

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-100532; File No. SR-DTC-2024-005)

July 15, 2024

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Guide to the DTC Fee Schedule

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 July 2, 2024, 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 Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder.<sup>4</sup> 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 consists of amendments to the Guide to the DTC Fee Schedule (“Fee Guide”)<sup>5</sup> to (i) modify the application of a fee (“One-Day Surcharge”) charged to a Participant that submits an eligibility request or required offering documents for a new issue one business day prior to the closing date,<sup>6</sup>; (ii) eliminate certain Deposit

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

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

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

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

<sup>5</sup> Available at [www.dtcc.com/~media/Files/Downloads/legal/fee-guides/DTC-Fee-Schedule.pdf](http://www.dtcc.com/~media/Files/Downloads/legal/fee-guides/DTC-Fee-Schedule.pdf).

<sup>6</sup> The closing date is the date on which DTC will distribute an issue for book-entry delivery and settlement, to the DTC Account of the Participant serving as

Services fees; and (iii) make a technical change relating to transfer agent “pass-through” charges (“Transfer Agent Charges”), as described in greater detail below.<sup>7</sup>

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 amend the Fee Guide to (i) modify the application of the One-Day Surcharge; (ii) eliminate certain Deposit Services fees; and (iii) make a technical change relating to Transfer Agent Charges, as described below.<sup>8</sup>

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underwriter for an issue, upon notification by both the underwriter and the issuer that an issue has closed. See DTC Underwriting Service Guide, available at <https://www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Underwriting-Service-Guide.pdf> at 7.

<sup>7</sup> Each capitalized term not otherwise defined herein has its respective meaning as set forth the Rules, By-Laws and Organization Certificate of DTC (the “Rules”), available at [www.dtcc.com/legal/rules-and-procedures](http://www.dtcc.com/legal/rules-and-procedures).

<sup>8</sup> Pursuant to Rule 2, Section 1, each Participant shall pay to DTC the compensation due it for services rendered to the Participant based on DTC’s fee schedules. See Rule 2, [supra](#) note 7.

## Proposed Rule Changes

### *Modification of the One-Day Surcharge*

Participants that seek to make a Security eligible for DTC services are required to provide an eligibility request for the Security to DTC by the submission of all required issuer and securities data and all required offering documents. Such data and documents must be provided to DTC through the online Securities Origination, Underwriting and Reliable Corporate Action Environment (“UW SOURCE”) or the Underwriting Central (“UWC”) system for the Security to be considered for full-service eligibility at DTC.<sup>9</sup> In addition to meeting other eligibility requirements set forth in the OA<sup>10</sup>, a Participant that seeks to make a new issue eligible for Deposit at DTC must submit the eligibility request and offering documentation described above through UW SOURCE or UWC at least six business days prior to the closing date.<sup>11</sup> If the Participant submits the eligibility request or the required offering documentation for a new issue one day prior to the closing date, the Participant will be subject to fees, referred to in the Fee Guide as late surcharges.

As outlined in the Fee Guide, the One-Day Surcharge for submission of an eligibility request or the required offering documentation one day prior to the closing date is \$5,000 per issue. After evaluation of the Securities being submitted for eligibility and the move to a T+1 Settlement Cycle, DTC is proposing to change the applicability of the

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<sup>9</sup> See DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) (“OA”), available at <http://www.dtcc.com/~/.media/Files/Downloads/legal/issueeligibility/eligibility/operationalarrangements.pdf> at 6-7.

<sup>10</sup> See OA, supra note 9 at 6-22.

<sup>11</sup> See OA, supra note 9 at 86.

One-Day Surcharge so that it is not charged with respect to new issuances of private Securities (“Private Securities”).<sup>12</sup> Specifically, the One-Day Surcharge is currently levied on eligibility requests for all Securities submitted one day prior to the scheduled closing date, irrespective of whether the Security’s information is publicly available at that time. However, offering information regarding Private Securities is not intended for public consumption until the day the security is available for secondary market trading. Therefore, DTC proposes to eliminate the One-Day Surcharge for issuances of Private Securities, as the security information is not available in advance of the day prior to closing. DTC would revise the Fee Guide to reflect this change.

*Deposit Services – Elimination of Fees*

DTC reviewed the current DTC Fee Guide to ensure alignment with current practice and streamline DTC’s fee structure for a better client experience. Following this review, DTC is proposing to eliminate the researching fee under Deposit Services to improve customer billing transparency and provide clearer guidance on when fees are applied. The proposed change would eliminate fees for outdated and non-value-add services. These changes will not have a material impact on the total dollar amount of Deposit Services fees charged to Participants.

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<sup>12</sup> For purposes of this proposed rule change, Private Securities are identified as (i) issues exempt from SEC registration under rule 144 A or REG S, and (ii) continuously issued structured note programs where the securities are drawn down from a CUSIP block provided by CUSIP Global Services and submitted into DTC as an equity derivative or debt derivative.

The following entries in the Deposit Services section of the Fee Guide would be revised (bold, italicized text indicates additions and bold strikethrough text indicates deletions):

FEE NAME	AMOUNT (\$)	CONDITIONS
Custody and Securities Processing		
	****	
Deposit Services		
	****	
Deposit Automation Management (DAM)		
	****	
<del>Researching Fee</del>	<del>100.00</del>	<del>Per hour or per CUSIP, depending on nature of research</del>
	****	
New York Window Services (including Envelope Settlement Service, Intercity Envelope Settlement		

Service, Funds-Only Settlement Service, Dividend Settlement Service)		
	****	
Other Services		
	****	
<b>Researching Fee</b>	<b>100.00</b>	<b>Per hour or per CUSIP, depending on nature of research</b>

*Technical Change – Transfer Agent Charges*

The proposed change would move the Transfer Agent Charges to be listed under the “Custody and Securities Processing” subheading rather than at the end of the section. This proposed change would provide enhanced clarity and transparency related to the pass-through of Transfer Agent Charges. Transfer Agent Charges refers to fees DTC collects from Participants on behalf of transfer agents, and such fees are passed through by DTC for many activity types. Each activity type has a unique suffix which is included on Participant invoices.

In this regard, Custody and Securities Processing Section of the Fee Guide would be revised as follows (bold, italicized text indicates additions and bold strikethrough text indicates deletions):

Custody and Securities Processing		
	****	
<b><i>Transfer Agent Charges</i></b>	<b><i>Varies</i></b>	<b><i>Chargeback of fees charged by the transfer agent, plus \$1.00 transaction fee; Applies to cancellation and issuance of certificates of certain issues</i></b>
	****	
Securities Processing		
	****	
Corporate Actions		
	****	
Custody Services		
	****	
Deposit Services		

Custody and Securities Processing		
	****	
New York Window Services (including Envelope Settlement Service, Intercity Envelope Settlement Service, Funds-Only Settlement Service, Dividend Settlement Service)		
	****	
Reorganization Services		
	****	
Withdrawal Services		
	****	
<del>Transfer Agent Charges</del>	<del>Varies</del>	<del>Chargeback of fees charged by the transfer agent, plus</del>

Custody and Securities Processing		
		<del><b>\$1.00 transaction fee;</b></del> <del><b>Applies to cancellation and issuance of certificates of certain issues</b></del>

Effective Date

DTC would implement the proposed changes by September 26, 2024.

2. Statutory Basis

DTC believes this proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, DTC believes the proposed changes to (i) modify the application of the One-Day Surcharge; (ii) eliminate certain Deposit Services fees; and (iii) make a technical change relating to Transfer Agent Charges, as described above, are consistent with Section 17A(b)(3)(D) of the Act,<sup>13</sup> for the reasons described below. DTC also believes that the proposed changes to update the Fee Guide are consistent with Rule 17ad-22(e)(23)(ii),<sup>14</sup> as promulgated under the Act, for the reasons described below.

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<sup>13</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>14</sup> 17 CFR.17ad-22(e)(23)(ii).

Section 17A(b)(3)(D) of the Act requires, inter alia, that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among participants.<sup>15</sup> DTC believes the proposed rule change to (i) modify the application of the One-Day Surcharge; (ii) eliminate certain Deposit Services fees; and (iii) make a technical change relating to Transfer Agent Charges, would provide for the equitable allocation of reasonable fees. Because no Participant will be charged the One-Day Surcharge for Private Securities and all Participants will continue to be charged the One-Day Surcharge for publicly trading Securities, and because the research fee will be eliminated for all Participants, DTC believes the fees would continue to be equitably allocated.

DTC also believes its fees will continue to be reasonable under the proposed changes because the One-Day Surcharge will only be charged on Securities that are publicly trading, as the security information is available in advance of the day prior to closing and the research fee will be eliminated for all Participants. For this reason, DTC believes that this proposed change, as described above, is reasonable and consistent with Section 17A(b)(3)(D) of the Act.<sup>16</sup>

Rule 17ad-22(e)(23)(ii) under the Act<sup>17</sup> requires DTC to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency. The fees under the proposed changes would continue to be clearly and transparently published in the Fee

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<sup>15</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>16</sup> Id.

<sup>17</sup> 17 CFR 240.17ad-22(e)(23)(ii).

Guide, which is available on a public website,<sup>18</sup> thereby enabling Participants to identify the fees and costs associated with participating in DTC. As such, DTC believes the proposed rule change is consistent with Rule 17ad-22(e)(23)(ii) under the Act.<sup>19</sup>

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

DTC does not believe that the proposed rule change would have any impact on competition, because the elimination of the One-Day Surcharge on privately trading Securities should not have a material effect on (i) a determination by an underwriter on whether to submit an eligibility request for a new issue, or (ii) costs incurred by Participants in using DTC's eligibility services. Further, the research fees would continue to be eliminated for all Participants, as described above.

(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 would be publicly filed 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.

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<sup>18</sup> See supra note 5.

<sup>19</sup> 17 CFR 240.17ad-22(e)(23)(ii).

All prospective commenters should follow the Commission's instructions on how to submit comments, available at [sec.gov/regulatory-actions/how-to-submit-comments](http://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](mailto: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)<sup>20</sup> of the Act and paragraph (f)<sup>21</sup> of Rule 19b-4 thereunder. 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

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<sup>20</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>21</sup> 17 CFR 240.19b-4(f).

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-DTC-2024-005 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-2024-005. 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 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 ([dtcc.com/legal/sec-rule-filings](http://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-2024-005 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.<sup>22</sup>

**J. Matthew DeLesDernier,**  
*Deputy Secretary.*

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<sup>22</sup> 17 CFR 200.30-3(a)(12).