

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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 proposed rule change is being filed by The Depository Trust Company (“DTC”) to implement a new service, the New Issue Information Dissemination System (“NIIDS”) for municipal securities. NIIDS is an automated system developed by DTC at the request of The Bond Market Association (“BMA”), now the Securities Industry Financial Markets Association (“SIFMA”)¹, in order to improve the mechanism for disseminating new issue information in respect of municipal securities. NIIDS was established in order to improve the trade reporting and price transparency of transactions in new issues of municipal securities.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

DTC’s Board of Directors 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 the Statutory Basis for, the Proposed Rule Change

(a) Currently, Municipal Securities Rulemaking Board (“MSRB”) Rule G-14, on transaction reporting² generally requires municipal securities dealers to report municipal securities transactions to the MSRB within 15 minutes of the time of the trade. Inter-

¹ The request originally came from the BMA which has since merged with the Securities Industry Association to form the SIFMA.

² See MSRB Rule G-14 RTRS Procedures (a)(ii).

dealer trades eligible for comparison by a clearing agency are required to be submitted to the National Securities Clearing Corporation's ("NSCC") Real Time Trade Matching System (RTTM) within the timeframes set out in Rule G-14 and are subsequently reported to the MSRB by NSCC. Dealers and NSCC require certain securities information about municipal securities in order to process and report transactions involving those securities. It is therefore necessary for dealers trading newly issued municipal securities to receive this information by the time trade reporting is required.

Under current practices in the municipal securities market, each information vendor works separately to obtain information from offering documents and underwriters and each vendor's success depends in large part on the voluntary cooperation of underwriters. It is not unusual for information vendors to have inconsistent information or for some information vendors to receive information before others. Consequently, critical new issue information may be missing or inaccurate in the automated trade processing systems used by dealers to report the initial trades in new issues. This situation frequently results in late trade reports or trade reports with inaccurate data that subsequently must be canceled and resubmitted or amended.

NIIDS is designed to improve the process by which new issue information is provided by underwriters to information vendors by collecting new issue information about a new issue from underwriters or their representatives in an electronic format, and then making that data immediately available to the information vendors that provide such information to market participants. The electronic techniques that will be used by NIIDS

are designed to ensure that information is disseminated as quickly and efficiently as possible after the information is made available by underwriters.

To address concerns that dealers often lack timely access to electronically formatted securities information necessary to process and report municipal securities transactions in real-time, MSRB Rule G-14 includes a “three hour exemption” available to dealers transacting in when, as and if issued municipal securities that are not syndicate managers or members, have not traded an issue in the previous year, and do not have the CUSIP information or indicative data for that issue in their securities master file (the “Reporting Exemption”)³. The MSRB has announced that the Reporting Exemption is due to expire on or around December 31, 2007. In order to prepare for the expiration of the Reporting Exemption the BMA, now SIFMA, asked DTC to incorporate a centralized automated mechanism for the collection and dissemination of the required information on a real time basis as part of the planned reengineering of DTC’s underwriting system. In response, DTC built NIIDS in order to help make the dissemination of new issue information in respect of municipal securities more efficient for the industry.

An industry working group of municipal securities dealers, SIFMA members, the MSRB and DTC have identified key data elements required for the reporting, comparison, confirmation and settlement of trades in municipal securities (collectively the “NIIDS Data Elements”).

³ See MSRB Rule G-14 RTRS Procedures (a)(ii)(C).

Initially, DTC proposes to make NIIDS available to the municipal securities industry on an optional basis to allow dealers to have some experience with NIIDS before the MSRB mandates its use. Only DTC participants or those entities specifically authorized by a participant (a “Correspondent”) may input information on NIIDS.⁴

In order to start the process, the dissemination agent, typically the lead underwriter (hereinafter the “Dissemination Agent”), for a new issue must input the NIIDS Data Elements, thereby requesting that DTC make the information available to the industry via NIIDS. DTC will not validate or seek to confirm the NIIDS Data Elements but will merely act as a conduit to pass along such information to data vendors⁵ who, it is anticipated, will then further disseminate the information to the industry, thereby allowing dealers to make timely reporting of their municipal trades. DTC will record the time and the name of Dissemination Agent who input the NIIDS Data Elements. DTC will begin disseminating the data when it has received authorization from the Dissemination Agent via NIIDS. In addition NIIDS will contain the contact information for the Dissemination Agent who populated the NIIDS Data Elements for a particular issue to enable users of the data to contact them with questions or comments.

DTC proposes to provide NIIDS to the industry in order to facilitate the dissemination of new issue information in relation to municipal securities. As DTC is merely a conduit of information and does not validate or seek to confirm the validity of any of the NIIDS Data Elements, use of NIIDS shall be deemed to constitute an

⁴ Participants will be required to identify an authorized party at the Correspondent with whom DTC may interact.

⁵ Data vendors or others that wish to receive NIIDS Data Elements must register in advance with DTC.

agreement that DTC shall not be liable for any loss in relation to the dissemination of NIIDS Data Elements. In the event that inaccurate information is input into NIIDS, the Dissemination Agent shall bear any and all liability related to such inaccuracies.

Optional Use of NIIDS.

As we understand, the MSRB would like the dealers to be able to use NIIDS before requiring them to do so via a MSRB rule change.⁶ It is anticipated that once the industry is able to use NIIDS then the MSRB will finalize the MSRB proposal which will effect the expiration of the Reporting Exemption (the “Final MSRB Proposal”) and will then file it with the Securities and Exchange Commission (the “SEC”) for approval. Concurrently, DTC plans to work with the MSRB to conform NIIDS to the Final MSRB Proposal and will revert back to the SEC for approval in order to make NIIDS a requirement for municipal securities to be made DTC-eligible. DTC intends to mandate the use of NIIDS for municipal securities in April 2008. We understand that members of the municipal securities industry will be using the period of time (the “Test Period”) where NIIDS is optional at DTC to become accustomed to the new method for dissemination of municipal securities information. Dissemination Agents may therefore input incomplete NIIDS Data Elements while getting acquainted with NIIDS. Therefore, during the Test Period no one should rely on NIIDS Data Elements disseminated through DTC for any purpose, but rather must continue to use existing authorized sources of such information.

⁶ The MSRB requested comment on proposed rules that would require underwriters of municipal securities to participate in NIIDS. *See* MSRB Notice 2007-10 (March 5, 2007) at www.msrb.org.

DTC will not charge a service fee for underwriters⁷ who input or receive information via NIIDS. Additionally, DTC will not charge a service fee to information vendors⁸ who will receive information for further dissemination via NIIDS.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to DTC in that it promotes the prompt and accurate clearance and settlement of securities transactions by streamlining the dissemination of new issue information for municipal securities throughout the industry.

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

DTC perceives no impact on competition by reason of the proposed rule change.

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

Written comments from DTC Participants or others have not been solicited or received on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

⁷ DTC will charge a connectivity fee to the underwriters and service providers who use NIIDS to cover our costs.

⁸ DTC will charge a connectivity fee to the underwriters and service providers who use NIIDS to cover our costs.

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

- (a) Not applicable.
- (b) Not applicable.
- (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 a rule either of another self-regulatory organization or of the Commission.

9. Exhibits

- 1. Completed Notice of the Proposed Rule Change for publication in the Federal Register.
- 2. N/A
- 3. N/A
- 4. N/A
- 5. N/A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-DTC-2007-10)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by The Depository Trust Company (“DTC”) to implement a new service, the New Issue Information Dissemination System (“NIIDS”).

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 is being filed by The Depository Trust Company (“DTC”) to implement a new service, the New Issue Information Dissemination System (“NIIDS”) for municipal securities. NIIDS is an automated system developed by DTC at the request of The Bond Market Association (“BMA”), now the Securities Industry Financial Markets Association (“SIFMA”)¹, in order to improve the mechanism for disseminating new issue information in respect of municipal securities. NIIDS was established in order to improve the trade reporting and price transparency of transactions in new issues of municipal securities.

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

¹ The request originally came from the BMA which has since merged with the Securities Industry Association to form the SIFMA.

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.

(a) Currently, Municipal Securities Rulemaking Board (“MSRB”) Rule G-14, on transaction reporting² generally requires municipal securities dealers to report municipal securities transactions to the MSRB within 15 minutes of the time of the trade. Inter-dealer trades eligible for comparison by a clearing agency are required to be submitted to the National Securities Clearing Corporation’s “NSCC”) Real Time Trade Matching System (RTTM) within the timeframes set out in Rule G-14 and are subsequently reported to the MSRB by NSCC. Dealers and NSCC require certain securities information about municipal securities in order to process and report transactions involving those securities. It is therefore necessary for dealers trading newly issued municipal securities to receive this information by the time trade reporting is required.

Under current practices in the municipal securities market, each information vendor works separately to obtain information from offering documents and underwriters and each vendor’s success depends in large part on the voluntary cooperation of underwriters. It is not unusual for information vendors to have inconsistent information or for some information vendors to receive information before others. Consequently, critical new issue information may be missing or inaccurate in the automated trade processing systems used by dealers to report the initial trades in new issues. This situation frequently results in late trade reports or trade reports with inaccurate data that subsequently must be canceled and resubmitted or amended.

NIIDS is designed to improve the process by which new issue information is provided by underwriters to information vendors by collecting new issue information about a new issue from underwriters or their representatives in an electronic format, and then making that data immediately available to the information vendors that provide such information to market participants. The electronic techniques that will be used by NIIDS are designed to ensure that information is disseminated as quickly and efficiently as possible after the information is made available by underwriters.

To address concerns that dealers often lack timely access to electronically formatted securities information necessary to process and report municipal securities transactions in real-time, MSRB Rule G-14 includes a “three hour exemption” available to dealers transacting in when, as and if issued municipal securities that are not syndicate managers or members, have not traded an issue in the previous year, and do not have the CUSIP information or indicative data for

² See MSRB Rule G-14 RTRS Procedures (a)(ii).

that issue in their securities master file (the “Reporting Exemption”)³. The MSRB has announced that the Reporting Exemption is due to expire on or around December 31, 2007. In order to prepare for the expiration of the Reporting Exemption the BMA, now SIFMA, asked DTC to incorporate a centralized automated mechanism for the collection and dissemination of the required information on a real time basis as part of the planned reengineering of DTC’s underwriting system. In response, DTC built NIIDS in order to help make the dissemination of new issue information in respect of municipal securities more efficient for the industry.

An industry working group of municipal securities dealers, SIFMA members, the MSRB and DTC have identified key data elements required for the reporting, comparison, confirmation and settlement of trades in municipal securities (collectively the “NIIDS Data Elements”).

Initially, DTC proposes to make NIIDS available to the municipal securities industry on an optional basis to allow dealers to have some experience with NIIDS before the MSRB mandates its use. Only DTC participants or those entities specifically authorized by a participant (a “Correspondent”) may input information on NIIDS.⁴

In order to start the process, the dissemination agent, typically the lead underwriter (hereinafter the “Dissemination Agent”), for a new issue must input the NIIDS Data Elements, thereby requesting that DTC make the information available to the industry via NIIDS. DTC will not validate or seek to confirm the NIIDS Data Elements but will merely act as a conduit to pass along such information to data vendors⁵ who, it is anticipated, will then further disseminate the information to the industry, thereby allowing dealers to make timely reporting of their municipal trades. DTC will record the time and the name of Dissemination Agent who input the NIIDS Data Elements. DTC will begin disseminating the data when it has received authorization from the Dissemination Agent via NIIDS. In addition NIIDS will contain the contact information for the Dissemination Agent who populated the NIIDS Data Elements for a particular issue to enable users of the data to contact them with questions or comments.

DTC proposes to provide NIIDS to the industry in order to facilitate the dissemination of new issue information in relation to municipal securities. As DTC is merely a conduit of information and does not validate or seek to confirm the validity of any of the NIIDS Data Elements, use of NIIDS shall be deemed to constitute an agreement that DTC shall not be liable for any loss in relation to the dissemination of NIIDS Data Elements. In the event that inaccurate information

³ See MSRB Rule G-14 RTRS Procedures (a)(ii)(C).

⁴ Participants will be required to identify an authorized party at the Correspondent with whom DTC may interact.

⁵ Data vendors or others that wish to receive NIIDS Data Elements must register in advance with DTC.

is input into NIIDS, the Dissemination Agent shall bear any and all liability related to such inaccuracies.

Optional Use of NIIDS.

As we understand, the MSRB would like the dealers to be able to use NIIDS before requiring them to do so via a MSRB rule change.⁶ It is anticipated that once the industry is able to use NIIDS then the MSRB will finalize the MSRB proposal which will effect the expiration of the Reporting Exemption (the “Final MSRB Proposal”) and will then file it with the Securities and Exchange Commission (the “SEC”) for approval. Concurrently, DTC plans to work with the MSRB to conform NIIDS to the Final MSRB Proposal and will revert back to the SEC for approval in order to make NIIDS a requirement for municipal securities to be made DTC-eligible. DTC intends to mandate the use of NIIDS for municipal securities in April 2008. We understand that members of the municipal securities industry will be using the period of time (the “Test Period”) where NIIDS is optional at DTC to become accustomed to the new method for dissemination of municipal securities information. Dissemination Agents may therefore input incomplete NIIDS Data Elements while getting acquainted with NIIDS. Therefore, during the Test Period no one should rely on NIIDS Data Elements disseminated through DTC for any purpose, but rather must continue to use existing authorized sources of such information.

DTC will not charge a service fee for underwriters⁷ who input or receive information via NIIDS. Additionally, DTC will not charge a service fee to information vendors⁸ who will receive information for further dissemination via NIIDS.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to DTC in that it promotes the prompt and accurate clearance and settlement of securities transactions by streamlining the dissemination of new issue information for municipal securities throughout the industry.

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

DTC perceives no impact on competition by reason of the proposed rule change.

⁶ The MSRB requested comment on proposed rules that would require underwriters of municipal securities to participate in NIIDS. See MSRB Notice 2007-10 (March 5, 2007) at www.msrb.org.

⁷ DTC will charge a connectivity fee to the underwriters and service providers who use NIIDS to cover our costs.

⁸ DTC will charge a connectivity fee to the underwriters and service providers who use NIIDS to cover our costs.

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

Written comments from DTC Participants or others have not been solicited or received on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2007-10 on the subject line.
- Paper comments should be sent in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-1090.

All submissions should refer to File Number SR-DTC-2007-10. 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 Section 100 F Street, NE, Washington DC 20549-1090. 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 submissions 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.

Nancy M. Morris