SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53395; File Nos. SR-DTC-2006-04, SR-FICC-2006-01, and SR-NSCC-2006-01)

March 2, 2006

Self-Regulatory Organizations; The Depository Trust Company, Fixed Income Clearing Corporation, and National Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change to Exclude Non-U.S.-Based Central Securities Depositories From a Requirement To Purchase Shares of the Common Stock of The Depository Trust & Clearing Corporation

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] notice is hereby given that on February 9, 2006, The Depository Trust Company ("DTC"), the Fixed Income Clearing Corporation ("FICC"), and the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") proposed rule changes SR-DTC-2006-04, SR-FICC-2006-01, and SR-NSCC-2006-01 as described in Items I, II, and III below, which items have been prepared primarily by DTC, FICC, and NSCC. The Commission is publishing this notice and order to solicit comments on the proposed rule changes from interested parties and to grant accelerated approval of the proposed rule changes.

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

DTC, FICC, and NSCC are seeking to exclude non-U.S.-based central securities depositories from the requirement to purchase shares of the common stock of The Depository Trust & Clearing Corporation ("DTCC").

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, FICC, and NSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on

[1] 15 U.S.C. 78s(b)(1).

the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC, FICC, and NSCC have prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.[2]

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

DTCC is a holding company parent of DTC, FICC, and NSCC, each a clearing agency registered with the Commission. In 2005, amendments were made to DTCC's Shareholders Agreement and new provisions were added to the rules of each of the three clearing agencies pursuant to which participants of DTC, FICC, and NSCC that make full use of the services of one or more of the clearing agencies will be required to purchase DTCC common shares ("Mandatory Purchaser Participants"). Other participants that make only limited use of the services of one or more of the clearing agencies will have the right but not the obligation to purchase DTCC common shares ("Voluntary Purchaser Participants").[3]

The purpose of those amendments to DTCC's Shareholders Agreement and revisions to the agency rules was to help ensure that participants continue to govern and to control the activities of DTC, FICC, and NSCC, including the services provided, service fees charged, and the practice of returning to participants revenues in excess of expenses and necessary reserves, by providing that all DTCC common shares are owned by participants of the three clearing agencies.

DTCC's clearing agency subsidiaries have links with non-U.S.-based central securities depositories ("non-U.S. CSDs") in order to support the activities of the clearing agencies'

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2 The Commission has modified the text of the summaries prepared by DTC, FICC, and NSCC.

3 Securities Exchange Act Release No. 52922 (December 7, 2005), 70 FR 74070 (December 14, 2005) [File Nos. SR-DTC-2005-16, SR-FICC-2005-19, and SR-NSCC-2005-14].

participants. The definition of "Mandatory Purchaser Participant" in each of DTC, FICC, and NSCC's Rules has the unintended consequence of requiring non-U.S. CSDs to purchase DTCC common shares.[4] Most of these non-U.S. CSDs have "free of payment" links and therefore do not expose the clearing agencies to settlement risk. In other cases, where the non-U.S. CSD is permitted to process transactions "against payment" and therefore benefits from settlement guarantees provided by the clearing agencies, there are reciprocal arrangements under which the clearing agency subsidiaries obtains the benefits of settlement guarantees provided by the non-U.S. CSD.

The purpose of the current proposed rule changes is to provide that non-U.S. CSDs would be excluded from the category of DTC, FICC, and NSCC participants that are required to purchase DTCC common shares. These entities would, however, have the right to purchase DTCC common shares.

DTC, FICC, and NSCC each believe that their proposed rule change is consistent with the requirements of Section 17A of the Act[5] and the rules and regulations thereunder applicable to DTC, FICC, and NSCC because each believe the proposed changes to DTCC's Shareholders Agreement and to their rules will assure fair representation of DTC, FICC, and NSCC's participants in the selection of their directors and the administration of their affairs, respectively.

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

DTC, FICC, and NSCC do not believe that the proposed rule change will have any impact or impose any burden on competition.

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[4] The definition of "Mandatory Purchaser Participant is contained in DTC Rule 31, FICC Rule 49, and NSCC Rule 64.

[5] 15 U.S.C. 78q-1.

(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, FICC, and NSCC will notify the Commission of any written comments they receive.

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

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder and particularly with the requirements of Section 17A(b)(3)(C).[6] Section 17A(b)(3)(C) requires that the rules of a clearing agency be designed to assure fair representation in the selection of its directors and in the administration of its affairs. The Commission finds that DTC, FICC, and NSCC's proposed rule changes are consistent with this requirement because the allocation of common share purchase requirements will more accurately represent the actual use of the clearing agencies' services and the risks posed by such uses. Moreover, the removal of non-U.S. CSDs from the definition of Mandatory Purchaser Participant should not result in a significant increase in the burden imposed on the remaining shareholders, because the common shares that would otherwise be purchased by the non-U.S. CSDs represent slightly more than one percent of the total number of DTCC common shares to be purchased by the Mandatory Purchaser Participants.

DTC, FICC, and NSCC have requested that the Commission approve the proposed rules prior to the thirtieth day after publication of the notice of the filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the publication of notice because such approval will permit DTCC to complete the necessary calculations to determine the number of shares to be purchased by Mandatory Purchaser Participants without including the non-

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6 15 U.S.C. 78q-1(b)(3)(C).

U.S. CSDs, and will permit the clearing agencies' participants to complete their purchases of such shares prior to DTCC, DTC, FICC, and NSCC's annual shareholders meetings to be held in April 2006.

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. Please include File Numbers SR-DTC-2006-04, SR-FICC-2006-01, and SR-NSCC-2006-01 in 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 Numbers SR-DTC-2006-04, SR-FICC-2006-01, and SR-NSCC-2006-01. 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. Copies of such filings also will be available for inspection and copying at the principal offices of DTC, FICC, and NSCC and on DTC's Web site at www.dtc.org, and on FICC's Web site at www.ficc.com, and on NSCC's Web site, www.nscc.com. 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 Numbers SR-DTC-2006-04, SR-FICC-2006-01, and SR-NSCC-2006-01 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.[7]

Nancy M. Morris
Secretary

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[7] 17 CFR 200.30-3(a)(12).