025.

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 June 27, 2025, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(4) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(4).

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

The proposed rule change consists of amendments to the Settlement Service Guide ("Settlement Guide")⁵ to (i) make a technical change relating to DTC's Memo Segregation ("Memo Seg") function and (ii) update DTC's mailing address.⁶

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), and Rule 19b-4 thereunder, DTC is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the Settlement Guide to (i) make a technical change relating to DTC's Memo Seg and (ii) update DTC's mailing address.

⁵ The Settlement Guide is *available at* www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf. The Settlement Guide constitutes Procedures of DTC relating to its Settlement services. Pursuant to the DTC Rules, the term "Procedures" means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27 (Procedures), as amended from time to time. Rule 1 (Definitions; Governing Law), Section 1, *infra* note 6. DTC's Procedures are filed with Commission. They are binding on DTC and each Participant in the same manner as they are bound by the DTC Rules. Rule 27, *infra* note 6.

⁶ Capitalized terms not defined herein shall have the meaning assigned to such terms in the Rules, By-Laws and Organization Certificate of DTC, *available at* www.dtcc.com/-/media/Files/Downloads/legal/rules/dtc_rules.pdf.

Memo Segregation

Participants use Memo Seg and its “counter” mechanism to protect a designated quantity of Securities in a given CUSIP⁷ from unintended intraday Delivery at DTC.⁸ More specifically, when a Participant uses Memo Seg, Delivery of a given CUSIP will not occur if the Delivery would result in the total quantity of Securities in that CUSIP being equal to or less than the amount designated for protection by the Participant, unless (a) the Participant reduces the amount designated under the counter, or (b) the amount designated under the counter is automatically reduced due to other transactions executed by the Participant. In this way, Memo Seg helps automate Securities processing by reducing the number of manual entries a Participant must make to maintain a certain quantity of Securities in an Account.

A Participant can activate any of five Memo Seg indicators by providing DTC with a standing Memo Seg instruction. When the Participant activates a Memo Seg indicator, the Participant’s free position and Memo Segregation position are automatically updated according to the Participant-elected indicators. These indicators include, but are not limited to, transactions relating to receipt of certain free and valued Deliveries, movements through the ACATS system, and receipt of Deliveries from the E

⁷ A CUSIP number is the identification number created by the American Banking Association’s Committee on Uniform Security Identification Procedures (“CUSIP”) to uniquely identify issuers and issues of securities and financial instruments. See Committee on Uniform Security Identification Procedures, *available at* www.aba.com/about-us/our-story/cusip-securities-identification.

⁸ Participants that are registered broker-dealers can use Memo Seg as a tool to maintain compliance with their obligations under Commission Rule 15c3-3. 17 CFR 240.15c3-3.

sub-account (“E Account”) of National Securities Clearing Corporation’s (“NSCC”) Continuous Net Settlement (“CNS”) System.⁹

The E Account can be used by NSCC Members for receipt of fully-paid-for securities from NSCC’s main CNS account. The NSCC Member receiving Securities from the E Account is credited with the respective fully-paid-for securities in its DTC Participant Account. When a Participant provides a standing Memo Seg instruction relating to securities received into the E Account (i.e., by activating “Indicator 3”), the Participant’s Memo Seg counter is automatically increased by the number of shares it receives through the E Account.¹⁰

In a separate proposed rule change filed by NSCC (i.e., SR-NSCC-2025-010) on June 17, 2025 (“NSCC’s Rule Filing”), NSCC proposes to decommission the E Account as it is an underutilized CNS function. As a result of NSCC’s Rule Filing, DTC’s Memo Seg Indicator 3, which correlates with the E Account, would become obsolete. Therefore, pursuant to NSCC’s Rule Filing, DTC would make a technical amendment to the Settlement Guide to remove the reference to Indicator 3 and the related functionality for securities received from the E Account. DTC is not otherwise altering its Memo Seg functionality, and it would otherwise remain available to Participants.¹¹ DTC would also

⁹ Capitalized terms not defined herein shall have the meaning assigned to such terms in the NSCC Rules & Procedures (“NSCC Rules”), *available at* www.dtcc.com/-/media/Files/Downloads/legal/rules/nscc_rules.pdf.

¹⁰ Settlement Guide, *supra* note 5, at 40-42.

¹¹ Id.

make a corresponding edit to remove reference to a certain number of Memo Segregation Indicators.¹²

Address Update

Currently, the Settlement Guide lists the DTC mailing address for letters of instruction to establish or change the Net Debit Cap as DTC's former address at 55 Water Street, New York, NY.¹³ The former address should have been changed to 570 Washington Blvd., Jersey City, NJ 07310 in a prior DTC rule filing but was overlooked.¹⁴ With this proposed rule change, it is being updated.

Implementation Timeframe

The proposed rule change would be implemented in two phases. The proposed changes concerning DTC's mailing address update would be implemented upon filing. The proposed changes concerning elimination of Memo Seg Indicator 3 would be implemented on September 11, 2025.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires that the rules of the clearing agency be designed, among other things, to promote the prompt and accurate clearance and settlement of securities transactions.¹⁵ DTC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.

As described above, the proposed rule change would amend the Settlement Guide to (i) reflect the elimination of an obsolete Memo Seg indicator relating to NSCC's

¹² The Settlement Guide erroneously stated that a Participant could activate any of five Memo Segregation indicators, although there were six Memo Segregation indicators. *Id.*, at 41-42. With this proposed edit, any future changes to the number of available Memo Segregation indicators will not require an edit to the paragraph preceding the table of Memo Segregation indicators.

¹³ *Supra* note 5, at 21.

¹⁴ Securities Exchange Act Release No. 97250 (Apr. 4, 2023), 88 FR 21214 (Apr. 10, 2023) (SR-DTC-2023-004).

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

decommissioning of its CNS E Account functionality and (ii) change the mailing address from 55 Water Street, New York, NY to 570 Washington Blvd., Jersey City, NJ 07310 when it was previously overlooked.

Each of these proposed rule changes is intended to provide Participants with current and accurate information regarding DTC services, thus enabling users to be better informed on how they may engage and use DTC for securities transactions. Therefore, DTC believes that the proposed rule change would help promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F) of the Act, cited above.

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

Section 17A(b)(3)(I) of the Act¹⁶ requires that the rules of the clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the Act. DTC does not believe that the proposed rule change would impose a burden or otherwise have a significant impact on competition. DTC does not believe the proposed change to remove the Memo Seg Indicator 3 would have any impact or impose any burden on competition as it is merely a technical change to the text of the Settlement Guide to correspond with a change to NSCC Rules. Notwithstanding the decommissioning of the E Account functionality proposed by NSCC's Rule Filing, Memo Seg would otherwise remain available to Participants to provide instructions directly through DTC for the protection of fully-paid-for securities. DTC therefore believes the proposed rule change would not impose any burden on competition.

DTC does not believe that the proposed rule change regarding DTC's mailing address would have any impact or impose any burden on competition. The proposed rule change simply updates DTC's contact information that was previously overlooked during

¹⁶ 15 U.S.C. 78q-1(b)(3)(I).

an earlier rule filing¹⁷ which should not have any competitive impact on Participants or their use of DTC services.

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

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

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

All prospective commenters should follow the Commission's instructions on how to submit comments, *available at* www.sec.gov/rules-regulations/how-submit-comments. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

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

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed, or such

¹⁷ *Supra* note 14.

shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁸ and Rule 19b-4(f)(6) thereunder.¹⁹

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. Please include file number SR-DTC-2025-010 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-2025-010. 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 submission, all subsequent

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(4).

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 (<https://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-2025-010 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

J. Matthew DeLesDernier,

Deputy Secretary.

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