

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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

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

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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 Sent As Paper Document

Exhibit 4 - Marked Copies

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

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

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.

*This amendment modifies Section 3 below as indicated. **Bold underlined text** indicates additional language added by this amendment. Also, a revised Exhibit 1, (Notice of Filing) which reflects the additional language indicated below, is attached hereto.*

1. Text of the Proposed Rule Change.

- (a) The proposed rule change relates to a proposal by The Depository Trust Company (“DTC”) to enhance its SMART/Track (formerly known as Universal Hub) service by adding a new phase known as “SMART/Track for Buy-Ins.” The new phase will ultimately replace DTC’s existing Participant Exchange (“PEX”) system and provide additional functionalities to enable users to track buy-in notices throughout their lifecycle.
- (b) Not applicable.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

- (a) The Board of Directors of DTC has not, and is not required to, approve this rule filing.

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

- (a) In 2003, DTC made a rule filing (SR-DTC-2003-10) relating to a service known at the time as Universal Hub, which is now known as SMART/Track. That filing focused on the first phase of the service, a stock loan notification service. In 2004, DTC made a rule filing (SR-DTC-2004-11) relating to the Corporate Action Liability Notification Service, which was the second phase of SMART/Track. In 2005, DTC filed rule filing (SR-DTC-2005-06), establishing the third phase of SMART/Track, “SMART/Track for Agency Lending Disclosure.” This filing relates to the fourth phase of SMART/Track, “SMART/Track for Buy-Ins”, which will provide tracking functionality with on-line and real-time status information of open buy-ins to users.

SMART/Track for Buy-Ins is designed to ultimately replace DTC’s current PEX functionality. It will be a web-based system that will enable automated communication, warehousing and tracking of various types of buy-in related notices which are required by the rules of other self-regulatory organizations

(“SRO’s”).¹ Through the service, users will be able to create and transmit notices, view notices they have received or sent, make changes to created notices (if not yet transmitted) per stated parameters, reject notices as applicable, and search archives for active and aged notices.

The first function to be implemented as part of the new service will be National Securities Clearing Corporation (“NSCC”) Continuous Net Settlement (“CNS”) buy-in execution notices.² Participants will enter these notices, and SMART/Track will in turn send these notices to CNS. After CNS validates these notices (e.g. verifies certain details of the buy-in execution, such as, but not limited to, the quantity bought-in) the Participant that was bought-in will be notified of its liability via a SMART/Track notice.³

The second function to be implemented will permit Participants to transmit CNS Notices of Intent to Buy-In and Buy-In Orders for processing. CNS will send notification to short Participants (i.e. the Participant being bought-in) of their potential liability via SMART/Track.

Notices pertaining to buy-ins other than CNS buy-ins (“non-CNS buy-ins”)⁴ and MSRB closeouts will be the final function implemented on SMART/Track. Users will be able to create and transmit buy-in intent notices and MSRB closeout notices via SMART/Track which will deliver the notices to the designated counterparty. Users receiving such buy-in notice or MSRB closeout notice can either accept or reject the notice online. The sender of such buy-in notice or MSRB closeout notice can cancel a notice in any status, extend the delivery date or change the quantity or amount.

SMART/Track for Buy-Ins is subject to DTC’s general standard of liability for information services (that is, responsible for gross negligence and willful misconduct).

- (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 important disclosures relating to buy-ins between Participant counterparties. The proposed rule change will be implemented consistently with the safeguarding of securities

¹ SRO rules requiring such buy-in related notices include New York Stock Exchange (“NYSE”) Rule 282 and American Stock Exchange Rule 783. Please note that NYSE Rule 282 was recently amended to eliminate a requirement for paper notices and is instead permitting electronic notices, including notices from the electronic functionality of a qualified clearing agency, such as DTC and NSCC (see SEC Release No. 34-52842 [File No. SR-NYSE-2005-50] 70 FR 72321 (December 2, 2005)).

² All CNS buy-ins are subject to the rules of NSCC.

³ Any notice or report received by Participants through SMART/Track will be in addition to (and will not replace) any notices or reports currently being distributed to Participants by their SRO with respect to their buy-in activity.

⁴ Non-CNS buy-ins include NYSE, AMEX, NASD and NSCC Balance-Order buy-ins.

and funds in the custody or control of DTC because DTC will be acting as a notification service.

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.

Written comments on the proposed rule change have not been solicited or received.

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 the automation of disclosure related to buy-ins.
- (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 - N/A

Exhibit 3 - N/A

Exhibit 4 - N/A

Exhibit 5 - N/A

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-DTC-2005-19)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by The Depository Trust Company (“DTC”) relating to enhancements to its SMART/Track service.

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 proposed rule change relates to a proposal by The Depository Trust Company (“DTC”) to enhance its SMART/Track (formerly known as Universal Hub) service by adding a new phase known as “SMART/Track for Buy-Ins.” The new phase will ultimately replace DTC’s existing Participant Exchange (“PEX”) system and provide additional functionalities to enable users to track buy-in notices throughout their lifecycle.

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.

In 2003, DTC made a rule filing (SR-DTC-2003-10) relating to a service known at the time as Universal Hub, which is now known as SMART/Track. That filing focused on the first phase of the service, a stock loan notification service. In 2004, DTC made a rule filing (SR-DTC-2004-11) relating to the Corporate Action Liability Notification Service, which was the second phase of SMART/Track. In 2005, DTC filed rule filing (SR-DTC-2005-06), establishing the third phase of SMART/Track, "SMART/Track for Agency Lending Disclosure." This filing relates to the fourth phase of SMART/Track, "SMART/Track for Buy-Ins", which will provide tracking functionality with on-line and real-time status information of open buy-ins to users.

SMART/Track for Buy-Ins is designed to ultimately replace DTC's current PEX functionality. It will be a web-based system that will enable automated communication, warehousing and tracking of various types of buy-in related notices which are required by the rules of other self-regulatory organizations ("SRO's").¹ Through the service, users will be able to create and transmit notices, view notices they have received or sent, make changes to created notices (if not yet transmitted) per stated parameters, reject notices as applicable, and search archives for active and aged notices.

The first function to be implemented as part of the new service will be National Securities Clearing Corporation ("NSCC") Continuous Net Settlement ("CNS") buy-in execution notices.² Participants will enter these notices, and SMART/Track will in turn send these notices to CNS. After CNS validates these notices (e.g. verifies certain details of the buy-in execution, such as, but not limited to, the quantity bought-in) the Participant that was bought-in will be notified of its liability via a SMART/Track notice.³

The second function to be implemented will permit Participants to transmit CNS Notices of Intent to Buy-In and Buy-In Orders for processing. CNS will send notification to short Participants (i.e. the Participant being bought-in) of their potential liability via SMART/Track.

Notices pertaining to buy-ins other than CNS buy-ins ("non-CNS buy-ins")⁴ and MSRB closeouts will be the final function implemented on SMART/Track. Users will be

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able to create and transmit buy-in intent notices and MSRB closeout notices via SMART/Track which will deliver the notices to the designated counterparty. Users receiving such buy-in notice or MSRB closeout notice can either accept or reject the notice online. The sender of such buy-in notice or MSRB closeout notice can cancel a notice in any status, extend the delivery date or change the quantity or amount.

SMART/Track for Buy-Ins is subject to DTC's general standard of liability for information services (that is, responsible for gross negligence and willful misconduct).

(ii) 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 important disclosures relating to buy-ins between Participant counterparties. 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 acting as a notification service.

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.

Written comments relating to the proposed rule change have not yet 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 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-2005-19 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-2005-19. 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