

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 19b-4

Proposed Rule Change

By

THE DEPOSITORY TRUST COMPANY

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

1. Text of the Proposed Rule Change.

(a) The Depository Trust Company (“DTC”) is filing a proposed rule change to enhance DTC’s Look-Ahead Processing¹. The enhancement would expand the process which is currently available for muni and corporate bonds transactions to all equity transactions and all valued pledge and valued release transactions.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) DTC’s Board of Directors has approved the proposed rule change.

(b) The following person at DTC is prepared to respond to questions and comments on the proposed rule change: Diane L. Brennan, Director, Risk Management, (212) 855-3320.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

(a) Current process:

The Look-Ahead process reduces transaction blockage for debit securities by identifying a receive transaction pending due to a net debit cap insufficiency and determines whether an offsetting delivery transaction pending because of a quantity deficiency in the same security would permit both transactions to be completed in compliance with DTC’s Risk Management system controls.

¹ For additional information on DTC’s Look-Ahead processing, see DTC’s filing on Form 19b-4, File No. SR-DTC-2003-07.

The processing system calculates the net effect of offsetting transactions in the accounts of the three participants involved. If the net of the transactions results in positive risk management controls in all three accounts, the transactions will be completed.

Proposal

To further capitalize on the benefits of Look-Ahead, DTC will enhance the Look-Ahead process to include all 1) equity transactions and 2) valued pledge and release transactions in addition to deliveries.

Benefits to participants from reduced blockage include improved timeliness of transactions completing in the system increasing trade certainty and improving straight through processing.

Implementation

The proposed change is scheduled to be implemented in the third quarter of 2004.

(b) The proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC since the proposed rule change will increase efficiency in processing Participant transactions.

4. Self-Regulatory Organization's Statement on Burden on Competition.

DTC does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of this Act.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants and Others.

DTC has discussed this rule change proposal in its current form with various Participants and industry groups.

6. Extension of Time Period for Commission Action.

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2).

Not applicable.

8. Proposed Rule Change Based on rules of Another Self-Regulatory Organization or of the Commission.

Not applicable.

9. Exhibits.

1. Completed Notice of the Proposed Rule Change for publication in the Federal Register.

2. DTC Important Notice #5749 dated January 22, 2004 describing the Look-Ahead Enhancements.

