

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-100637; File No. SR-DTC-2024-007)

August 1, 2024

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services)

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 July 26, 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 Act³ and Rule 19b-4(f)(6) 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 consists of amendments to DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) (the “OA”)⁵ to (i) insert, consolidate and update the procedures for an Agent

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)(6).

⁵ Available at www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf. Each term not otherwise defined herein has its respective meaning as set forth in the OA, the Rules, By-Laws and Organization Certificate of DTC (the “Rules”) and the Reorganizations

processing a reorganizations event, offer, or solicitation (each, an “Offer”) through the DTC Automated Tender Offer Program (“ATOP”)⁶ system or Automated Subscription Offer Program (“ASOP”)⁷ system in order to better align with current processing, and (ii) make related technical and clarifying changes relating to Offers processed through ATOP (an “ATOP-eligible Offer”) or ASOP (an “ASOP-eligible Offer”), as described in greater detail below.

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.

Service Guide (the “Reorganizations Guide”), available at www.dtcc.com/legal/rules-and-procedures.

⁶ For the history of ATOP, see Securities Exchange Act Release Nos. 26538 (Feb. 13, 1989), 54 FR 7316 (Feb. 17, 1989) (SR-DTC-88-19); 27139 (Aug. 14, 1989), 54 FR 34841 (Aug. 22, 1989) (SR-DTC-88-19); 29168 (May 7, 1991), 56 FR 22742 (May 16, 1991) (SR-DTC-91-04); 30678 (May 7, 1992), 57 FR 20541 (May 13, 1992) (SR-DTC-91-11); and 32645 (July 16, 1993), 58 FR 39585 (SR-DTC-92-12).

⁷ For more information about ASOP, see Securities Exchange Act Release No. 35108 (Dec. 16, 1994), 59 FR 67356 (Dec. 29, 1994) (SR-DTC-94-15).

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to amend the DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) (the “OA”) to (i) insert, consolidate and update the procedures for an Agent processing a reorganizations event, offer, or solicitation (each, an “Offer”) through the DTC Automated Tender Offer Program (“ATOP”) system or Automated Subscription Offer Program (“ASOP”) system in order to better align with current processing, and (ii) make related technical and clarifying changes relating to Offers processed through ATOP (an “ATOP-eligible Offer”) or ASOP (an “ASOP-eligible Offer”), as described below.

(i) Background

ATOP is an instruction processor initially developed by DTC in 1988 to automate the manner in which tender and exchange offers are processed through DTC. When an Agent processes an Offer through ATOP, Participants are able to (i) submit instructions or elections for the Offer without needing to provide a letter of transmittal⁸ or a notice of guaranteed delivery⁹ to the Agent, which will instead receive an electronic message

⁸ The letter of transmittal is the basic instrument for effecting transfer of tendered securities. It is the document by which a security holder of the subject company’s securities, as applicable, accepts the invitation to tender or offer to purchase; offers to sell the subject company’s shares to the bidder; appoints the depository as the agent to receive and hold tendered securities; and guarantees to deliver the subject company’s securities to or actually deposits the subject company’s securities with the depository.

⁹ A notice of guaranteed delivery, sometimes called a “protect,” is a document submitted to the tender agent prior to the expiration of the tender offer whereby the holder submitting the notice guarantees delivery of securities (a “cover” of the

transmitted by DTC through the ATOP system with respect to each instruction and election, and (ii) tender the subject securities directly from the Participant's account into the Agent's account maintained by DTC for purposes of the ATOP-eligible Offer or ASOP-eligible Offer ("Agent ATOP/ASOP Account"). ATOP can be used in connection with any corporate action event that DTC deems appropriate, including, but not limited to, tenders and exchanges, cash conversions, and event processing of mergers with elections.¹⁰

ASOP is an instruction processing system similar to ATOP that was developed by DTC around 1994 to automate the manner in which rights subscription offers are processed through DTC. When an Agent processes an Offer through ASOP, a Participant can (i) submit subscription instructions without providing a subscription form, letter of transmittal, or a notice of guaranteed delivery to the Agent, which instead receives an electronic message transmitted by DTC through the ASOP system with respect to each instruction and election from DTC, and (ii) tender the subject rights directly from the Participant's account into the Agent ATOP/ASOP Account and authorize DTC to debit the payment from Participant's account and credit the payment to the Agent's account. When the underlying securities are distributed by the Agent, DTC credits the securities to the account of the Participant.

protect) after the expiration of the tender offer but before the expiration of the protection period.

¹⁰ See Securities Exchange Act Release Nos. 56538 (Sep. 26, 2007), 72 FR 56409 (Oct. 3, 2007) (SR-DTC-2007-09); 62119 (May 18, 2010), 75 FR 29374 (May 25, 2010) (SR-DTC-2010-08); 69597 (May 16, 2013), 78 FR 30382 (May 22, 2013) (SR-DTC-2013-06); and 81096 (July 7, 2017), 82 FR 32406 (July 13, 2017) (SR-DTC-2017-011).

Currently, in order to make an Offer eligible for ATOP or ASOP, the agent for the Offer must have entered into a corresponding agreement (“Master Agreement”) with DTC and been approved by DTC to process Offers as an ATOP Agent or an ASOP Agent, as applicable. The ATOP Agent Master Agreement and ASOP Agent Master Agreement provide, in relevant part, that the Agent agrees that (i) the delivery by DTC of an electronic message transmitted through the ATOP or ASOP system, with respect to each instruction and election (an “Agent Message”), will satisfy the terms of each Offer made eligible for ATOP or ASOP (as applicable) as to the execution and delivery of a subscription form, letter of transmittal or a notice of guaranteed delivery, as the case may be, in the form of the subscription form, letter of transmittal or notice of guaranteed delivery required by the Offer by the Participant identified in such Agent’s Message, and (ii) the agreement set forth above will be enforceable against the offeror in each Offer made eligible for ATOP or ASOP (as applicable) by the Participant identified in such Agent’s Message. For each ATOP-eligible Offer or ASOP-eligible Offer, the Agent is required to electronically agree to a Letter of Agreement (“LOA”) that relates specifically to that Offer and contains additional terms, conditions, and requirements with respect to the Offer. ATOP Agents and ASOP Agents are also provided with a copy of the ATOP Agent procedures and ASOP Agent procedures, respectively. The procedures, which were originally drafted around 1989 and revised from time to time, outline the procedures and the technical operations of ATOP and ASOP.¹¹

(ii) Proposed Rule Change

¹¹ See e.g., Securities Exchange Release Nos. 26757 (Apr. 21, 1989); 54 FR 18619 (May 1, 1989) (SR-DTC-88-19); 33797 (Mar. 22, 1994); 59 FR 14696 (Mar. 29, 1994) (SR-DTC-93-11).

DTC currently provides the ATOP Agent procedures and the ASOP Agent procedures to the ATOP Agent and ASOP Agent, as applicable, upon onboarding. However, DTC has come to understand that when the Agent later makes additional Offers ATOP-eligible or ASOP-eligible, as the case may be, the Agent might not have the applicable procedures readily accessible or might not be familiar with current processes. In addition, on the basis of its interactions with ATOP Agents and ASOP Agents, DTC has determined that the clarification and update of certain elements of the procedures would enhance Agents' understanding and facility with the process. Further, since there is considerable overlap between ATOP Agents and ASOP Agents, DTC determined that it is duplicative to continue to have two separate agreements and procedures for ATOP and ASOP processing.

Therefore, in order to make the Agent's procedures for ATOP and ASOP more streamlined, transparent, and reflective of current processes, DTC would discontinue use of standalone procedures and proposes to amend the OA to (i) insert consolidated and updated procedures for Agents that are processing ATOP-eligible Offers or ASOP-eligible Offers, and (ii) make related technical and clarifying changes relating to ATOP-eligible Offers or ASOP-eligible Offers.

A. Deletion of Current Language

Pursuant to the proposed rule change, DTC would delete the following:

1. Delete the second paragraph in Section VI.D because cut-off times would be addressed in the text of the proposed rule change.
2. Delete Section VI.D.2 because rights offers would be addressed in the text of the proposed rule change.
3. Delete Section VI.D.4.a and the text beginning "With regard to

tender/exchange offers” through “Agent is required to approve and adhere to all requirements represented in the LOA which includes, but is not limited to, the following:” because processing of tender/exchange offers would be more fully described in the text of the proposed rule change.

B. Heading

Above the paragraph beginning with “At least one business day prior to payment and allocation of entitlements by DTC,” DTC is proposing to insert a new Section VI.D.3 with the title “DTC’s Automated Tender Offer Program (“ATOP”) and DTC’s Automated Subscription Offer Program (“ASOP”).”

C. Becoming an ATOP/ASOP Agent

DTC is proposing to add a new subsection VI.D.3.a with the heading “Becoming an ATOP/ASOP Agent.” Currently, the requirements for an Agent to become an ATOP or ASOP Agent are reflected in the ATOP Agent procedures and the ASOP Agent procedures, respectively. The new subsection would reflect the new consolidated designation of an Agent as an ATOP/ASOP Agent, which would be permitted to make an Offer ATOP or ASOP eligible. Specifically, in order to make an Offer eligible to be processed through ATOP or ASOP, an Agent must be an agent approved as an ATOP/ASOP Agent.

To become an ATOP/ASOP Agent, the Agent must (i) obtain the proper connectivity to access the ATOP and ASOP functions as may be required by DTC, and (ii) execute a DTC OA Agent Letter, if the Agent does not already have one on file with DTC; and (iii) execute an Automated Tender Offer (ATOP) and Automated Subscription Offer Program (ASOP) Agent Master Agreement (“ATOP/ASOP Master Agreement”), if

the Agent does not already have one on file at DTC.¹²

Two footnotes will be inserted to clarify when an Agent will be required to sign a new OA Letter and/or a new ATOP/ASOP Master Agreement. The footnotes would state as follows: “All Agents must have a signed OA Agent Letter on file at DTC prior to making any Offer eligible for either ATOP or ASOP. All Agents must have a signed ATOP/ASOP Master Agreement on file at DTC prior to making any Offer eligible for either ATOP or ASOP. Any Agent that had previously signed an ATOP Master Agreement and/or ASOP Master Agreement prior to August 1, 2024, will be required to execute a new ATOP/ASOP Master Agreement. DTC may, in its sole discretion, decline to make an Offer eligible for ATOP or ASOP if the Agent does not have an ATOP/ASOP Master Agreement on file with DTC.

Pursuant to the proposed rule change, OA would provide that the DTC Rules, including, without limitation, the OA, as may be amended from time to time, and the LOA for the particular Offer will govern the rights and obligations of the Agent in respect of each ATOP-eligible Offer or ASOP-eligible Offer, as the case may be. In addition, the OA would provide that by executing the ATOP/ASOP Master Agreement, the Agent acknowledges and agrees that:

1. The transmission by DTC of an Agent’s Message shall satisfy the terms of:¹³
 - a. each ATOP-eligible Offer as to the execution and delivery of a

¹² As noted above, this would be a change from the current structure, where an Agent has to be approved as an ATOP Agent or an ASOP Agent under separate agreements.

¹³ The following footnote reference would be added: “The Agent’s Message is the electronic message that is generated and transmitted to the Agent through ATOP or ASOP with respect to each Participant instruction and election.”

letter of transmittal, a notice of guaranteed delivery, or other form of instruction, election, or acceptance, as the case may be, in the form of the letter of transmittal, notice of guaranteed delivery, or other form of instruction, election, or acceptance required by the Offer by the Participant identified in such Agent's Message;

- b. each ASOP-eligible Offer as to the execution and delivery of a subscription form, a notice of guaranteed delivery, other form of instruction, election, or acceptance, as the case may be, in the form of the subscription form, notice of guaranteed delivery, or other form of instruction, election or acceptance required by the Offer by the Participant identified in such Agent's Message.
2. The delivery of securities from the account of the Participant identified in the Agent's Message to the Agent's account maintained by DTC for purposes of the Offer ("Agent ATOP/ASOP Account") shall satisfy the terms of each Offer as to the surrender of securities required by the Offer by the Participant identified in the Agent's Message.
3. Notwithstanding anything to the contrary, for purposes of making a determination of the timeliness of an instruction, election, or acceptance and, if applicable, the tender of securities, the date and time of a Participant's submission of any instruction, election, or acceptance to DTC through ATOP or ASOP (as reflected in the Transaction ID or Subscription ID), and not the date and time of the transmission of the Agent's Message by DTC to the Agent, shall govern. A footnote would be inserted to state that "By way

of example, but without limitation, for purposes of determining the timeliness of a Participant's instruction and/or tender in connection with an Offer, the Participant's instruction is deemed to have been timely received by, and, if applicable, the securities timely tendered to, the Agent when the date and time of the submission of a Participant's instruction to DTC (as reflected in the Transaction ID or Subscription ID of the completed transaction) is prior to the applicable cutoff/expiration date and time, even if the transaction does not complete and/or an Agent's Message is not transmitted until after the applicable cutoff/expiration date and time for the Offer."

4. The agreements set forth in the preceding paragraphs 1-3 are enforceable against the offeror of an ATOP-eligible Offer or ASOP-eligible Offer by the Participant(s) identified in the applicable Agent's Message.
5. Prior to making an Offer eligible for ATOP or ASOP, the Agent shall have obtained authorization by the offeror of the Offer to make the acknowledgements and agreements in the preceding paragraphs 1-4.
6. The Agent must inspect all Agent's Messages promptly upon receipt and to immediately escalate any questions to the appropriate DTC contacts identified in the OA and in the LOA for the specific Offer.
7. If the Agent believes that the acceptance of an Offer (including acceptance by notice of guaranteed delivery and cover of protect instructions) and/or the tender of securities reflected in an Agent's Message is deficient for some reason, it is the sole responsibility of the Agent to promptly notify the

affected Participant directly to resolve the issue and/or request that the Participant enter a withdrawal of its acceptance. The Agent must also promptly notify DTC about the deficiency by emailing the DTC contacts listed in the OA and in the LOA for the specific Offer.

8. The Agent acknowledges and agrees that if there are any events or amendments that occur during the life of the Offer, the Agent must immediately notify DTC, and confirm DTC's receipt of the notice. DTC may revoke the eligibility of an Offer, including, without limitation, in the event that the terms of the Offer are amended, or if DTC becomes aware of a fact, factor, or circumstance and determines, in its sole discretion, that it is not practical or feasible for DTC to provide services in respect of the Offer.
9. The Agent will ensure that DTC has, at all times, up-to-date contact information for the Agent, including, but not limited to, for senior management and operational personnel.

D. ATOP Eligibility or ASOP Eligibility of an Offer

DTC is proposing to insert a new subsection VI.D.3.b. with the heading "ATOP Eligibility or ASOP Eligibility of an Offer." Pursuant to the proposed rule change, this section would reflect the current procedure on how an Agent can make an Offer ATOP-eligible or ASOP-eligible and would add transparency to DTC's discretion to decline to process any Offer and to the ATOP and ASOP cutoff times for instructions, after which the ATOP/ASOP Agent would need to process instructions outside of DTC.

The proposed new subsection would first remind Agents and Issuers that DTC has discretion to decline to process any Offer, and DTC's acceptance of a particular Offer in

one case does not set a precedent for future Offers. All Agents and Issuers with a proposed non-standard Offer that could require special processing must confirm with DTC whether the particular Offer can be processed on the ATOP or ASOP platform before including references to, or instructions or directions for, ATOP or ASOP processing in any documentation or filings. The new subsection would then explain that to make an Offer ATOP-eligible or ASOP-eligible, the Agent must send the offering announcement, including the source document, and a completed DTC questionnaire to DTC within the timeframes and in the manner described in the OA. DTC may require the Agent to provide additional documentation if needed. For an ASOP-eligible Offer, the Agent will also be required to provide the “Agent Wire Instructions Letter” for which DTC is to send the subscription payments.

Once DTC’s receipt and review of the documentation and information is complete, DTC will post the terms of the Offer on ATOP or ASOP, as the case may be, viewable by the Agent only. Within one business day of posting, the Agent must review and approve the details of the Offer and to approve the terms of the LOA for the Offer by entering an acknowledgement in ATOP or ASOP, as applicable. Any delays by the Agent may impact the timeliness of opening the Offer to participants. If the Agent reviews the details of the Offer and the terms of the LOA and disagrees with one or more terms or details, the Agent must notify DTC of its disagreement by entering the LOA rejection and the reason for the rejection in ATOP or ASOP, as applicable, and by email to the DTC contacts listed in the LOA. DTC, at its option, may work with the Agent to modify the terms and details and resolve any differences with the Agent. DTC will not make an Offer available to Participants unless all approvals have been received from the Agent.

The proposed subsection would also note that when making an Offer ATOP-eligible or ASOP-eligible, DTC will confirm with the Agent the actual expiration date/time for the Offer and the DTC cutoff date/time for the Offer. For Offers in which the offering documentation (i) allows for holders to participate in the Offer (i.e., submit instructions) on the expiration date until a time later than the DTC cutoff time of 6:00 p.m. ET for equities or 5:00 p.m. ET for debt (e.g., Offers with an actual expiration time of 11:59 p.m. ET on expiration date), or (ii) reflects an Offer expiration time on expiration date that is earlier than 5:00 p.m. ET on expiration date (e.g., an Offer with an 11:00 a.m. ET expiration time on expiration date), in which case DTC's cutoff date and time for such Offer will typically be at 6:00 p.m. ET for equities or 5:00 p.m. ET for debt on the business day prior to the actual expiration date. DTC will neither accept nor facilitate any instructions through ATOP/ASOP after the stated DTC cutoff date/time, and DTC has no responsibility or obligation to do so. After DTC cutoff date/time, the Agent will be responsible for administering protects and cover of protects. The Agent must make itself available to Participants and have the capabilities to handle protect instructions, tenders of securities, and payments directly with Participants. Further, if the Agent is not the tendering security's transfer agent it is the responsibility of the Agent to coordinate with the transfer agent to receive the tendered securities from Participants and/or to deliver the security entitlement (if applicable) to Participants upon payment.

E. ATOP-eligible Offers

DTC is proposing to insert a new subsection VI.D.3.c. with the heading "ATOP-eligible Offers." As previously noted, pursuant to the proposed rule change, DTC would discontinue its practice of providing standalone ATOP Agent procedures and would insert clarified and updated ATOP procedures in the OA. This new subsection would

provide such updated procedures in order to provide enhanced transparency and to reflect current processes relating to ATOP-eligible Offers.

F. Use of ATOP

DTC is proposing to insert a new subsection VI.D.3.c. (i) with the heading “Use of ATOP.” Pursuant to the proposed rule change, to enhance the transparency of possible uses of the ATOP platform, this subsection would briefly explain that ATOP can be used for processing any Offer as DTC may deem appropriate, and that the procedures and requirements may differ for ATOP-eligible Offers that are not standard tender and exchange Offers and/or require special or manual processing.

The new proposed subsection would reflect the existing language that with regard to certain Offers, such as tenders and exchanges and mergers with elections, ATOP procedures and systems must be used for all elections (e.g., original acceptances, withdrawals of acceptances, notices of guaranteed deliveries, conditional acceptances). Use of ATOP for these purposes is an eligibility requirement for securities that are the subject of such Offers unless it is communicated by the Issuer or Agent to DTC and determined by DTC that certain conditions preclude the use of DTC’s processors for a particular event, or preclude DTC from allocating entitlements for an Offer (e.g., restricted securities that cannot be made DTC eligible).

The proposed subsection will also note that the subsequent description of ATOP processing is for standard processing of a tender or exchange Offer on ATOP, but that ATOP may be used for processing any Offer as DTC may deem appropriate. Accordingly, certain processes and requirements may differ and, when applicable, will be communicated to the Agent by DTC in writing and/or in a rider to the ATOP/ASOP Master Agreement and/or in the LOA for the specific Offer. For illustration, a footnote

would be added as follows: “By way of example, but without limitation, in order to make a voting solicitation Offer eligible for ATOP, the Agent must have a signed voting addendum to the ATOP/ASOP Master Agreement on file at DTC.”

The text of the proposed subsection would continue to explain that, in addition, for such Offers, including, but not limited to, Offers that require special or manual processing, the Agent and Issuer may be required to provide additional written instructions and indemnifications from the Agent and Issuer and to pay additional processing fees. Unless otherwise agreed between the parties, payment of such fees is due upon receipt of an invoice from DTC, prior to DTC’s announcement of the Offer.

G. Participant Acceptance and Surrender of Securities Through ATOP

DTC is proposing to insert a new subsection VI.D.3.c.(ii) titled “Participant Acceptances and Surrender of Securities Through ATOP” to provide transparency into how instructions are inputted and processed through ATOP.

Pursuant to the proposed rule change, this subsection would briefly summarize how the ATOP system processes Participant instructions, stating that when a Participant submits an instruction to DTC for an ATOP-eligible Offer, such as an acceptance and surrender of securities, acceptance by submission of a notice of guaranteed delivery (a “protect”), or a surrender of securities to cover a notice of guaranteed delivery (a “cover of a protect”) through ATOP, the ATOP system will typically (x) process the Participant submission, and, in the case of an acceptance with surrender of securities or a cover of a protect, effect a book-entry delivery of the Participant’s subject position in the securities to the Agent ATOP/ASOP Account, (y) enter information about the submission (including the time of the Participant’s submission into DTC) into ATOP and transmit an Agent’s Message to the Agent that indicates the Participant’s acceptance of the ATOP-

eligible Offer or its instruction to cover a protect, as the case may be, and, to the extent applicable, reflects the book-entry delivery of the securities into the Agent ATOP/ASOP Account.

H. Withdrawal of Acceptances

DTC proposes to insert a new subsection VI.D.3.c.(iii) titled “Withdrawal of Acceptances (including acceptances by notice of guaranteed delivery or instructions to cover the protect)” to provide transparency into how withdrawals may be processed through ATOP. Pursuant to the proposed rule change, this subsection would briefly describe the process for a Participant to withdraw its acceptance or cover instruction.

The proposed subsection would provide that if permitted under the terms of the ATOP-eligible Offer, Participants can submit an instruction for a partial or full withdrawal of their acceptance of an ATOP-eligible Offer. When a Participant submits a withdrawal request, the ATOP System will transmit a message (“Withdrawal Message”) to the Agent indicating the withdrawal instruction submitted by the Participant. The Agent is required to inspect all Withdrawal Messages upon receipt to verify the validity of the withdrawal request. No later than 30 minutes after the instruction cutoff time on the day of the withdrawal instruction, the Agent must take one of the following actions: (i) if the Agent determines to accept the withdrawal, the Agent must transmit an acceptance (“Withdrawal Acceptance”) to DTC through ATOP; or (ii) if the Agent determines to reject the request, the Agent must transmit a rejection (“Withdrawal Rejection”) to DTC through ATOP.

The proposed subsection would also provide that the Agent’s failure to timely accept or reject a pending Withdrawal Message can prevent the ATOP-eligible Offer from being balanced with DTC and delay any payments due to Participants pursuant to

the ATOP-eligible Offer and note that an Agent cannot partially accept or reject a withdrawal instruction.

The proposed subsection would also clarify that if the withdrawal instruction relates to securities delivered to the Agent ATOP/ASOP Account in connection with the acceptance of the ATOP-eligible Offer, the Withdrawal Acceptance shall constitute an authorization from the Agent to DTC to deliver by book-entry from the Agent ATOP/ASOP Account to the account of the Participant submitting the withdrawal instruction the securities that are the subject of the Participant's withdrawal instruction. Upon receipt of such a Withdrawal Acceptance, DTC will affect a book-entry delivery returning the securities to the Participant from the Agent ATOP/ASOP Account. If the withdrawal request relates to an acceptance of the ATOP-eligible Offer by notice of guaranteed delivery, the Withdrawal Acceptance constitutes an authorization from the Agent to DTC to reduce the quantity of securities to which the Notice of Guaranteed Delivery relates by the quantity of securities that are subject to the withdrawal instruction.

I. After Expiration of an ATOP-eligible Offer

DTC is proposing to add a new subsection VI.D.3.c.(iv) titled "After Expiration of an ATOP-eligible Offer," which would include the existing enumerated list of requirements. DTC would also make grammatical changes, correct typos, and add the following sentence into No. 2 in the list: "Agent must reconcile balances with DTC at least one business day prior to the allocation of entitlements, and must receive DTC confirmation prior to wiring funds to DTC." The purpose of this requirement is to prevent agents from overpaying or underpaying DTC, which would delay the allocation to Participants.

J. ASOP-eligible Offers

DTC is proposing to insert a new subsection VI.D.3.d. with the heading “ASOP-eligible Offers.” As previously noted, pursuant to the proposed rule change, DTC would discontinue its practice of providing standalone ASOP Agent procedures and would insert clarified and updated ASOP procedures in the OA. This new subsection would provide such updated procedures in order to provide enhanced transparency and to reflect current processes relating to ASOP-eligible Offers.

K. ASOP-eligible Offer Processing

DTC is proposing to insert subsection VI.D.3.d.(i). titled “ASOP-eligible Offer Processing,” to enhance the transparency of possible uses of the ASOP platform. This subsection would generally describe the possible uses for ASOP, and what may be required from the Agent and Issuer for Offers that require special or manual processing.

Pursuant to the proposed rule filing, this subsection would state that in the case of rights offerings, DTC’s ASOP procedures and systems must be used to process subscription exercise activities, including the submission of instructions for basic subscriptions, the exercise of oversubscriptions, sales of rights, and notices of guaranteed deliveries, and all related activities. Use of ASOP for these purposes is an eligibility requirement for securities that are the subject of rights offers. However, ASOP can be used for processing any corporate action as DTC may deem appropriate. Accordingly, certain processes and requirements may differ and, when applicable, will be communicated to the Agent by DTC in writing and/or in a rider to the ATOP/ASOP Master Agreement and/or in the LOA. In addition, for such Offers, including, but not limited to, Offers that require special or manual processing, the Agent and Issuer may be required to provide additional written instructions and indemnifications from the Agent

and Issuer and to pay additional processing fees. Unless otherwise agreed between the parties, payment of such fees is due upon receipt of an invoice from DTC, prior to DTC's announcement of the Offer.

L. Participant Acceptances of the ASOP-eligible Offer and Surrender of Rights through ASOP

DTC is proposing to insert subsection VI.D.3.d.(ii) under the "ASOP-eligible Offers" subsection with the heading "Participant Acceptances of the ASOP-eligible Offer and Surrender of Rights through ASOP," to provide transparency into how instructions are inputted and processed through ATOP.

Pursuant to the proposed rule change, this subsection would briefly summarize how the ASOP system processes Participant instructions, stating that when a Participant submits an instruction to DTC for an ASOP-eligible Offer, such as an acceptance and surrender of rights, acceptance by submission of a notice of guaranteed delivery (protect), or a surrender of securities to cover a notice of guaranteed delivery (cover of a protect), through ASOP, the ASOP system will typically (x) process the Participant submission, and in the case of an acceptance with surrender of rights or cover of a protect, effect a book-entry delivery of the Participant's subject position in the rights from Participant's account to the Agent ATOP/ASOP Account, (y) debit the required subscription payment from the Participant's account and credit the payment to the Agent ATOP/ASOP Account,¹⁴ (z) enter information about the submission (including the time of the Participant's submission into DTC) into ASOP and transmit an Agent's Message to the Agent that indicates the Participant's acceptance of the ASOP-eligible Offer and reflects

¹⁴ Depending on the terms of the Offer, the subscription payment may be debited at the end of the Offer.

the crediting of the required subscription payment to the Agent ATOP/ASOP Account, and, to the extent applicable, the book-entry delivery of the rights into the Agent ATOP/ASOP Account.

The subscription payment indicated on the Agent's Message is typically credited to the Agent ATOP/ASOP Account on the same day, except where the Agent agrees to, or the Terms and Conditions of the Offer provides for, different procedures with respect to payment. Once the funds are credited to the Agent ATOP/ASOP Account, the funds are usually wired to the Agent on the following business day.

M. Instructions to Surrender and Sell Rights Through ASOP

DTC is proposing to insert subsection VI.D.3.d. (iii) under the "ASOP-eligible Offers" subsection with the heading "Instructions to Surrender and Sell Rights Through ASOP," which would briefly describe the process through which a Participant could submit instructions to sell rights through ASOP.

Pursuant to the proposed rule change, the subsection would state that for any ASOP-eligible Offer on which the Agent accepts instructions to sell rights, when a Participant submits instructions to sell rights through the Agent by means of ASOP, the ASOP system will typically (x) process the Participant submission, (y) effect a book-entry delivery of the Participant's position in the subject rights from the Participant's account to the Agent ATOP/ASOP Account, (z) enter information about the submission (including the time of the Participant's submission into DTC) into ASOP, and transmit an Agent's Message to the Agent that indicates the Participant's instruction to sell rights and reflects the book-entry delivery of the rights into the Agent ATOP/ASOP Account.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act¹⁵ requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions. As described above, the proposed rule change to amend the OA would (i) insert consolidate and updated procedures, including for an enhanced Master Agreement, for ATOP/ASOP Agents, and (ii) make related technical and clarifying changes relating to ATOP-eligible Offers or ASOP-eligible Offers. DTC believes that these proposed changes would make the Agent's procedures for ATOP and ASOP more streamlined, transparent, and reflective of current processes, thereby allowing Agents to more efficiently and effectively process corporate action events and associated securities transactions. Based on the foregoing, DTC believes that the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act, cited above.

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

DTC believes that the proposed rule change to amend the OA to (i) insert consolidated and updated procedures, including for an enhanced Master Agreement, for ATOP/ASOP Agents, and (ii) make related technical and clarifying changes relating to ATOP-eligible Offers or ASOP-eligible Offers will not have any impact on competition.¹⁶ The proposed rule change would provide procedures that are more accessible, transparent, and reflective of current processes and would apply to all

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

¹⁶ 15 U.S.C. 78q-1(b)(3)(I).

ATOP/ASOP Agents equally. Any additional efforts required on the part of Agents would be merely administrative, such as entering a new Master Agreement. In light of the foregoing, DTC does not believe that the proposed rule change would impose a burden on competition.¹⁷

(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.

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.

¹⁷

Id.

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

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) 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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2024-007 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-2024-007. 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 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 10:00 a.m. and 3:00 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 (<https://dtcc.com/legal/sec-rule-filings.aspx>). 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-2024-007 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.¹⁸

Sherry R. Haywood

Assistant Secretary

¹⁸ 17 CFR 200.30-3(a)(12).