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 SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53810; File No. SR-DTC-2006-06]

Self-Regulatory Organizations; The Depository Trust Company;
 Notice of Filing and Immediate Effectiveness of **Proposed** Rule Relating
 to Changes to Its SMART/Track for Buy-Ins Service

May 16, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934
 (`Act'),\1\ notice is hereby given that on March 27, 2006, The
 Depository Trust Company (`DTC') filed with the Securities and
 Exchange Commission (`Commission') the **proposed** rule change described
 in Items I, II, and III below, which items have been prepared primarily
 by **DTC**. **DTC** filed the **proposed** rule change pursuant to section
 19(b)(3)(A)(iii) of the Act \2\ and Rule 19b-4(f)(4) thereunder\3\ so
 that the proposal was effective upon filing with the Commission. 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).
 \2\ 15 U.S.C. 78s(b)(3)(A)(iii).
 \3\ 17 CFR 240.19b-4(f)(4).

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

The **proposed** rule change consists of changes to the functionality
 of **DTC**'s SMART/Track for Buy-Ins service.

II. Self-Regulatory Organization's Statement of the Purpose of, and
 CAStatutory 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.\4\

\4\ The Commission has modified the text of the summaries
 prepared by **DTC**.

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

The **proposed** rule change relates to **DTC**'s SMART/Track for Buy-Ins
 service as it pertains to the retransmittal of buy-ins in the National
 Securities Clearing Corporation (`NSCC')'s Continuous Net Settlement
 (`CNS') system.

Since 2003, **DTC** has made several rule filings relating to a service that was originally known as Universal Hub and that is now known as SMART/Track.\5\ With its rule filing **SR-DTC-2005-19**,\6\ **DTC** implemented the fourth phase of SMART/Track, ``SMART/Track for Buy-Ins,`` that provides automated communication, warehousing and tracking of various types of buy-in related **notices** pertaining to buy-ins governed by the rules of either NSCC or other self-regulatory organizations.

\5\ Securities Exchange Act Release Nos. 50029 (July 15, 2004), 69 FR 43870 (July 22, 2004) [**SR-DTC-2003-10**] (Universal Hub, Stock Loan notification service); 50887 (Dec. 20, 2004), 69 FR 77802 (Dec. 28, 2004) [**SR-DTC-2004-11**] (Corporate Action Liability Notification Service); 52104 (July 21, 2005), 70 FR 43730 (July 28, 2004) [**SR-DTC-2005-06**] (SMART/Track for Agency Lending Disclosure); and 53032 (December 28, 2005), 71 FR 1457 (January 9, 2006) [**SR-DTC-2005-19**] (SMART/Track for Buy-Ins).

\6\ Securities Exchange Act Release No. 53032 (December 28, 2005), 71 FR 1457 (January 9, 2006). See also, **DTC** Important Notice B8796 (Nov. 23, 2005) available online at <http://www.dtc.org/>

The phase-in of SMART/Track for Buy-In functionality pertaining to NSCC CNS Buy-Ins was commenced on November 14, 2005, for CNS buy-in executions and completed on February 10, 2006, with the addition of CNS **notices** of intent to buy-in and CNS buy-in orders. The buy-in functionality of **DTC**'s PEX platform relating to NSCC CNS buy-ins was discontinued on March 13, 2006.\7\

\7\ Securities Exchange Act Release No. 53503 (March 16, 2006), 71 FR 15237 (March 27, 2006) [**SR-DTC-2006-01**].

In 2005, NSCC submitted rule filing **SR-NSCC-2005-15** which modified NSCC's Rules with regard to CNS buy-ins, creating a new buy-in retransmittal procedure that may be utilized by NSCC members receiving buy-in **notices** initiated outside of the CNS system (a ``Buy-In Retransmittal Notice``).\8\

\8\ Securities Exchange Act Release No. 53528 (March 21, 2006), 71 FR 15506 (March 28, 2006) [**SR-NSCC-2005-15**].

Pursuant to that rule change, the NSCC member originating a Buy-In Retransmittal Notice will be provided with five additional fields that will be used for identification of the entity (or entities, as appropriate) that initiated the buy-in against the member. At least one such entity other than the originating member must be identified or the Buy-In Retransmittal Notice will be rejected. NSCC members with short positions will be advised of their potential buy-in liability through **DTC**'s SMART/Track for Buy-Ins. Concurrent with NSCC's implementation of the changes set forth in rule filing **SR-NSCC-2005-15**, **DTC** will make corresponding changes to SMART/Track for Buy-Ins to activate the CNS Retransmittal Buy-In functionality.\9\

\9\ This functionality includes **notices** of intent to buy-in, buy-in orders, buy-in executions, and short member buy-in liability.

As the NSCC CNS Retransmittal Buy-In functionality is an added feature to an existing **DTC** service that will conform the functionality of **DTC**'s service to that which is required by NSCC's rules, **DTC**

believes that 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** and (ii) does not significantly affect the respective rights or obligations of **DTC** or those participants using the service. The **proposed** rule change is therefore consistent with Section 17A of the Act \10\ and the rules and regulations thereunder applicable to **DTC**. Moreover, **DTC** has represented that the **proposed** rule change will be implemented consistently with the statutory obligation to safeguard securities and funds in its possession or control or for which it is responsible.

 \10\ 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 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 upon filing pursuant to section 19(b)(3)(A)(iii) of the Act \11\ and Rule 19b-4(f)(4) \12\ thereunder because the **proposed** rule 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 the service. 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.

 \11\ 15 U.S.C. 78s(b)(3)(A)(iii).
 \12\ 17 CFR 240.19b-4(f)(4).

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-2006-06** on the subject line.

Paper Comments

Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-9303.

All submissions should refer to File Number **SR-DTC-2006-06**. 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 <http://www.dtc.org>. All comments received will be posted

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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-2006-06** and should be submitted on or before June 13, 2006.

\13\ 17 CFR 200.30-3(a)(12).

For the Commission by the Division of Market Regulation, pursuant to delegated authority.\13\
Nancy M. Morris,
Secretary.

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