

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-56538; File No. SR-DTC-2007-09)

September 26, 2007

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise its Procedures with Respect to Processing of Certain Voluntary Events in its Reorganization Service and Clarifying Legal Considerations Set Forth in its Procedures Relating to Usage of Information Obtained by Participants

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on June 29, 2007, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change described in Items I, II, and III below, which items have been prepared primarily by DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>2</sup> and Rule 19b-4(f)(4) thereunder<sup>3</sup> so that the proposal was effective upon filing with the Commission. 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 would amend DTC’s Procedures with respect to the processing of certain voluntary events in its Reorganization service and to clarify legal considerations set forth in its Procedures relating to usage of information obtained by participants from DTC.

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

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>3</sup> 17 CFR 240.19b-4(f)(4).

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.<sup>4</sup>

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

DTC's Reorganization service distributes information to participants about various reorganization activity and processes participants' elections with respect to this activity on their behalf. Currently, DTC's participant procedures for its Reorganization Service Guide provide several different functions for participants to submit instructions to DTC.<sup>5</sup> DTC has determined that greater efficiency would be created if the more automated functions (e.g., DTC's Automated Tender Offer Program ["ATOP"]) were available to be utilized for a broader range of voluntary reorganization events. For example, the processing of conversions would be enhanced if they were directed through ATOP, which is currently used for the acceptance and processing of other types of voluntary offers such as tender offers and exchanges. In addition to conversions, processing of elections to receive cash in lieu of fractional shares pursuant to a mandatory reorganization and the exercise of put options with a withdrawal privilege would similarly be

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<sup>4</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>5</sup> For background information on the DTC's Reorganization Service Guide, which replaced applicable Participating Operating Procedures relating to the Reorganization service, see Securities Exchange Act Release No. 44719 (August 17, 2001), 66 FR 44656 (August 24, 2001) [File No. SR-DTC-2001-01].

enhanced. Therefore, DTC now proposes to add flexibility to utilize the function that provides the most efficient means for receiving and processing instructions.

Initially DTC will add functionality to permit (1) conversion instructions, (2) elections to receive cash in lieu of fractional shares, and (3) the exercise of put options with withdrawal privileges to be processed through ATOP. DTC's Procedures would be amended to allow such instructions to be submitted through the Participant Tenders Over PTS ("PTOP") function, which is currently utilized primarily in connection with tender offers and exchanges.

In addition, DTC is revising its Procedures to clarify how participants may redistribute information provided to them by DTC. DTC compiles security description and event information derived from its core processes to support its own and its participants' operations. DTC proposes to revise its current procedures to clarify that this information may not be redistributed to any other persons who, to a Participants's knowledge, use the information as a basis for data products or services.

The proposed rule change is consistent with the requirements of the Act, and the rules and regulations thereunder applicable to DTC because it would provide for more efficient processing of certain reorganization transactions and further clarify participants' responsibilities with regard to information provided by DTC thus facilitating the safeguarding of securities in DTC's custody or control or for which it is responsible.

(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.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>6</sup> and Rule 19b-4(f)(4)<sup>7</sup> thereunder because the proposed rule effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and (ii) does not significantly affect the respective rights or obligations of DTC or persons using the service. At any time within 60 days of the filing of the proposed rule change, the Commission could have summarily abrogated such rule change if it appeared to the Commission that such action was 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:

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<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>7</sup> 17 CFR 240.19b-4(f)(4).

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-2007-09 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-DTC-2007-09. 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 from 10:00 am to 3:00 pm. The text of the proposed rule change is available at DTC, the Commission's Public Reference Room, and [http://www.dtcc.com/downloads/legal/rule\\_filings/2007/dtc/2007-09.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2007/dtc/2007-09.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-2007-09 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(12).