

The Depository Trust Company

IMPORTANT

B#: 0650-06

DATE: December 04, 2006

TO: All Interested Parties

CATEGORY: Executive Notices

FROM: General Counsel's Office

ATTENTION: All Interested Parties

SUBJECT: Rule Filing SR-DTC-2006-18 (Distribution of Net-Net Credits via National Settlement Service)

The Depository Trust Company ("DTC") has filed a rule change with the Securities and Exchange Commission ("SEC"), pursuant to paragraph (A) of Section 19(b)(3) of the Securities Exchange Act of 1934. In 2003, DTC mandated the Federal Reserve Bank's National Settlement Service ("NSS") as the vehicle for all DTC Settling Banks to satisfy their end of day net-net debits.¹ In an effort to increase the efficiencies afforded by NSS, DTC is proposing to modify its Rules and Procedures to permit DTC's use of NSS to also distribute net-net credits.² Utilizing NSS as the payment mechanism for net-net credits will eliminate the need for DTC to initiate wire payments for settlement monies owed by DTC. However, should NSS not be available for any reason, DTC will retain the capability to satisfy its settlement obligations via wire transfer. DTC will implement this change on December 15, 2006.

Copies of the proposed rule filing are on DTC's public website, www.dtc.org. Written comments on the changes may be addressed to Larry Thompson, General Counsel, at 55 Water Street, 22nd Floor, New York, N.Y. 10041; any such comments will be forwarded to the SEC. Written comments may also be addressed to the SEC at 100 F Street, NE, Washington D.C. 20549-9303. We request that you provide a copy of any such comments to DTC.

¹ See File No. SR-DTC-2002-06.

² Concurrent with this filing, National Securities Clearing Corporation will also submit a rule filing providing for the use of NSS for the distribution of net-net credits.

Questions regarding this notice may be directed to Allison Finnegan, Senior Associate Counsel, at (212) 855-3283