

Proposed Rule Change by The Depository Trust Company
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>		Date Expires <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input checked="" type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(6)	<input type="checkbox"/> 19b-4(f)(3)

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

DTC plans to eliminate the use of contra CUSIP numbers to segregate partially called positions of participants in VRDO issues.

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Last Name
 Title
 E-mail
 Telephone Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date
 By General Counsel
 (Name)

(Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change.
 - (a) The rule change relates to a proposal by The Depository Trust Company (“DTC”) to modify its processing of partially called Variable Rate Demand Obligation (“VRDO”) issues.
 - (b) Not applicable.
 - (c) Not applicable.
2. Procedures of the Self-Regulatory Organization.
 - (a) The Board of Directors of DTC has not taken, and is not required to take, action on the proposed rule change.
3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.
 - (a) Effective with the redemption date of November 1, 2005, DTC plans to eliminate the use of contra CUSIP numbers to segregate partially called positions of participants in VRDO issues. These positions will instead be handled in the same and more efficient manner as all other issue types, with the partially called positions being segregated in the Called Account under the regularly assigned CUSIP number.

The use of contra CUSIP numbers for VRDO partial calls was originally designed to facilitate the settlement of trades in called securities, enabling participants to process book-entry deliveries versus payment via the submission of Deliver Order (“DO”) transactions, with the ultimate receiving participants of such deliveries being credited with the call proceeds on redemption date. The use of contra CUSIPs for this purpose, however, creates inefficiencies for participants and DTC alike, especially as it relates to maintaining security master file linkages of the related CUSIP numbers, as well as the need to separately announce and process the interest payments due participants and their customers based on contra CUSIP (in addition to regular CUSIP) positions. The volume of partial calls in VRDO issues is also relatively high, with thousands of partially called positions in contra CUSIP numbers being created each month. A recent review of these activities revealed that very few DOs are actually processed.

Additional information on the proposed rule change is contained in the DTC Important Notice attached hereto as part of Exhibit 2.

- (b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the “Act”) and the rules and regulations thereunder applicable to DTC because it will promote efficiency

in processing partial calls of VRDO issues. The proposed rule change will be implemented consistently with the safeguarding of securities and funds in the custody or control of DTC because DTC will be processing partial calls of VRDO issues in a similar manner to the way DTC processes partial calls of other issue types.

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

DTC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

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

DTC has discussed this rule change proposal with various participants. DTC circulated an Important Notice on August 4, 2005 describing the proposal, and inviting participants to direct comments and questions to DTC. This Important Notice is attached hereto as part of Exhibit 2. The only comment letter received, from the Regional Municipal Operations Association, is attached as part of Exhibit 2. DTC will notify the Commission of any additional written comments received by DTC.

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) or Section 19(b)(7)(D).

- (a) This filing is made pursuant to paragraph (A) of Section 19(b)(3) of the Act and subparagraph (f) of Securities Exchange Act Rule 19b-4.
- (b) The proposed rule change effects a change in an existing service of DTC that (A) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and (B) does not significantly affect the respective rights or obligations of DTC or persons using the service, since the proposed rule change consists only of conforming the processing of partial calls of VRDO issues to the processing of partial calls of other issue types.
- (c) Not applicable.
- (d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory

Organization or of the Commission.

The proposed rule change is not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

Exhibit 1 - Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 - DTC Important Notice B#8359; Letter from the Regional Municipal Operations Association.

Exhibit 3 - NA

Exhibit 4 - NA

Exhibit 5 - NA

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-DTC-2005-15)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by The Depository Trust Company ("DTC") relating to a proposal to modify DTC's processing of partially called Variable Rate Demand Obligation ("VRDO") issues.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, 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 DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The rule change relates to a proposal by DTC to modify its processing of partially called VRDO issues.

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 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. DTC has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of such statements.

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

Effective with the redemption date of November 1, 2005, DTC plans to eliminate the use of contra CUSIP numbers to segregate partially called positions of participants in VRDO issues. These positions will instead be handled in the same and more efficient manner as all other issue types, with the partially called positions being segregated in the Called Account under the regularly assigned CUSIP number.

The use of contra CUSIP numbers for VRDO partial calls was originally designed to facilitate the settlement of trades in called securities, enabling participants to process book-entry deliveries versus payment via the submission of Deliver Order ("DO") transactions, with the ultimate receiving participants of such deliveries being credited with the call proceeds on redemption date. The use of contra CUSIPs for this purpose, however, creates inefficiencies for participants and DTC alike, especially as it relates to maintaining security master file linkages of the related CUSIP numbers, as well as the need to separately announce and process the interest payments due participants and their customers based on contra CUSIP (in addition to regular CUSIP) positions. The volume of partial calls in VRDO issues is also relatively high, with thousands of partially called positions in contra CUSIP numbers being created each month. A recent review of these activities revealed that very few DOs are actually processed.

Additional information on the proposed rule change is contained in the DTC Important Notice attached as part of Exhibit 2 to DTC's rule filing on Form 19b-4, File No. SR-DTC-2005-15.

The proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC because it will promote efficiency in processing partial calls of VRDO issues. The proposed rule change will be implemented consistently with the safeguarding of securities and funds in the custody or control of DTC because DTC will be processing partial calls of VRDO issues in a similar manner to the way DTC processes partial calls of other issue types.

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

DTC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

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

DTC has discussed this rule change proposal with various participants. DTC circulated an Important Notice on August 4, 2005 describing the proposal, and inviting participants to direct comments and questions to DTC. This Important Notice is attached as part of Exhibit 2 to DTC's filing on Form 19b-4, File No. SR-DTC-2005-15. The only comment letter received, from the Regional Municipal Operations Association, is attached as part of such Exhibit 2. DTC will notify the Commission of any additional written comments received by DTC.

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) of the Act and paragraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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 may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or send an e-mail to rule-comment@sec.gov. Please include File No. SR-DTC-2005-06 on the subject line.
- Paper comments should be sent in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington D.C. 20549-0609

All submissions should refer to File Number SR-DTC-2005-15. 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 Room, 450 Fifth Street, NW, Washington DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of DTC. 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 submission should refer to the file number above and should be submitted within _____ days after the date of publication.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz

The Depository Trust Company

IMPORTANT

B#: 8359

DATE: August 04, 2005

TO: All Participants

CATEGORY: Operations

FROM: Joseph McGuire

ATTENTION: Operations Managers, Cashiers, and Officers

SUBJECT: The Elimination of Contra CUSIP Numbers for VRDO Partial Calls

Effective with the redemption date of November 1, 2005, and subject to regulatory approval, DTC plans to eliminate the use of contra CUSIP numbers to segregate partially called positions of participants in Variable Rate Demand Obligation ("VRDO") issues. These positions will instead be handled in the same and more efficient manner as all other issue types, with the partially called positions being segregated in the Called Account under the regularly assigned CUSIP number.

The use of contra CUSIP numbers for VRDO partial calls was originally designed to facilitate the settlement of trades in called securities, enabling participants to process book-entry deliveries versus payment via the submission of Deliver Order ("DO") transactions, with the ultimate receiving participants of such deliveries being credited with the call proceeds on redemption date. The use of contra CUSIPs for this purpose, however, creates inefficiencies for participants and DTC alike, especially as it relates to maintaining security master file linkages of the related CUSIP numbers, as well as the need to separately announce and process the interest payments due participants and their customers based on contra CUSIP (in addition to regular CUSIP) positions. The volume of partial calls in VRDO issues is also relatively high, with thousands of partially called positions in contra CUSIP numbers being created each month. A recent review of these activities revealed that very few DOs are actually processed.

As noted earlier, the use of contra CUSIP numbers for VRDO partial calls will cease with lotteries processed for the redemption date of November 1, 2005 and thereafter. Any lotteries for late call notices or revisions to previously paid out items received after that date with a redemption date earlier than November 1, 2005 will also be processed without contra CUSIP numbers.

B# 8359

Any questions or comments regarding this notice should be directed to your Relationship Manager by September 9, 2005.

RMOA

Regional Municipal Operations Association

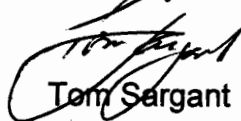
September 15, 2005

Mr. Michael Malloy
Depository Trust and Clearing Corporation
55 Water Street
New York, NY

The Regional Municipal Operations Association {RMOA} supports DTC's decision to eliminate Contra CUSIP number use for VRDO partial call processing as of November 1, 2005.

The utilization of Contra CUSIP security identifiers creates transaction, position and security master file reconciliation issues for our member organizations. The elimination of Contra CUSIP's will increase our membership's overall operating efficiency.

Sincerely,



Tom Sargent