

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"/>
			Rule		
<input type="checkbox"/> Pilot <input type="checkbox"/> 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)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		

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).

Proposed Rule Change to implement a centralized billing process for fees of Limited Participants that are passed through to Participants in connection with their use of the Direct Registration System

**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	<input type="text" value="John"/>	Last Name	<input type="text" value="Petrofsky"/>
Title	<input type="text" value="Associate Counsel"/>		
E-mail	<input type="text" value="jpetrofsky@dtcc.com"/>		
Telephone	<input type="text" value="(212) 855-7634"/>	Fax	<input type="text" value="(212) 855-3215"/>

**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  (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.

Larry Thompson, lthompson@dtcc.com

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF 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 Proposed Rule Change.

(a) The Depository Trust Company (“DTC”) is filing the proposed rule change to provide for a centralized billing process for a fee related to the Profile Modification System (“Profile”) component of its Direct Registration System (“DRS”).

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) DTC has not received, and does not require, Board approval for the present filing.

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

(a) In 1996, through the efforts of a joint industry working committee, the Direct Registration System (“DRS”) was implemented by DTC. DRS enables Participants and qualifying transfer agents, known as Limited Participants, to electronically move an investor’s security positions between street-name ownership and direct registration book-entry position. In May 2000, the Profile Modification System (“Profile”) was implemented by DTC to electronically convey an investor’s request to move from one form of securities ownership to another. Profile is an electronic communication medium between Participants and Limited Participant transfer agents that conveys the investor’s instructions.<sup>1</sup>

In order to effectively transfer ownership via Profile, an investor’s instructions to move ownership from one form to another is communicated by a Participant by entering certain identifying criteria of the investor into Profile. If the submitted information does not match the information the Limited Participant transfer agent has on file, the result is a “Profile reject,” which, in many cases, results in a fee assessed by the Limited Participant transfer agent. Currently these fees are assessed outside of DTC and the Profile system, however, the manual processing of these fees is a costly and labor-intensive process for Participants and Limited Participant transfer agents. In order to make this process more efficient and cost effective, both the Limited Participant transfer agents and Participant broker-dealers have asked DTC to centralize the billing and collection process for Profile reject fees.

Therefore, by this filing, DTC proposes a centralized process for the billing and

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<sup>1</sup> DRS is more fully described in DTC’s filing on Form 19b-4, File No. SR-DTC-96-15, and Profile is more fully described in DTC’s filing on Form 19b-4, File No SR-DTC-00-04.

collection of such reject fees.<sup>2</sup> Participation in the centralized billing process will be voluntary for all Limited Participant transfer agents and Participants. A fee schedule for Profile rejects will be supplied by each individual transfer agent at the time of its enrollment and can be changed by supplying DTC with the adjusted fee 60 calendar days prior to such change taking effect, with only one fee increase allowed in any 24 month period. Participants who join the program may elect to opt out of participating with one or more transfer agents at the time they enroll in the centralized billing program or at any time after their enrollment. Reject fees will appear on DTC monthly billing statements, and the appropriate fees will be credited to the Limited Participant transfer agent's account.

DTC will not take part in any disputes between a Limited Participant transfer agent and Participants on fees assessed. If a dispute is brought to the attention of DTC and cannot be resolved by the two parties, DTC will reverse the charge in the next billing cycle and the two parties will work outside of the billing system to resolve the dispute.

Along with the billing statements, DTC will supply to both Limited Participant transfer agents and Participants a full report listing each reject, date of reject, and reason for the reject.

To offset DTC's cost to build and maintain such a collection and reporting structure, DTC will assess the Limited Participant a fee equal to 5% of the total fees collected each month for each Limited Participant transfer agent using the Profile centralized billing process.

(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, because it will promote efficiencies in DTC's DRS service to Participants and Limited Purpose Participants.

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 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.

6. Extension of Time Period for Commission Action.

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<sup>2</sup> DTC has the authority under its rules to collect from its participants fees and charges of third parties. See Securities Exchange Act Release No. 34-51870 (June 17, 2005), 70 CFR 36678 (June 24, 2005) [File No. SR-DTC-2005-03].

DTC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

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

(a) The proposed rule change is to take effect pursuant to paragraph (A) of Section 19(b)(3) of the Act.

(b) The proposed rule change effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible; and (ii) does not significantly affect the respective rights or obligations of DTC or persons using this service, as it facilitates the pass-through of charges from Limited Participants to Participants that are currently invoiced outside of DTC's system and reduces associated processing costs normally incurred by such parties.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of 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-2006-05)**

**SELF-REGULATORY ORGANIZATIONS**

(a) Proposed Rule Change by The Depository Trust Company (“DTC”) to provide for a centralized billing process for a fee related to the Profile Modification System (“Profile”) component of its Direct Registration System (“DRS”).

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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

As discussed below, this rule change effects a centralized billing process for a fee related to Profile (as defined above).

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.

(i) In 1996, through the efforts of a joint industry working committee, the Direct Registration System (“DRS”) was implemented by DTC. DRS enables Participants and qualifying transfer agents, known as Limited Participants, to

electronically move an investor's security positions between street-name ownership and direct registration book-entry position. In May 2000, the Profile Modification System ("Profile") was implemented by DTC to electronically convey an investor's request to move from one form of securities ownership to another. Profile is an electronic communication medium between Participants and Limited Participant transfer agents that conveys the investor's instructions.<sup>1</sup>

In order to effectively transfer ownership via Profile, an investor's instructions to move ownership from one form to another is communicated by a Participant by entering certain identifying criteria of the investor into Profile. If the submitted information does not match the information the Limited Participant transfer agent has on file, the result is a "Profile reject," which, in many cases, results in a fee assessed by the Limited Participant transfer agent. Currently these fees are assessed outside of DTC and the Profile system, however, the manual processing of these fees is a costly and labor-intensive process for Participants and Limited Participant transfer agents. In order to make this process more efficient and cost effective, both the Limited Participant transfer agents and Participant broker-dealers have asked DTC to centralize the billing and collection process for Profile reject fees.

Therefore, by this filing, DTC proposes a centralized process for the billing and collection of such reject fees.<sup>2</sup> Participation in the centralized billing process will be voluntary for all Limited Participant transfer agents and Participants. A fee schedule for Profile rejects will be supplied by each individual transfer agent at the time of its enrollment and can be changed by supplying DTC with the adjusted fee 60 calendar days prior to such change taking effect, with only one fee increase allowed in any 24 month period. Participants who join the program may elect to opt out of participating with one or more transfer agents at the time they enroll in the centralized billing program or at any time after their enrollment. Reject fees will appear on DTC monthly billing statements, and the appropriate fees will be credited to the Limited Participant transfer agent's account.

DTC will not take part in any disputes between a Limited Participant transfer agent and Participants on fees assessed. If a dispute is brought to the attention of DTC and cannot be resolved by the two parties, DTC will reverse the charge in the next billing cycle and the two parties will work outside of the billing system to resolve the dispute.

Along with the billing statements, DTC will supply to both Limited Participant transfer agents and Participants a full report listing each reject, date of reject, and reason for the reject.

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<sup>1</sup> DRS is more fully described in DTC's filing on Form 19b-4, File No. SR-DTC-96-15, and Profile is more fully described in DTC's filing on Form 19b-4, File No SR-DTC-00-04.

<sup>2</sup> DTC has the authority under its rules to collect from its participants fees and charges of third parties. See Securities Exchange Act Release No. 34-51870 (June 17, 2005), 70 CFR 36678 (June 24, 2005) [File No. SR-DTC-2005-03].

To offset DTC's cost to build and maintain such a collection and reporting structure, DTC will assess the Limited Participant a fee equal to 5% of the total fees collected each month for each Limited Participant transfer agent using the Profile centralized billing process.

(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, because it will promote efficiencies in DTC's DRS service to Participants and Limited Purpose Participants.

**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 been solicited or received.

**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](mailto:rule-comment@sec.gov). Please include File No. [XX] on the subject line.
- Paper comments should be sent in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington D.C. 20549-9303.

All submissions should refer to File Number [XX]. 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, 100 F Street, NE, Washington D.C. 20549-9303. 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