

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-58407; File No. SR-DTC-2008-10)

August 21, 2008

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Make Technical Changes to the Collateral Loan System

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on August 1, 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. DTC filed the proposal pursuant to Section 19(b)(3)(A)(iii) of the Act² and Rule 19b-4(f)(4)³ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the rule change from interested parties.

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

The purpose of the rule change is to (i) modify record layouts for the Collateral Loan System to comply with the new Symbology series key defined by the Options Symbology Initiative (“OSI”) and (ii) implement record layout changes that will allow The Options Clearing Corporation (“OCC”) members to process collateral loan transactions directly against OCC sub-accounts.⁴

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(3)(A)(iii).

³ 17 CFR 240.19b-4(f)(4).

⁴ For more information regarding the record layout changes, see DTC Important Notice B 3577-08. http://www.dtcc.com/downloads/legal/imp_notices/2008/dtc/set/3577-08.pdf.

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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.⁵

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

1. Options Symbology Initiative

Currently organizations that support trading in listed options typically use a three to five alpha character representation. The first three characters identify the option root symbol, and the remaining two alpha characters identify the expiration month, call/put indicator, and strike price. In an effort to standardize option symbols and overhaul the existing method of identifying exchange-listed options contracts, OCC is spearheading an industry-wide adoption of the OSI.⁶

The OSI supports the elimination of alpha codes that are currently used to denote expiration month, call/put code, and strike price. As a result, DTC is proposing to modify its record layouts for DTC's Collateral Loan System to comply with the new Symbology series key defined by the OSI. DTC believes these changes will increase efficiency and improve the mechanism for participants to perform under the OSI initiative.

⁵ The Commission has modified the text of the summaries prepared by DTC.

⁶ For more information about The Options Clearing Corporation's Options Symbology Initiative see the most recent plan at http://www.theocc.com/initiatives/symbology/implementation_plan.jsp.

2. OCC Sub-Accounting Initiative

The purpose of the OCC sub-accounting initiative is to eliminate the need for multiple OCC clearing member numbers. OCC sub-accounting also allows OCC clearing members to separate retail and professional customers for purposes of reserve/PAIB computations⁷ and to separate traditional and portfolio margin customers for purposes of portfolio margining. In support of the OCC sub-accounting initiative, OCC has requested that DTC implement record layout changes that will allow OCC members to process collateral loan transactions directly against these OCC sub-accounts.

The OCC has mandated that modifications for the OSI and the OCC sub-accounting initiative be implemented simultaneously because both initiatives require modifications to input and output file formats as well as some of DTC's screen based applications on the Participant Terminal System ("PTS") and Participant Browser Services ("PBS").⁸ OCC has requested that

⁷ Commission customer protection rules require firms to compute the amount a clearing firm must place in a reserve account to back their customers' assets. There are effectively two calculations: one for retail customers ("Reserve") and one for the proprietary accounts of introducing brokers ("PAIB"). Under both of these calculations the clearing firm is allowed to take as a debit in the calculation OCC's clearing level margin associated with these customers' positions. At the clearinghouse level both Reserve and PAIB customers are cleared in the customer range, and currently only one margin requirement is produced. Since the OCC margin requirement is comprised of both Reserve and PAIB clients, clearing firms do not use the OCC margin requirement as a debit in their computations. As a result, firms have to post more in their Reserve accounts since they cannot use the offsets provided for under Commission customer protection rules.

OCC sub-accounting would provide clearing firms with the ability to maintain subaccounts under the customer range for Reserve customers and PAIB customers. As a result, OCC could compute two separate margin requirements to which the clearing firm can post collateral and apply Reserve and PAIB calculations. This would free up additional liquidity for clearing firms that currently cannot include the OCC margin in the customer protection rule computations due to the inability to create a subaccount.

⁸ Participants use DTC's Collateral Loan function on the PTS to pledge securities to OCC

DTC implement these changes on August 8, 2008, so that OCC members can begin to migrate to the new formats. OCC has mandated that OCC members be ready to use the new formats by October 10, 2008.

The proposed rule change is consistent with Section 17A of the Act,⁹ as amended, because it will reduce operational and financial risks associated with multiple OCC clearing member numbers thereby promoting the prompt and accurate clearance and settlement of securities transactions. Additionally, record layout modifications will increase efficiency and improve the mechanism for DTC Participants to perform under the OSI initiative.

(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 yet been solicited or received. DTC will notify the Commission of any written comments received by DTC.

in order to meet OCC's option collateralization requirements. Participants can also use PTS to input requests for the release of securities pledged to OCC, and OCC can use PTS to approve or cancel release requests.

⁹ 15 U.S.C. 78q-1.

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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁰ and Rule 19b-4(f)(4)¹¹ thereunder because the proposed rule change effects a change in an existing service of a registered clearing agency that: (i) does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and (ii) does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate 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

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 17 CFR 240.19b-4(f)(4).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2008-10 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-2008-10. 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 Room, 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/2008-10.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-2008-10 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.¹²

Florence E. Harmon
Acting Secretary

¹² 17 CFR 200.30-3(a)(12).