

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-58165; File No. SR-DTC-2008-03)

July 15, 2008

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Establish a Fee Relating to DTC's Settlement Procedures for the Maturity of Money Market Instruments with Unknown Rates

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 May 30, 2008, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change seeks to establish a fee that relates to DTC's settlement procedures for the maturity of Money Market Instruments ("MMI") with unknown rates ("Unknown Rate Maturities").

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC 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.

---

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

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

DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.<sup>3</sup>

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

DTC initiates MMI maturity processing automatically each morning by electronically sweeping all maturing positions of MMI CUSIPs from investors' custodian accounts and generating the appropriate maturity payments. The MMI then is delivered to the account of the appropriate Issuing Agent or Paying Agent (collectively, "IPA"). On the day of delivery, DTC debits the IPA's account in the amount of the maturity proceeds for settlement and credits the same amount of the maturity proceeds to the investor's custodian account for payment to the investor.

In order for DTC to process settlement for Unknown Rate Maturities the IPA currently is required to send notice to DTC by 6:00 p.m. (ET) on the day the amount of variable income or principal becomes known to the IPA, but in no event later than 3:00 p.m. (ET) on the day prior to maturity or periodic payment date. In certain circumstances, DTC may accept an IPA's notice after the applicable deadlines until 2:30 p.m. (ET) on the date of maturity. If no maturity rate is provided by 2:30 p.m. (ET) on the date of maturity, then the maturity will roll-over to the next processing day. This rollover continues until a rate is provided. The process to monitor the resolution of payments on Unknown Rate Maturities is time-consuming because it involves, among other things, DTC verifying the IPA of the Unknown Rate Maturity, calling the IPA at minimum on a daily basis, and coordinating within DTC to get the issue resolved as quickly as possible.

---

<sup>3</sup> The Commission has modified the text of the summaries prepared by DTC.

Accordingly, DTC is proposing to implement a disincentive fee to encourage timely receipt of the appropriate maturity rates. DTC submits that this is an appropriate fee to assess in order to compensate for the operational expenses associated with monitoring the resolution of payments on Unknown Rate Maturities and expects such fee to serve as a disincentive to IPAs' delayed notice of the maturity rate. Under the proposed rule change, if the maturity rate is not populated in DTC's system by 2:30 P.M. (ET) on the date of maturity, DTC will charge a fee of \$5,000 on the maturity date and for each subsequent MMI business day, or part thereof, until the rate is submitted.<sup>4</sup> DTC has met with various industry organizations, all of whom support the implementation of this fee.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>5</sup> and the rules and regulations thereunder because the proposed change will deter late submission of maturity rates, thereby promoting prompt and accurate clearance and settlement of securities transactions.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change will have any impact or impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

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

---

<sup>4</sup> DTC also will report any pattern of late submission of maturity rates to the Commission.

<sup>5</sup> 15 U.S.C. 78q-1.

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

Within thirty-five days of the date of publication of this notice in the Federal Register or within such longer period: (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve such proposed rule change or
- (B) institute proceedings to determine whether the proposed rule change should be

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 (<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-2008-03 on the subject line.

#### Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-DTC-2008-03. 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 Web site (<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 inspection and copying in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filings also will be available for inspection and copying at the principal office of DTC and on DTC's Web site at

[http://www.dtcc.com/downloads/legal/rule\\_filings/2008/dtc/2008-03.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2008/dtc/2008-03.pdf). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2008-03 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>6</sup>

Florence E. Harmon  
Acting Secretary

---

<sup>6</sup> 17 CFR 200.30-3(a)(12).