



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104039; File No. SR-DTC-2025-014]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Decommission the Initial Public Offering Tracking System

September 24, 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 September 19, 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.

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

The proposed rule change would (i) amend the DTC Settlement Guide, Underwriting Guide, and the OA,⁵ to decommission the Initial Public Offering Tracking System (“IPO Tracking System”),⁶ an optional service used to track IPO share movement during the post-

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).

⁵ Each term not otherwise defined herein has its respective meaning as set forth in the Rules, By-Laws and Organization Certificate of DTC (“Rules”), the Settlement Service Guide (“Settlement Guide”), the Underwriting Service Guide (“Underwriting Guide”), and the Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) (“OA”), available at www.dtcc.com/legal/rules-and-procedures.

⁶ Securities Exchange Act Release No. 57768 (May 2, 2008), 73 FR 26181 (May 8, 2008) (SR-DTC-2007-10).

offering stabilization period, and, consequently, (ii) remove from the Guide to the DTC Fee Schedule⁷ (“Fee Guide”) the related fee (“IPO Tracked Issue”) associated with the IPO Tracking System.

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 proposed rule change would (i) amend the DTC Settlement Guide, Underwriting Guide, and the OA, to decommission the IPO Tracking System, an optional service used to track IPO share movement during the post-offering stabilization period, and, consequently, (ii) remove from the Fee Guide the IPO Tracked Issue associated with the IPO Tracking System.

Background

DTC continually evaluates the efficiency and effectiveness of the services it provides. As part of these evaluations, and in furtherance of ongoing modernization efforts, DTC seeks to streamline and simplify services and processes, including through the decommissioning of underutilized services. DTC proposes to decommission the IPO Tracking System due to (i) changes in the market structure and the availability of external tracking systems, and (ii) the operational complexity required to maintain the service, especially given its limited usage.

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www.dtcc.com/-/media/Files/Downloads/legal/fee-guides/DTC-Fee-Schedule.pdf.

The IPO Tracking System was established by DTC to support lead underwriters and syndicate managers in monitoring the book-entry movement of IPO shares during the post-offering stabilization period. The service was designed to enhance transparency by generating daily reports identifying Participant level deliveries and allocations of new issue securities for a limited tracking window following an offering. The IPO Tracking System requires the lead underwriter to initiate tracking eligibility by submitting instructions through DTC's underwriting portal ("UW SOURCE") two business days prior to the scheduled closing date. Once activated, the IPO Tracking System provides automated reports, including data files made available to lead underwriters during the post-offering stabilization period.

Over time, usage of the IPO Tracking System has declined significantly due to changes in market structure, the availability of external tracking systems, and reduced reliance by underwriters on DTC's IPO Tracking System data. In turn, the operational effort required to maintain the IPO Tracking System has become disproportionate to the limited number of offerings utilizing the service. As such, DTC has decided to decommission the IPO Tracking System.

Proposed Changes

To effectuate the decommissioning of the IPO Tracking System, DTC proposes to make the below described rule changes.

Settlement Guide

The proposed changes would remove from the Settlement Guide all provisions relating to the IPO Tracking System, including deleting (i) the term "IPO" under the "memo segregation" definition in the "Important Terms" table, (ii) entry number nine under "Account Options," and subsequent renumbering, (iii) the entire text of the section titled "Initial Public Offering (IPO) Tracking System," which describes the goals of the IPO Tracking System and contact

information,⁸ (iv) a reference to the IPO Tracking System in the section titled “Recycle Processing” relating to the preliminary processing of delivery transactions prior to the updating of DTC accounts,⁹ (v) Pend Hold references to IPO deliveries and the removal of pend queue logic for IPO positions; and (vi) the note under “How PTA Processing Works” stating that IPO transactions are not subject to PTA procedures.

Underwriting Guide

Similarly, DTC proposes to amend the Underwriting Guide to remove all references in the “IPO Tracking System”¹⁰ section of the Underwriting Guide, which includes “About the Product,” “How the Product Works,” “Associated Participant Terminal System (PTS) Functions,” and the “IPO Tracking Contact Number.” These subsections collectively describe the IPO Tracking System, including setup procedures, control account activity, and report generation during the stabilization period. In addition, DTC proposes to remove defined terms related to IPOs in the “Overview” section of the Underwriting Guide, including the definitions of “initial public offering (IPO)” and “flipping.”

Fee Guide

DTC proposes to eliminate the IPO Tracked Issue fee of \$5,000 from the “Other Underwriting Services” section of the Fee Guide.¹¹ This fee currently applies on a per-issue basis to IPO Tracking activity and will no longer be applicable as of the effective Decommission Date, as defined below in the Implementation section.

OA

⁸ See Settlement Guide, *supra* note 5 at 38.

⁹ *Id.* at 51.

¹⁰ See Underwriting Guide, *supra* note 5 at 9-10.

¹¹ See Fee Guide, *supra* note 7 at 28.

DTC proposes to update the OA to remove the eligibility requirements for IPO Tracking currently set forth in Exhibit B (Underwriting Standard Time Frames).¹² Specifically, DTC would eliminate the row labeled “For IPO Tracked issues” including the “Time Frame” requirement that the lead underwriter indicate inclusion in the IPO Tracking System via UW SOURCE, no later than 3:00 p.m. ET, two business days prior to the Closing Date.

Implementation

The final IPO issue eligible for tracking via the IPO Tracking System will be for tracking instructions submitted to DTC on or before October 2, 2025, after which DTC will update its rules, as described above, to remove references to the IPO Tracking System. Tracking for issues requested on or before October 2, 2025 will be tracked according to the period selected by the Participant (i.e., 30, 60, or 90 days), after which the IPO Tracking System will be fully decommissioned, but no later than December 31, 2025, (“Decommission Date”).

2. Statutory Basis

Section 17A(b)(3)(F) 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.¹³ DTC believes that the proposed rule change is consistent with the Section 17A(b)(3)(F) of the Act, as cited above.

As described above, the proposed rule change would (i) amend the Settlement Guide, Underwriting Guide and the OA to decommission the IPO Tracking system, an optional, underused service used to track IPO share movement during the post-offering stabilization period and, consequently, (ii) remove from Fee Guide the related fee for IPO Tracked Issue. Eliminating the IPO Tracking System will streamline DTC’s service offerings by retiring an underutilized service allowing DTC to allocate operational resources more efficiently and ensure

¹² See OA, supra note 5 at 88.

¹³ 15 U.S.C. 78q-1(b)(3)(F).

DTC's service offerings remain aligned with the current market usage and Participant needs. By allocating resources more efficiently and keeping aligned to Participant needs, DTC will be better positioned and able to focus on its core mission – clearance and settlement. 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.

Rule 17ad-22(e)(21)¹⁴ promulgated under the Act requires, inter alia, that DTC, a covered clearing agency, establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, be efficient and effective in meeting the requirements of its Participants and the markets it serves. As described above, the proposed rule change would support DTC's efforts to improve operational efficiency by decommissioning a service that is underutilized and no longer aligned with Participant demand. In this regard, DTC believes that the proposed rule change would enable DTC to streamline its services, reduce operational complexity, and more effectively allocate resources towards core clearance and settlement functions that deliver greater utility to Participants. Accordingly, DTC believes that the proposed rule change would help promote efficiency and effectiveness in a manner consistent with Rule 17ad-22(e)(21).

(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 because, as described above, the proposed rule change simply decommissions an optional service that has experienced limited subscription and declining usage over time. DTC has performed direct outreach to Participants that do use the IPO Tracking System and announced its plans to decommission the service through Important Notice. There were no objections or concerns raised by Participants. Moreover, the IPO Tracking System is not

¹⁴ 17 CFR 240.17ad-22(e)(21).

essential to DTC's core clearance and settlement functions, its retirement would not impair any Participant's access to any other DTC services, and such tracking is available via external tracking systems. Therefore, DTC believes that the decommissioning of the IPO Tracking System would not favor or disadvantage any Participant.

(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 will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting written 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/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 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)¹⁵ of the Act and paragraph (f) of Rule 19b-4 thereunder.¹⁶ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f).

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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

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-2025-014 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-2025-014. 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 filing will be available for inspection and copying at the principal office of DTC and on DTCC's website (www.dtcc.com/legal/sec-rule-filings). 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-2025-014 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.¹⁷

Sherry R. Haywood,

Assistant Secretary.

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