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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52852; File No. SR-DTC-2005-18]

Self-Regulatory Organizations; The Depository Trust Company;
Notice of Filing and Immediate Effectiveness of Proposed Rule Change To
Clarify the Scope of Risk Management Controls as They Relate to
Maturity Presentment Transactions of Pledged Money Market Instruments

November 29, 2005.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934
(`Act'),\1\ notice is hereby given that on October 28, 2005, The
Depository Trust Company (`DTC') filed with the Securities and
Exchange Commission (`Commission') and on November 16, 2005, amended
the proposed rule change described in Items I, II, and III below, which
items have been prepared primarily by DTC. The Commission is publishing
this notice to solicit comments on the proposed rule change from
interested parties.

\1\ 15 U.S.C. 78s(b)(1).

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

The purpose of the proposed rule change is to clarify the scope of
DTC's use of risk management controls as they relate to maturity
presentment (`MP') transactions of pledged Money Market Instruments
(`MMIs').

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 these
statements.\2\

\2\ The Commission has modified the text of the summaries
prepared by DTC.

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

The proposed rule change clarifies the scope of DTC's use of risk
management controls as they relate to MP transactions of pledged
MMIs.\3\ Specifically, pledged MP transactions shall be processed in
the same manner as non-pledged MP transactions \4\ and therefore
subject to DTC's collateral monitor and net debit cap controls.\5\ As
is the case for unpledged MPs, pledged MPs shall only be processed if
they will not cause the IPA's collateral monitor or net debit cap to
become negative.

\3\ For background information regarding DTC's MMI program, see Securities Exchange Act Release Nos. 49618 (April 26, 2004), 69 FR 23840 [File No. SR-DTC-2003-12]; 48145 (July 9, 2003), 68 FR 42442 [File No. SR-DTC-2003-03]; 39422 (December 17, 1997), 62 FR 66158 [File No. SR-DTC-97-20]; 36811 (February 5, 1996), 61 FR 5433 [File No. SR-DTC-95-15]; 35655 (April 28, 1995), 60 FR 22423 [File No. SR-DTC-95-05]; 33958 (April 22, 1994), 59 FR 22878 [File No. SR-DTC-93-12]; and 28424 (September 11, 1990), 55 FR 38428 [File No. SR-DTC-90-08].

\4\ MMI maturity processing is initiated automatically each morning by DTC, which electronically sweeps all maturing positions of MMI CUSIPs from investors' custodian accounts and generates the appropriate MPs. The MMI is then delivered to the account of the appropriate issuing/paying agent ('IPA'). DTC debits the IPA's account in the amount of the maturity proceeds for settlement that day. DTC credits the same amount of the maturity proceeds to the investor's custodian account for payment that day to the investor. Processing of a pledged maturing MMI uses a DTC internal account and generates deliver orders from the internal account to the pledgor upon the processing of the release. However, in the event of a market disruption, pledged MMIs will be automatically swept and processed and will not be included in the maturity presentment contingency system (MPCS) processing as are non-pledged MMIs, which can be selectively released for processing in a market disruption using MPCS.

\5\ Dealers or custodian banks may pledge MMI positions to a pledgee bank. When the applicable MMI matures, MP transactions are staged to DTC's Account Transaction Processor to deliver the pledged position from an internal DTC account to the IPA in exchange for the total maturity payment of the pledged position.

Other pledged MPs shall recycle in a 'pend' queue until additional collateral or liquidity for the IPA is infused later in the day, which may come from payments sent to DTC by the IPA or from credits resulting from the issuance of new commercial paper.

The proposed rule change is consistent with the requirements of Section 17A of the Act \6\ and the rules and regulations thereunder applicable to DTC because it assures the safeguarding of securities and funds which are in the custody or control of DTC because pledged MP transactions will be processed in the same manner as non-pledged MP transactions and therefore

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subject to collateral monitor and net debit cap controls.

\6\ 15 U.S.C. 78q-1.

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

DTC does not believe that the proposed rule change will have any impact on 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

No written comments relating to the proposed rule change have been solicited or received. DTC will notify the Commission of any 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 upon filing pursuant to Section 19(b)(3)(A)(i) of the Act \7\ and Rule 19b-4(f)(1) \8\ thereunder because the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. At any time within sixty 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.\9\

 \7\ 15 U.S.C. 78s(b)(3)(A)(i).

\8\ 17 CFR 240.19b-4(f)(1).

\9\ For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on November 16, 2005, the date on which the last amendment to the proposed rule change was filed with the Commission. 15 U.S.C. 78s(b)(3)(C).

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 Number SR-DTC-2005-18 on the subject line.

Paper Comments

Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-9303.

All submissions should refer to File Number SR-DTC-2005-18. 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 filing also will be available for inspection and copying at the principal office of DTC and on DTC's Web site at <https://login.dtcc.com/dtcorg/>. 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 Number SR-DTC-2005-18 and should be submitted on or before December 27, 2005.

\10\ 17 CFR 200.30-3(a)(12).

For the Commission by the Division of Market Regulation,
pursuant to delegated authority.\10\
Jonathan G. Katz,
Secretary.
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