Act [28] and Rule 19b–4(f)(6) thereunder.[29]

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act [30] normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) [31] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay to provide Members with additional tools and greater flexibility for managing their potential risk as soon as possible. Accordingly, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal as operative upon filing.[32]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or 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

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml);* or
- Send an email to *rule-comments@sec.gov. Please include File Number SR–CboeBZX–2018–086 on the subject line.*

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–CboeBZX–2018–086. This file number should be included on the subject line if email 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 website (*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 website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–CboeBZX–2018–086 and should be submitted on or before January 4, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[33]

Eduardo A. Aleman,

Deputy Secretary.

[FR Doc. 2018–27085 Filed 12–13–18; 8:45 am]

BILLING CODE 8011–01–P

[28] 15 U.S.C. 78s(b)(3)(A).

[29] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[30] 17 CFR 240.19b–4(f)(6).

[31] 17 CFR 240.19b–4(f)(6)(iii).

[32] For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[33] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84768; File No. SR–DTC–2018–011]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Guide to the DTC Fee Schedule

December 10, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 26, 2018, The Depository Trust Company (''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 the clearing agency. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act [3] and Rules 19b–4(f)(2) and (f)(4) thereunder.[4] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to the Guide to the DTC Fee Schedule (''Fee Guide'') [5] in order to (i) simplify the pricing structure, (ii) align fees with the costs of services provided by DTC, and (iii) encourage Participant practices that promote efficient market behavior. The proposed changes would include: (A) Grouping certain fee line items for related or similar services under one fee line item, (B) deleting fees with little or no activity, (C) updating certain fees to reflect DTC's costs in relation to the service, (D) decreasing certain fees in order to incentivize Participants to utilize certain DTC services that promote efficiency, both in the servicing of physical securities in the Custody Service and for the settlement of securities transactions at DTC, and (E) increasing a surcharge to discourage the late submission of certain underwriting documentation. In addition, the proposed rule change would also make

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(2) and (f)(4).

[5] Each capitalized term not otherwise defined herein has its respective meaning as set forth in the Fee Guide and the Rules, By-Laws and Organization Certificate of DTC (the ''Rules''), *available at http://www.dtcc.com/legal/rules-and-procedures.aspx.*

clarifying changes to the Fee Guide, as described in greater detail below.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The proposed rule change would amend the Fee Guide in order to (i) simplify the pricing structure, (ii) align fees with the costs of services provided by DTC, and (iii) encourage Participant practices that promote efficient market behavior. The proposed changes will include: (A) Grouping certain fee line items for related or similar services under one fee line item, (B) deleting fees with little or no activity, (C) updating certain fees to reflect DTC's costs in relation to the service, (D) decreasing certain fees in order to incentivize Participants to utilize certain DTC services that promote efficiency, both in the servicing of physical securities in the Custody Service and for the settlement of securities transactions at DTC, and (E) increasing a surcharge to discourage the late submission of certain underwriting documentation. In addition, the proposed rule change would also make clarifying changes to the Fee Guide, as described in greater detail below.

(i) Background

Participants are charged fees in accordance with the Fee Guide, based upon their activities and the services that they utilize. The Fee Guide lists approximately 283 individual fees. Certain fees need to be updated in order to better align with the costs incurred by DTC in providing those services.

In response to feedback from Participants that the pricing structure is complex, DTC has undertaken a strategic review of its pricing and its pricing structure. As a result of the review, DTC developed an enhanced pricing strategy with the goals of reducing pricing complexity, aligning fees with costs, and encouraging Participant practices that promote efficient market behavior.[6]

A. Simplify the Pricing Structure

(1) Fee Groupings

As discussed above, Participants have indicated that the DTC pricing structure is complex. In response to this feedback, the proposed rule change would reduce the number of individual fee line items by creating new fee groupings that would consolidate separate fee line items for similar services or transactions. These fee line items would be grouped together into one line item with a standard fee, and the related fee condition may be modified to conform to the fee grouping. The standard fee would apply to each of the grouped services or transactions. In most cases, the proposed rule change would not change the amount charged to a Participant for each service or transaction within the fee grouping. However, in a few circumstances, the proposed standard fee may reflect an increase or decrease relative to the amount currently charged in order to either (i) align fees with costs or (ii) encourage Participant practices that promote efficient market behavior.

(2) Removing Fees With Little or No Activity

The proposed rule change would remove fees for certain services that have little or no activity.[7] Pursuant to the proposed rule change, DTC would delete these fees in order to further simplify the pricing structure by reducing the number of line items in the Fee Guide.

B. Fee Realignment

Pursuant to the proposed rule change, DTC would update certain fees in the Fee Guide to more closely reflect the costs incurred by DTC in providing the services. DTC believes that it is reasonable and appropriate to charge fees that properly align with DTC's costs. Aligning fees with costs adds efficiency to the market by allowing a Participant to more accurately evaluate the value of a service and to make business decisions accordingly. The primary goal of DTC with respect to the proposed realignment of fees is to reduce, where appropriate, the fees charged to Participants for services. Certain of the proposed fees that relate to services with declining volumes have been reduced because they consume fewer DTC resources. Other proposed fees have been reduced because certain streamlined processes have resulted in the reduction of processing costs for DTC. In both cases, pursuant to the proposed rule change, DTC, through these fee reductions, would be passing along its cost savings to Participants.

Finally, a few proposed fees would result in fee increases in order to align with the costs incurred by DTC in providing the relevant services. Increasing a fee to align with the costs incurred by DTC in providing the service would allow DTC to efficiently offer the particular service, as well as continue to appropriately manage its resources for all its services, thereby enabling DTC to efficiently provide dependable and stable services to its Participants.

C. Promote Efficient Market Behavior

DTC believes the proposed changes to reduce certain fees would encourage Participant use of certain DTC services that offer efficiencies that are designed to promote the prompt and accurate clearance and settlement of securities transactions (''efficient market behavior''). Pursuant to the proposed rule change, DTC would reduce certain fees for its Custody Service in order to encourage Participants to centralize the servicing of their physical securities at DTC, which already services the securities deposited at DTC by Participants for book-entry services. The Custody Service allows a Participant to outsource to DTC servicing of physical securities by depositing, among other things, securities not eligible for DTC book-entry services, including securities such as customer-registered custodial assets, restricted shares, and other DTC-ineligible securities such as certificated money market instruments (MMIs), private placements, and limited partnership interests.[8] A Participant that does not use the Custody Service would otherwise need to secure its own physical securities as well as independently handle certain transactions, such as the transfer of physical securities and the handling of reorganization events. By utilizing the Custody Service, a Participant is able to benefit from, among other things, cost savings from the economies of scale offered by DTC, and the added efficiency of the limited depository services offered by DTC with respect to

[6] DTC's affiliates, National Securities Clearing Corporation (''NSCC'') and Fixed Income Clearing Corporation (''FICC'') have undertaken similar reviews and are proposing changes to their respective fees.

[7] DTC examined how often all fees were charged over a period of no less than two years.

[8] For further information about the Custody Service, *see* the Custody Service Guide, available at *http://www.dtcc.com/~/media/Files/Downloads/legal/service-guides/Custody.pdf.*

securities held in its Custody Service.[9] In addition, pursuant to the proposed rule change, DTC would also reduce or eliminate fees for certain settlement services in order to encourage Participants to submit their transactions earlier in day. The earlier submission of transactions by Participants results in more efficient settlement processing by increasing the volume of transactions processed in the night-cycle, which, in turn, enhances intraday settlement processing.

Finally, pursuant to the proposed rule change, DTC would increase an underwriting surcharge charged to a Participant for the late submission of a letter of representations (''LOR'') or blanket letter of representations (''BLOR'')[10] in order to increase the incentive for a Participant to submit its underwriting documentation in a timely manner. Failure of a Participant to submit a LOR or BLOR with respect to a security on time could delay the clearance and settlement of transactions in that security.

D. Clarify the Fee Guide

Pursuant to the proposed rule change, DTC would amend certain headings, fee names, and fee conditions to add clarity and conformity to the Fee Guide.

(ii) Proposed Fee Changes

Pursuant to the proposed rule change, DTC would amend the Fee Guide as follows:

A. Simplify the Pricing Structure

(x) Fee Groupings With No Change to Fee Amount

Custody and Securities Processing/Securities Processing/Maintenance of Long Position (Registered Securities)

(1) *Frozen Letter.* Currently, there are separate identified fees for (i) ''deliver,'' (ii) ''receive,'' and (iii) ''reject'' frozen letter transactions, each with a fee of $10.00. Pursuant to the proposed rule change, these fees would be consolidated and charged as a ''Frozen letter deliver, receive or reject'' fee. The proposed rule change would not change the current amount of the fee. DTC believes that it would be appropriate to consolidate these fees because it would simplify the pricing structure by having one standard fee for frozen letter transactions.

Custody and Securities Processing/Securities Processing/General Asset Services

(2) *Researching of aged and other special items; Extraordinary processing/research fee for ICSR; Paying agent research.* Pursuant to the proposed rule change, ''Researching of aged and other special items,'' ''Extraordinary processing/research fee for ICSR,'' and ''Paying agent research'' line items would be consolidated and charged as a ''Researching fee.''[11] The proposed condition would read, ''per hour or per CUSIP, depending on the nature of the research.'' The proposed rule change would not affect the current fee of $100.00 per hour or CUSIP, as applicable. DTC believes that it would be appropriate to consolidate these fees because it would simplify the pricing structure by having one standard fee for these research activities.

Custody and Securities Processing/Corporate Actions/Instruction Processing Fee

(3) *EDS/DRIP Election; Voluntary Corporate Action Base Election; Voluntary Corporate Action Election.* These separate fees all relate to voluntary corporate action instructions. Pursuant to the proposed rule change, these fees would be consolidated and charged as a ''Corporate Action Instruction Fee.'' The proposed rule change would not affect the amount of the fee. Pursuant to the proposed rule change, the condition for the fee would read: ''Per voluntary and elective EDS/DRP instruction, up to 50 instructions per offer'' in order to reflect the consolidation of the fees for each instruction type. DTC believes that it would be appropriate to consolidate these fees because it would simplify the pricing structure by having one standard fee for transactions relating to instruction processing for voluntary corporate action events.

Custody and Securities Processing/Custody Services/Custody (Non-Core Services)

(4) *Custody inventory swing withdrawal; Custody inventory swing deposit.* Pursuant to the proposed rule change, these fees would be consolidated and charged as a ''Custody inventory swing deposit or withdrawal'' fee. The condition for the fee would be modified to read: ''Per deposit or withdrawal.'' The proposed rule change would not affect the current fee. DTC believes that it would be appropriate to consolidate these fees because it would simplify the pricing structure by having one standard fee for these related activities.

Custody and Securities Processing/Custody Services/Custody (Exception Processing)

(5) *Rejects.* There are currently separate identified fees of $125.00 for (i) ''Transfer,'' (ii) ''Reorg,'' and (iii) ''Front-end reorg reject.''[12] Pursuant to the proposed rule change, these fees would be consolidated and charged as a ''Transfer, Reorg or Front-end reorg rejects'' fee. The proposed rule change would not affect the amount of the fee. DTC believes that it would be appropriate to consolidate the fees because it would simplify the pricing structure by having one standard fee for custody rejects.

Custody and Securities Processing/Deposit Services/Branch Deposits (Core Services)

(6) *Regular deposit received from a branch; Deposit of bearer securities received from a branch.* Pursuant to the proposed rule change, these fees would be consolidated and charged as a ''Regular or bearer deposit received from a branch'' fee. The proposed rule change would not affect the current fee of $18.00 for each activity. DTC believes that it would be appropriate to consolidate the fees because it would simplify the pricing structure by having one standard fee for branch deposits.

Custody and Securities Processing/Deposit Services/Branch Deposits (Exception Processing),[13] and Custody and Securities Processing/Deposit Services/Deposit Automation Management (DAM)

(7) *BDS TA deposit reject; Rejected deposit; Rejected reorg deposit.* Pursuant to the proposed rule change, these fees would be consolidated and charged as a ''Rejected BDS TA deposit, Rejected DAM or Rejected Reorg deposits'' fee. The proposed rule change would not affect the current fee of $125.00 for each activity. DTC believes

[9] The limited depository services may include physical processing for the security on a Participant's behalf, such as facilitating the transfer of security certificates, and providing custody reorganization services.

[10] In order to make a book-entry only (''BEO'') issue eligible at DTC, the issuer must submit to DTC a LOR or BLOR prior to such issue being determined to be eligible. For more information on LORs and BLORs, *see* The DTC Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) at 4–6, *available at http://www.dtcc.com/~/media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf.*

[11] As discussed below, certain other research fees with respect to Deposit Automation Management and New York Window Services would also be consolidated into the proposed ''Researching fee.''

[12] There is also a $75.00 ''Custody Deposit'' fee, which would not be affected by the proposed rule change.

[13] To conform with the proposed fee groupings, the subheading ''Branch Deposits (Exception Processing)'' would be modified to read ''Branch Deposits and Deposit Automation Management (DAM) (Exception Processing).

that it would be appropriate to consolidate the fees because it would simplify the pricing structure by having one standard fee for branch deposit rejections.

(8) *Registered certificate deposit; Previous reverse split.* Pursuant to the proposed rule change, these fees would be consolidated and charged as a ''Registered certificate deposit or Previous reverse split'' fee. The proposed rule change would not affect the current fee of $12.00 for each activity. DTC believes that it would be appropriate to consolidate the fees because it would simplify the pricing structure by having one standard fee for these DAM activities.

(9) *Research fee.* Pursuant to the proposed rule change, this fee would be consolidated into the proposed ''Researching fee,'' as discussed above.[14] For clarity and transparency, the ''Researching fee'' line item would also appear in this section. Pursuant to the proposed rule change, the proposed condition would read: ''per hour or per CUSIP, depending on the nature of the research.''

Custody and Securities Processing/New York Window Services/Deliveries, and Custody and Securities Processing/New York Window Services/Receives [15]

(10) *ESS or FOSS delivery; ESS or FOSS reclaim delivery; ESS or FOSS receive; ESS or FOSS reclaim receive.* Pursuant to the proposed rule change, each of these activities would be consolidated and charged as an ''*ESS* or *FOSS* delivery, receive or reclaim'' fee. The condition for the fee would be modified to read: ''Per delivery, per receive or per item for reclaim.'' The proposed rule change would not affect the current fee of $25.00. DTC believes that it would be appropriate to consolidate the fees because it would simplify the pricing structure by having one standard fee for these related and similar activities.

(11) *Internal cross-delivery; Internal cross-receive.* Pursuant to the proposed rule change, these activities would be consolidated and charged as an ''Internal cross-delivery or receive'' fee. The condition for the proposed fee grouping would read: ''Per delivery or receive.'' The proposed rule change would not affect the current fee of $20.00 for each activity. DTC believes that it would be appropriate to consolidate the fees because it would simplify the pricing structure by having one standard fee for the service.

Custody and Securities Processing/New York Window Services/Other Services

(12) *Research.* Pursuant to the proposed rule change, this fee would be consolidated into the proposed ''Researching fee,'' as discussed above.[16] For clarity and transparency, the ''Researching fee'' line item would also appear in this section. Pursuant to the proposed rule change, the proposed condition would read: ''per hour or per CUSIP, depending on the nature of the research.''

Custody and Securities Processing/Withdrawal Services/Direct Registration System (DRS)

(13) *Initiation of DRS Profile transaction; Cancellation of DRS Profile change.* Pursuant to the proposed rule change, these fee line items would be consolidated and charged as an ''Initiation or cancellation of DRS Profile transaction'' fee. The condition for the fee grouping would read: ''Per transaction submitted or transaction cancelled before a Limited Participant Account action.'' The proposed rule change would not affect the current fee of $0.31 for each activity.

Custody and Securities Processing/Withdrawal Services/Municipal Bearer Bond Service, and Custody and Securities Processing/Withdrawal Services/Urgent Withdrawal, or Certificates-on-Demand, and Custody and Securities Processing/Withdrawal Services/Withdrawals-by-Transfer

(14) *Critical withdrawal request; Generation of WT (interface or window pickup); Direct mail by transfer agent (DMA)—Certificate.* Pursuant to the proposed rule change, the fees for these activities would be consolidated and charged as a ''Physical Certificate: Critical withdrawal, WT (interface or window pick-up) or DMA withdrawal request'' fee. The condition for the fee would be modified to read: ''Per request or assignment; special costs and TA fees additional.'' The proposed rule change would not affect the current fee of $500.00 per request or assignment. DTC believes that it would be appropriate to consolidate the fees because it would simplify the pricing structure by having one standard fee for the service. In order to reflect the proposed consolidation, DTC is proposing to (i) modify the subheading of ''Urgent Withdrawal, or Certificates-on-Demand'' to ''Urgent Withdrawal, Certificates-on-Demand, or Withdrawals by Transfer,'' and (ii) delete the current subheading of ''Withdrawals by Transfer.''

Settlement Services/Book-Entry Delivery, Excluding MMIs

(15) *Stock loans and returns.* In the current Fee Guide, there is a ''Stock loans and returns'' fee of $0.25 per item; charged to the deliverer. The receiver of a stock loan or return is currently charged $0.11 under the fee ''Receive, regardless of time.'' Pursuant to the proposed rule change, both the deliverer and receiver would be charged a Stock loans and returns fee of $0.18, the average of the respective current fees. The proposed rule change would modify the condition of ''Stock loans and returns'' fee to read: ''Per item; charged to deliverer and receiver.'' The purpose of the proposed rule change would be to simplify the pricing structure by having one standard fee for both sides of the transaction.

(16) *Receive, regardless of time.* Pursuant to the proposed rule change, the fee name would be amended to reflect the proposed exclusion of stock loan receives and reclaim receives from this fee, in order to align with the proposed changes to the ''Stock loans and returns'' and ''Reclaim'' fees. As such, DTC is proposing to amend the fee name to ''Receive, regardless of time (excluding reclaims and stock loans and returns).''

(17) *Reclaim.* In the current Fee Guide, there is a ''Reclaim'' fee of $0.45 per item; charged per delivery. Currently, the receive of a reclaim is charged $0.11 as a ''Receive, regardless of time'' fee. Pursuant to the proposed rule change, both a delivery and receive of a reclaim would be charged as a ''Reclaims'' [17] fee of $0.26, the average of the respective current fees. The proposed rule change would modify the condition of ''Reclaims'' fee to read: ''Per delivery or receive.'' The purpose of the proposed rule change would be to simplify the pricing structure by having one standard fee for both sides of the transaction.

Settlement Services/Money Market Instruments (MMI) by Book-Entry Only

(18) *MMI DO; Maturity or reorganization presentment; Issuance instruction, both directly placed and dealer placed; Issuance deposit; MMI issuance receiver.* Pursuant to the proposed rule change, these fees would be consolidated and charged as an ''MMI Transaction'' fee. The proposed rule change would not affect the current

[14] *See supra* note 11.

[15] To conform with the proposed fee groupings, the subheading ''Deliveries'' that appears under the New York Window Services heading would be amended to ''Deliveries and Receives.'' The current subheading ''Receives'' would be deleted.

[16] *See supra* note 11.

[17] For conformity with other fee names in this section, DTC is proposing to change the fee name to ''Reclaims.''

fee of $1.00 for each transaction. To reflect the consolidation, DTC is proposing to modify the condition to read: ''Per item delivered, or received, issued or maturing.'' DTC believes that it would be appropriate to consolidate the fees because it would simplify the pricing structure by having one standard fee for these MMI transactions.

(y) Deletion of Fees With Little or No Volume

The following fees have minimal or no activity. Pursuant to the proposed rule change, these fees would be deleted in order to simplify the pricing structure.

Custody and Securities Processing/General Asset Services

(19) *Transmission of image of deposit by fax or email, additional recipient.*
(20) *Photocopying of statement or certificate.*
(21) *Recording of certificate numbers.*

Custody and Securities Processing/Municipal Bearer Bond Service

(22) *BEO issue.*

Custody and Securities Processing/Corporate Actions/Instruction Processing Fees

(23) *Voluntary Corporate Action Bulk Election.*

Custody and Securities Processing/Custody Services/Custody (Core Services)

(24) *Certified Mailing.*
(25) *Photocopying and sending certificate or other document copies.*

Custody and Securities Processing/Custody Services/Custody (Exception Processing)

(26) *Box-to-box audit count.*
(27) *Customer audit count.*

Custody and Securities Processing/Deposit Services/Branch Deposits (Exception Processing), and Custody and Securities Processing/Deposit Services/Deposit Automation Management (DAM)

(28) *Incorrect/no PDF-generated DAM deposit ticket attached.*
(29) *Depository Facilities: Facility usage fee.*
(30) *Depository Facilities: Facility deposit.*

Custody and Securities Processing/Deposit Services/Restricted Deposits

(31) *Processing of trailing documents.*

Custody and Securities Processing/New York Window Services/Other Services

(32) *Pass-through fees.*
(33) *Long position.*

Custody and Securities Processing/Reorganization Services/Reorganization

(34) *Photocopy.*

Custody and Securities Processing/Withdrawal Services/Direct Registration System (DRS)

(35) *Establishment of DRS account and subsequent mailing transaction.*

(36) *Initiation of DRS Profile change using DRST via PTS or PBS.*

(37) *Cancellation of DRS Profile change using DRST via PTS or PBS.*

Custody and Securities Processing/Withdrawal Services/Interface Department

(38) *Sorting.*

Forms

(39) *Forms provided by DTC.*[18]

B. Simplify the Pricing Structure/Realignment of Fee (Fee Groupings With a Fee Realignment)

Custody and Securities Processing/Securities Processing/Maintenance of Long Position (Registered Securities)

(40) *Less active issue.* Currently, there are separate fees for registered corporate issues ($0.70) and registered municipal issues ($1.29). Pursuant to the proposed rule change, the fee would be $0.70 for either type of security. The proposed rule change would result in a fee decrease of $0.59 for registered municipal issues, which would better align the fee with declining volumes of less active registered municipal securities. As discussed above, certain fees that relate to services with declining volumes would be reduced because they consume fewer DTC resources. Pursuant to the proposed rule change, the new fee condition would read: ''For registered corporate issues, when a daily average of 15 or fewer participants have position or registered municipal issues, when a daily average of 1 or 2 participants have position.'' The purpose of the proposed rule change would be to (i) simplify the pricing structure by having one standard fee for the service and (ii) more closely align to DTC's decreased cost of providing the service for registered municipal securities.

Custody and Securities Processing/Withdrawal Services/Municipal Bearer Bond Service, and Custody and Securities Processing/Withdrawal Services/Urgent Withdrawal, or Certificates-on-Demand

(41) *COD*[19] *(Municipal Bearer Bond Service); COD (Urgent Withdrawal, or Certificates-on-Demand).* Currently, a COD under the Municipal Bearer Bond Service is charged a fee of $300.00, and other CODs are charged a fee of $240.00. Pursuant to the proposed rule change, the COD (Municipal Bearer Bond Service) fee line item would be consolidated with the COD (Urgent Withdrawal, or Certificates-on-Demand) fee line item and charged as a ''COD'' fee, in the amount of $300.00. The proposed rule change would result in a fee increase of $60.00 for non-Municipal Bearer Bond Service CODs. The condition for the fee would be amended to read: ''Per withdrawal/COD.'' The purpose of the proposed rule change with respect to consolidating the fees would be to simplify the pricing structure by having one standard fee for these COD transactions. The purpose of the proposed rule change with respect to the fee increase would be to align to DTC's cost of providing the COD service, whether under the Municipal Bearer Bond Service or otherwise. Finally, in order to reflect the proposed consolidation, DTC is proposing to delete the subheading ''Municipal Bearer Bond Service.''

Settlement Services/Book-Entry Delivery, Excluding MMIs

(42) *Book-entry deliveries through CNS: Delivery to CNS; Receive from CNS.* Currently, a Participant that delivers securities to the NSCC CNS[20] account at DTC is charged $0.09 per item delivered; charged to both sides. A Participant that receives securities from the CNS account is charged $0.035 per item received, charged to both sides. Pursuant to the proposed rule change, each of these activities would be charged as a ''Delivery to/from CNS'' fee of $0.08, charged to both sides. To reflect the consolidation, DTC is proposing to delete the verbiage ''Book-entry deliveries through CNS.'' The purpose of the proposed rule change with respect to consolidating the fees would be to simplify the pricing structure by charging a standard fee to both a deliverer and receiver in a CNS transaction. The purpose of the proposed rule change (with respect to

[18] To conform with this change, the entire ''Forms'' section of the Fee Guide would be removed.

[19] COD is an acronym for ''certificate on demand.''

[20] CNS is an acronym for the NSCC ''Continuous Net Settlement'' system.

establishing a new fee for the fee grouping) would be to update the fee to better reflect the operational complexity, increased capacity, and system supports that are required to process CNS transactions at DTC.

(43) *Deliver order exception processing: Hold or release of pending DO that is recycling for insufficient position; Cancellation of pending DO.* Currently, a Participant is charged $0.40 per item for ''Hold or release of a pending DO that is recycling for insufficient position.'' A Participant is currently charged $0.20 per item for ''Cancellation of pending DO.'' Pursuant to the proposed rule change, the hold or release of a pending DO and the cancellation of a pending DO would each be charged a fee of $0.24 per item, a weighted average that is based on the volume of each activity, under the fee name ''Hold, cancel or release of pending DO that is recycling for insufficient position.'' The purpose of the proposed rule change would be to (i) simplify the pricing structure by having one standard fee for similar activities and (ii) more closely align to DTC's costs incurred in relation to providing the service for each type of DO exception processing.

C. Simplify the Pricing Structure/Promote Efficient Market Behavior (Fee Groupings With a Fee Change To Promote Efficient Market Behavior)

Custody and Securities Processing/Deposit Services/Reorganization Deposits

(44) *Mandatory (regular or legal); Redemption or call (regular or legal).* Currently, each of these reorganization deposit fees is $90.00 per deposit. Pursuant to the proposed rule change, these fees would be consolidated and charged as a ''Mandatory, Redemption or Call Deposits (regular or legal)'' fee. Pursuant to the proposed rule change, the fee for ''Mandatory, Redemption or Call Deposits (regular or legal)'' would be $60.00, a $30.00 decrease from the current fees. The purpose of the proposed rule change would be to (i) simplify the pricing structure by having one standard fee for these related activities and (ii) incentivize Participants to utilize DTC to centralize, and enhance the efficiency of, the servicing of their securities.

Custody and Securities Processing/New York Window Services/Deliveries, and Custody and Securities Processing/New York Window Services/Receives

(45) *OTW*[21] *delivery (including government securities); OTW reclaim delivery; OTW receive (including government receives); OTW reclaim receive.* Pursuant to the proposed rule change, these fees would be consolidated and charged as an ''OTW delivery, receive or reclaim (including government securities)'' fee. The condition for the proposed fee grouping would be modified to read: ''Per delivery, per receive or per item for reclaim.'' Pursuant to the proposed rule change, the fee for the new fee grouping would be reduced to $40.00, a decrease of $10.00 from the current fees. The purpose of the proposed rule change with respect to consolidating the fees would be to simplify the pricing structure by having one standard fee for these related activities. The purpose of the proposed rule change with respect to the reduction of the fee would be to encourage Participants to utilize the OTW services, by incentivizing the presentation of more physical securities to DTC's central facility, and thereby promote processing efficiency.

Underwriting Services/Late Surcharges

(46) *Late receipt of LOR or BLOR (on closing date); Late closing (after 2:00 p.m. eastern time).* Currently, a Participant is charged a $300.00 surcharge for a ''Late receipt of LOR or BLOR (on closing date),'' and is charged a $400.00 surcharge for a ''Late closing (after 2:00 p.m. eastern time).'' Pursuant to the proposed rule change, these surcharges would be consolidated and charged as a ''Late receipt of LOR or BLOR (on closing date) or Late Closing (after 2:00 p.m. eastern time)'' surcharge of $400. These surcharges are intended to align with DTC's cost in relation to a late submission or closing, as well as to incentivize Participants to move through the underwriting process in a timely manner. As such, DTC is proposing a $400.00 surcharge for this fee grouping, which would result in a surcharge increase of $100.00 for late submissions of LORs and BLORs. DTC is proposing the amount of $400 for the standard surcharge in order to standardize the amount of the surcharge, and to further encourage Participants to submit underwriting documentation in a timely manner.

D. Fee Realignment

Custody and Securities Processing/Corporate Actions/Allocation Fees

(47) *Mandatory Corporate Actions.* Pursuant to the proposed rule change, the fee would be reduced from $80.00 to $75.00. The purpose of the proposed rule change would be to align the fee with the costs of providing the service. The costs incurred by DTC are decreasing because of certain streamlined processes that have resulted in the reduction of processing costs for this service.

Custody and Securities Processing/Corporate Actions/Voluntary Event Handling Fee

(48) *Voluntary Corporate Action Handling.* Pursuant to the proposed rule change, the fee would be reduced from $95.00 to $90.00. The purpose of the proposed rule change would be to align the fee with the costs of providing the service. The costs incurred by DTC are decreasing because of certain streamlined processes that have resulted in the reduction of processing costs for this service.

Settlement Services/Book-Entry Delivery, Excluding MMIs

(49) *Institutional receive or delivery (ID).* Pursuant to the proposed rule change, this fee would be reduced from $0.05 per receive or delivery to $0.04 per receive or delivery. The purpose of the proposed reduction would be to more closely align the fee with DTC's decreased cost of providing the service, which is primarily handled as straight-through processing.

(50) *ID Net receive or delivery.* Pursuant to the proposed rule change, this fee would be reduced from $0.025 per receive or delivery to $0.02 per receive or delivery. The purpose of the proposed reduction would be to more closely align the fee with DTC's decreased cost of providing the service, which is primarily handled as straight-through processing.

(51) *Fed DO.* Pursuant to the proposed rule change, this fee would be reduced from $2.25 per item delivered or received to $1.50 per item delivered or received. The purpose of the proposed reduction is to more closely align the fee with DTC's cost of providing the service.

E. Promote Efficient Market Behavior

Custody and Securities Processing/Custody Services/Custody (Core Services)

(52) *Withdrawal and pickup (COD) between 8:30 a.m.–2:00 p.m.* Pursuant to the proposed rule change, the fee would be reduced from $60.00 to $50.00. The purpose of the proposed rule change would be to incentivize Participants to utilize DTC to centralize, and enhance the efficiency of, the servicing of their physical securities.

(53) *Withdrawal and pickup (COD) between 2:00 p.m.–4:30 p.m.* Pursuant to the proposed rule change, the fee would be reduced from $100.00 to $75.00. The purpose of the proposed rule change

[21] OTW is an acronym for ''over-the-window.''

would be to incentivize Participants to utilize DTC to centralize, and enhance the efficiency of, the servicing of their physical securities.

(54) *Withdrawal and subsequent deposit.* Pursuant to the proposed rule change, the fee would be reduced from $20.00 to $15.00. The purpose of the proposed rule change would be to incentivize Participants to utilize DTC to centralize, and enhance the efficiency of, the servicing of their physical securities.

(55) *Withdrawal and shipment between 8:30 a.m.–2:00 p.m.* Pursuant to the proposed rule change, the fee would be reduced from $70.00 to $55.00. The purpose of the proposed rule change would be to incentivize Participants to utilize DTC to centralize, and enhance the efficiency of, the servicing of their physical securities.

(56) *Withdrawal and shipment between 2:00 p.m.–4:30 p.m.* Pursuant to the proposed rule change, the fee would be reduced from $110.00 to $80.00. The purpose of the proposed rule change would be to incentivize Participants to utilize DTC to centralize, and enhance the efficiency of, the servicing of their physical securities.

(57) *Custody reorg deposit.* Pursuant to the proposed rule change, the fee would be reduced from $90.00 to $60.00. The purpose of the proposed rule change would be to incentivize Participants to utilize DTC to centralize, and enhance the efficiency of, the servicing of their physical securities.

Custody and Securities Processing/Custody Services/Custody (Exception Processing)

(58) *Reorg research.* Pursuant to the proposed rule change, the fee would be reduced from $110.00 to $80.00. The purpose of the proposed rule change would be to incentivize Participants to utilize DTC to centralize, and enhance the efficiency of, the servicing of their physical securities.

Custody and Securities Processing/Deposit Services/Restricted Deposits

(59) *Restricted Deposit: Before 2:00 p.m.* Pursuant to the proposed rule change, the fee would be reduced from $90.00 to $60.00. The purpose of the proposed rule change would be to incentivize Participants to utilize the restricted deposit services to centralize, and enhance the efficiency of, the servicing of their physical securities.

(60) *Restricted Deposit: After 2:00 p.m. eastern time.* Pursuant to the proposed rule change, the fee would be reduced from $110.00 to $80.00. The purpose of the proposed rule change would be to incentivize Participants to utilize the restricted deposit services to centralize, and enhance the efficiency of, the servicing of their physical securities.

(61) *Reject of restricted deposit.* Pursuant to the proposed rule change, this disincentive fee for rejections of restricted deposits would be eliminated. The purpose of the proposed rule change would be to remove any disincentive for Participants to utilize the restricted deposit service, and instead encourage Participants to utilize the restricted deposit service to centralize, and enhance the efficiency of, the servicing of their physical securities.

Settlement Services/Book-Entry Delivery, Excluding MMIs

(62) *Night deliver order.* Pursuant to the proposed rule change, the fee would be reduced from $0.20 to $0.17 per item; charged to deliverer; applies to each DO submitted. DTC is proposing to reduce this fee in order to encourage Participants to submit their transactions earlier in day. The earlier submission of transactions by Participants results in more efficient settlement processing by increasing the volume of transactions processed in the night-cycle, which, in turn, enhances intraday settlement processing.

(63) *Deliver order exception processing: Dropped DO not completed because of insufficient deliverer position or collateral.* Since the fee for ''Dropped DO not completed because of insufficient deliverer position or collateral'' may cause a Participant to delay making a particular delivery, the proposed rule change would eliminate the fee in order to encourage Participants to submit their transactions earlier in the day. The earlier submission of transactions by Participants results in more efficient settlement processing by increasing the volume of transactions processed in the night-cycle, which, in turn, enhances intraday settlement processing.

(64) *Deliver order exception processing: Insufficient receiver collateral or net debit cap.* Since the fee for ''Insufficient receiver collateral or net debit cap'' may cause a Participant to delay making a particular delivery, the proposed rule change would eliminate the fee in order to encourage Participants to submit their transactions earlier in the day. The earlier submission of transactions by Participants results in more efficient settlement processing by increasing the volume of transactions processed in the night-cycle, which, in turn, enhances intraday settlement processing.

F. Clarify the Fee Guide

DTC is proposing to amend the following provisions to clarify the Fee Guide:

Custody and Securities Processing/Securities Processing/Maintenance of Long Position (Registered Securities)

(65) *Average daily number of shares, rounded up to a multiple of 100 shares.* For clarity and transparency, the proposed rule change would amend the fee name to: ''Average daily number of shares (stocks, bonds and registered muni), rounded up to a multiple of 100 shares.'' The purpose of the proposed rule change is to clarify the types of securities that are included in the service.

(66) *BEO issue.* For clarity and transparency, the proposed rule change would amend the fee name to: ''BEO issue (stocks, bonds and registered muni).'' The purpose of the proposed rule change is to clarify the types of securities that are included in the service.

(67) *Medium-term note, money market instrument, and commercial paper.* For clarity and transparency, the proposed rule change would amend the fee name to: ''Medium-term note, money market instrument, registered muni and commercial paper.'' The purpose of the proposed rule change is to clarify the types of securities that are included in the service.

(68) *Issue that has been nontransferable for up to 6 years (surcharge).* For clarity and transparency, the proposed rule change would amend the fee name to: ''Stock, bond, registered and bearer muni that have been nontransferable for up to 6 years (surcharge).'' The purpose of the proposed rule change is to clarify the types of securities that are included in the service.

(69) *Issue that remains nontransferable after 6 years (surcharge).* For clarity and transparency, the fee name would be amended to: ''Stock, bonds, registered and bearer muni that remain nontransferable after 6 years (surcharge).'' The purpose of the proposed rule change is to clarify the types of securities that are included in the service.

(70) *Swing of security position (receive or deliver).* For clarity and transparency, the fee name would be amended to: ''Swing of security position (receive, or deliver (including stock dividend deliver)).'' The purpose of the proposed rule change is to clarify the types of securities that are included in the service.

Underwriting Services/Eligibility Fees

(71) *Equity Eligibility—Additional CUSIP Fee.* For clarity and transparency, the first line of the fee condition would be modified to read: ''Per additional CUSIP;''. The purpose of the proposed rule change is to accurately reflect the existing underwriting fee-per-CUSIP structure, which consists of an initial fixed fee for the first CUSIP and an incremental fee for each additional CUSIP.[22]

(72) *Debt Eligibility—Additional CUSIP Fee.* For clarity and transparency, the first line of the fee condition would be modified to read: ''Per additional CUSIP;''. The purpose of the proposed rule change is to accurately reflect the existing underwriting fee-per-CUSIP structure, which consists of an initial fixed fee for the first CUSIP and an incremental fee for each additional CUSIP.[23]

Expected Participant Impact

In general, DTC anticipates that the proposed rule change would (i) have no impact on approximately 30% of Participants, (ii) result in fee reductions for approximately 49% of Participants, and (iii) result in fee increases for approximately 21% of Participants. These estimates were calculated against 2017 volume figures. In terms of the estimated fee increases, approximately 38% would have an increase of less than $1,000 per year, approximately 22% would have an increase between $1,000 and $10,000 per year, approximately 38% would have an increase between $10,000 and $75,000 per year, and approximately 2% would have an increase between $100,000 and $200,000 per year. These estimated impacts correlate to a Participant's business model and its use of the services affected by the proposed rule change. Taken collectively, the proposed rule change would reduce DTC's revenue by approximately 1%.

Participant Outreach

Beginning in June 2018, DTC has conducted outreach to Participants in order to provide them with notice of the proposed changes to the affected fees. As of the date of this filing, no written comments relating to the proposed changes have been received in response to this outreach. The Commission will be notified of any written comments received.

Implementation Timeframe

DTC would implement this proposal on January 1, 2019. As proposed, a legend would be added to the Fee Guide stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include a date on which such changes would be implemented and the file number of this proposal, and state that, once this proposal is implemented, the legend would automatically be removed from the Fee Guide.

2. Statutory Basis

DTC believes that this proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, DTC believes that this proposal is consistent with Sections 17A(b)(3)(D) [24] and 17A(b)(3)(F) [25] of the Act and Rule 17Ad–22(e)(23)(ii),[26] as promulgated under the Act, for the reasons described below.

(i) Section 17A(b)(3)(D) of the Act requires, *inter alia,* that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among participants.[27] For the reasons set forth below, DTC believes that each of the proposed rule changes described above in Items II(A)1(ii)A–F would provide for the equitable allocation of reasonable dues, fees, and other charges among participants.

A. Simplify the Pricing Structure

DTC believes that each of the proposed rule changes described in Items II(A)1(ii)A(x) (Simplify the Pricing Structure: Fee Groupings) and II(A)1(ii)A(y) (Simplify the Pricing Structure: Deletion of Fees with Little or No Volume) would provide for the equitable allocation of reasonable fees. Each of the proposed rule changes described in Item II(A)1(ii)A(x) would consolidate individual fee line items into a single fee line item. Each of the proposed rule changes described in Item II(A)1(ii)A(y) would delete a fee with little or no volume. Each fee for a service as described in Items II(A)1(ii)A(x) and II(A)1(ii)A(y) would continue to be charged (or not charged, with respect to the proposed fee deletions) to a Participant in accordance with (i) its utilization of the service, and (ii) the fee condition set forth in the Fee Guide, and would therefore be equitably allocated. In addition, the proposed rule changes described in Item II(A)1(ii)A(x) would not affect current fees, and would therefore continue to provide for reasonable fees. Further, the proposed rule changes described in Item II(A)1(ii)A(y), which would delete fees that have little or no volume, would be commensurate with DTC's minimal cost of providing the relevant service. Therefore, DTC believes that each of the proposed rule changes described in Items II(A)1(ii)A(x) and II(A)1(ii)A(y) would not affect the allocation or amount of fees, and would thereby continue to provide for the equitable allocation of reasonable fees, consistent with Section 17A(b)(3)(D) of the Act.[28]

B. Fee Realignment

DTC believes that each of the proposed rule changes with respect to the proposed realignment of fees, as described in Items II(A)1(ii)B (Simplify the Pricing Structure/Fee Realignment) [29] and II(A)1(ii)D (Fee Realignment), would provide for the equitable allocation of reasonable fees. Each proposed fee for a service as described in Items II(A)1(ii)B and D would continue to be charged to a Participant in accordance with (i) its utilization of the service, and (ii) the fee condition set forth in the Fee Guide. DTC believes that, pursuant to the proposed rule changes described in Items II(A)1(ii)B and D, the proposed fees would continue to be equitably allocated because all Participants that utilize a particular service would be treated equally with respect to these fees under the proposal.[30]

DTC believes that each of the proposed rule changes described in Items II(A)1(ii)B (Simplify the Pricing Structure/Fee Realignment) and II(A)1(ii)D (Fee Realignment) would provide for reasonable fees. First, as discussed above, most of the proposed fee realignments described in Items II(A)1(ii)B and D would result in a fee reduction for a service. As described above, these fee reductions are being

[22] Securities Exchange Act Release No. 71206 (December 30, 2013), 79 FR 690 (January 6, 2014) (SR–DTC–2013–12).

[23] *Id.*

[24] 15 U.S.C. 78q–1(b)(3)(D).

[25] 15 U.S.C. 78q–1(b)(3)(F).

[26] 17 CFR 240.17Ad–22(e)(23)(ii).

[27] 15 U.S.C. 78q–1(b)(3)(D).

[28] *Id.*

[29] DTC believes that the consolidation of fee line items, in and of itself, would not affect the allocation or amount of fees. Therefore, to the extent that a proposed rule change described in Item II(A)1(ii)B (Simplify the Pricing Structure/Fee Realignment) addresses the consolidation of fee line items, DTC believes that such proposed rule change would continue to provide for the equitable allocation of reasonable fees. *See supra* Item II(A)2(i)A.

[30] As discussed above in the section titled ''Expected Participant Impact,'' the proposed rule change may result in fee increases or fee decreases for some Participants. A Participant may be impacted differently than another Participant due to its use of the various services with fees that would be affected by the proposed rule change, pursuant to its own particular business structure.

proposed due to (i) declining volumes in connection with the service requiring fewer DTC resources and/or (ii) certain streamlined processes having resulted in the reduction of processing costs for DTC in connection with the service. In both cases, DTC, through the proposed fee reductions, would be passing along its cost savings to Participants. Therefore, DTC believes that such proposed fee reductions would continue to provide for the allocation of reasonable fees among Participants. Second, as discussed above, a few proposed fee realignments, as described in Items II(A)1(ii)B(41)–(43),[31] would result in an increase to a fee for a service. Such proposed fee increases would allow those fees to remain commensurate with the costs of resources allocated by DTC in connection with the relevant services. The proposed fee increases to align with the costs incurred by DTC in providing the service would allow DTC to efficiently offer the service. Therefore, DTC believes that the proposed rule changes described in Items II(A)1(ii)B and D, would provide for the equitable allocation of reasonable fees, consistent with Section 17A(b)(3)(D) of the Act.[32]

C. Promote Efficient Market Behavior

DTC believes that each of the proposed rule changes described in Items II(A)1(ii)C (Simplify the Pricing Structure/Promote Efficient Market Behavior) [33] and II(A)1(ii)E (Promote Efficient Market Behavior) would provide for the equitable allocation of reasonable fees. Each proposed fee for a service as described in Items II(A)1(ii)C and E would continue to be charged to a Participant in accordance with (i) its utilization of the service, and (ii) the fee condition set forth in the Fee Guide. DTC believes that, pursuant to the proposed rule changes described in Items II(A)1(ii)C and E, the proposed fees would continue to be equitably allocated because all Participants that utilize a particular service (or submit a late BLOR or LOR) would be treated equally with respect to these fees under the proposal.[34]

DTC believes that the each of the proposed rule changes described in Items II(A)1(ii)C (Simplify the Pricing Structure/Promote Efficient Market Behavior) and II(A)1(ii)E (Promote Efficient Market Behavior) would provide for reasonable fees. First, with the exception of the surcharge for the late submission of a LOR or BLOR, the proposed fee changes described in Items II(A)1(ii)C and E would reduce fees to encourage Participant use of certain DTC services that promote efficiency in the handling of physical securities or the processing of securities transactions for settlement. As such, DTC believes that these proposed fee reductions would result in reasonable fees because the use of these efficiencies offered by DTC could result in future decreased processing costs for Participants and for DTC, which, in turn, could be passed along to Participants. Second, DTC is proposing to increase the surcharge for the late submission of a LOR or BLOR from $300 to $400 in order to increase the incentive for a Participant to submit its underwriting documentation in a timely manner. DTC believes that the increase of this surcharge would be reasonable because Participants are already accustomed to the $400.00 surcharge for late closings, which is being consolidated into one line item with the late submission of LORs and BLORs surcharge. DTC also believes that the proposed fee would be reasonable because (i) the increase would be a modest amount ($100) that would only apply when a Participant submits a late LOR or BLOR, and (ii) a Participant can avoid the surcharge by submitting the LOR or BLOR on time. Therefore, DTC believes that each of the proposed rule changes described in Items II(A)1(ii)C and E would provide for the equitable allocation of reasonable fees, consistent with Section 17A(b)(3)(D) of the Act.[35]

D. Clarify the Fee Guide

DTC believes that each of the proposed rule changes described in Item II(A)1(ii)F (Clarify the Fee Guide) would provide for the equitable allocation of reasonable fees among participants. Each of the proposed rule changes described in II(A)1(ii)F would clarify a fee line item without affecting the amount of the existing fee for such line item. Each fee for a service as described in Item II(A)1(ii)F would continue to be charged to a Participant in accordance with (i) its utilization of the service, and (ii) the fee condition set forth in the Fee Guide. Therefore, DTC believes that each of the proposed rule changes described in Item II(A)1(ii)F would not affect the allocation or amount of fees, and would thereby continue to provide for the equitable allocation of reasonable fees, consistent with Section 17A(b)(3)(D) of the Act.[36]

For the foregoing reasons, DTC believes that each of the proposed rule changes described in Items II(A)1(ii)A–F would provide for the equitable allocation of reasonable dues, fees, and other charges among participants, consistent with Section 17A(b)(3)(D) of the Act.[37]

(ii) Section 17A(b)(3)(F) of the Act requires, *inter alia,* that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.[38] For the reasons set forth below, DTC believes that each of the proposed rule changes described in Items II(A)1(ii)A–F is designed to promote the prompt and accurate clearance and settlement of securities transactions.

A. Simplify the Fee Guide

DTC believes that each of the proposed rule changes with respect to the consolidation of individual fee line items or deletion of fees, as described in Items II(A)1(ii)A(x) (Simplify the Pricing Structure: Fee Groupings), II(A)1(ii)A(y) (Simplify the Pricing Structure: Deletion of Fees with Little or No Volume), II(A)1(ii)B (Simplify the Pricing Structure/Fee Realignment), and II(A)1(ii)C (Simplify the Pricing Structure/Promote Efficient Market Behavior) is designed to promote the prompt and accurate clearance and settlement of securities transactions. DTC is proposing changes, as described in Items II(A)1(ii)A(x), II(A)1(ii)A(y), II(A)1(ii)B, and II(A)1(ii)C, that are designed to improve the accuracy and clarity of the Fee Guide by simplifying the Fee Guide through fee groupings or through the deletion of fees with little or no volume. Improving the accuracy and clarity of the Rules and Procedures, including the Fee Guide, would help Participants to better understand their rights and obligations regarding DTC services. When Participants better understand their rights and obligations regarding DTC services, they can act in accordance with the Rules and Procedures, which DTC believes would promote the prompt and accurate clearance and settlement of securities transactions by DTC. As such, DTC believes the proposed rule changes to simplify and clarify the Fee Guide are

[31] Per email instruction from DTC's legal staff on December 4, 2018, Commission staff revised this reference to correct a typographical error, changing "B(43)–(45)" to "B(41)–(43)."

[32] 15 U.S.C. 78q–1(b)(3)(D).

[33] DTC believes that the consolidation of fee line items, in and of itself, would not affect the allocation or amount of fees. Therefore, to the extent that a proposed rule change described in Item II(A)1(ii)C (Simplify the Pricing Structure/Promote Efficient Market Behavior) addresses the consolidation of fee line items, DTC believes that such proposed rule change would continue to provide for the equitable allocation of reasonable fees. *See supra* Items II(A)2(i)A and B.

[34] *See supra* note 30.

[35] 15 U.S.C. 78q–1(b)(3)(D).

[36] *Id.*

[37] *Id.*

[38] 15 U.S.C. 78q–1(b)(3)(F).

consistent with Section 17A(b)(3)(F) of the Act.[39]

B. Fee Realignment

DTC believes that each of the proposed rule changes with respect to the proposed realignment of fees, as described in Items II(A)1(ii)B (Simplify the Pricing Structure/Fee Realignment) and II(A)1(ii)D (Fee Realignment) is designed to promote the prompt and accurate clearance and settlement of securities transactions. First, most of the proposed fee realignments described in Items II(A)1(ii)B and D would result in a fee reduction for a service to align with DTC's decreased costs in providing the service. Second, DTC would increase certain fees to align with the higher costs incurred by DTC in providing the relevant service. By aligning fees with costs, each of the proposed rule changes would add efficiency to the market by allowing a Participant to more accurately evaluate the value of a service and to make efficient decisions about the allocation of its resources within its business. In addition, the proposal to increase certain fees to align with the higher costs incurred by DTC in providing the service would allow DTC to more efficiently offer the related service and to continue to appropriately manage its resources for all its services. In this way, each of the proposed rule changes with respect to the proposed realignment of fees, as described in Items II(A)1(ii)B and II(A)1(ii)D would enable DTC continue to efficiently provide prompt and accurate clearance and settlement services to its Participants.

C. Promote Efficient Market Behavior

DTC believes that each of the proposed rule changes described in Items II(A)1(ii)C (Simplify the Pricing Structure/Promote Efficient Market Behavior) and II(A)1(ii)E (Promote Efficient Market Behavior) is designed to promote the prompt and accurate clearance and settlement of securities transactions. First, DTC is proposing to reduce or eliminate fees for certain settlement services in order to encourage Participants to submit their transactions earlier in the day. By encouraging the earlier submission of securities transactions by Participants, the proposed rule change is designed to promote efficient settlement processing by increasing the volume of transactions processed in the night-cycle, which, in turn, enhances intraday settlement processing of securities transactions. Therefore, by encouraging behavior that would promote efficient settlement processing of securities transactions, DTC believes that the proposed rule changes with respect to the reduction or elimination of fees for certain settlement services are designed to promote the prompt and accurate clearance and settlement of securities transactions.

Second, DTC is proposing to reduce certain fees for its Custody Service in order to encourage Participants to centralize the servicing of their physical securities at DTC, which already services the securities deposited at DTC by Participants for book-entry services. By utilizing the Custody Service, a Participant is able to benefit from, among other things, cost savings from the economies of scale offered by DTC, and the added efficiency of the limited depository services offered by DTC with respect to securities held in its Custody Service. Therefore, by encouraging behavior that would promote added efficiency to the processing and handling of physical securities, DTC believes that the proposed rules changes to reduce certain fees for its Custody Service in order to encourage Participants to centralize the servicing of their physical securities at DTC are designed to promote the prompt and accurate clearance and settlement of securities transactions.

Third, DTC is proposing to increase an underwriting surcharge for the late submission of a LOR or BLOR in order to encourage Participants to submit underwriting documentation in a timely manner. In this way, the proposed rule change is designed to deter behavior that could delay the prompt and accurate clearance and settlement of transactions in that security. Therefore, by deterring behavior that could delay the prompt and accurate settlement of transactions in a security, DTC believes that the proposed rule changes are designed to promote the prompt and accurate clearance and settlement of securities transactions.

D. Clarify the Fee Guide

DTC believes that each of the proposed rule changes described in Item II(A)1(ii)F (Clarify the Fee Guide) is designed to promote the prompt and accurate clearance and settlement of securities transactions. Each of these changes would amend certain headings, fee names, and fee conditions to improve the accuracy and clarity of the Fee Guide. Improving the accuracy and clarity of the Rules and Procedures, including the Fee Guide, would help Participants to better understand their rights and obligations regarding DTC services. When Participants better understand their rights and obligations regarding DTC services, they can act in accordance with the Rules and Procedures, which DTC believes would promote the prompt and accurate clearance and settlement of securities transactions by DTC. As such, DTC believes the proposed rule changes to clarify the Fee Guide, as described in Item II(A)1(ii)F, are consistent with Section 17A(b)(3)(F) of the Act.[40]

For the foregoing reasons, DTC believes that each of the proposed rule changes described in Items II(A)1(ii)A–F are designed to promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.[41]

(iii) Rule 17Ad–22(e)(23)(ii) under the Act requires DTC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in DTC.[42]

DTC believes that the proposed rule changes with respect to (1) simplifying the pricing structure of the Fee Guide through (x) fee groupings, as described in Items II(A)1(ii)A(x) (Simplify the Pricing Structure: Fee Groupings), II(A)1(ii)B (Simplify the Pricing Structure/Fee Realignment), and II(A)1(ii)C (Simplify the Pricing Structure/Promote Efficient Market Behavior), and (y) deleting fees with little or no volume, as described in Item II(A)1(ii)A(y) (Simplify the Pricing Structure: Deletion of Fees with Little or No Volume), and (2) clarifying the Fee Guide, as described in Item II(A)1(ii)F, by amending conditions and headings and by making conforming changes, would help ensure that the pricing structure of the Fee Guide is well-defined and clear to Participants. Having a well-defined and clear Fee Guide would help Participants to better understand the fees and help provide Participants with increased predictability and certainty regarding the fees they incur in participating in DTC. In this way, DTC believes the proposed rule changes to simplify the pricing structure of the Fee Guide and to clarify the Fee Guide, as described in Items II(A)1(ii)A(x), II(A)1(ii)A(y), II(A)1(ii)B, II(A)1(ii)C, and II(A)1(ii)F are consistent with Rule 17Ad–22(e)(23)(ii) under the Act, cited above.

[39] *Id.*

[40] *Id.*

[41] *Id.*

[42] 17 CFR 240.17Ad–22(e)(23)(ii).

(B) Clearing Agency's Statement on Burden on Competition

(i) Simplify the Fee Guide

No Impact on Competition. DTC believes that each of the proposed rule changes with respect to the consolidation of individual fee line items, as described in Item II(A)1(ii)A(x) (Simplify the Pricing Structure: Fee Groupings), would not have an impact on competition.[43] These proposed rule changes would improve the accuracy and clarity of the Fee Guide by simplifying the Fee Guide through fee groupings. Having an accurate and clear Fee Guide would facilitate Participants' understanding of the Fee Guide and their obligations thereunder, and so would not affect the rights and obligations of any Participant or other interested party. Therefore, DTC does not believe that the proposed changes with respect to the consolidation of individual fee line items, as described in Item II(A)1(ii)A(x), would have an impact on competition.

Impact on Competition. DTC believes that each of the proposed rule changes with respect to the deletion of fees with little or no volume, as described in Item II(A)1(ii)A(y) (Simplify the Pricing Structure: Deletion of Fees with Little or No Volume), may impact competition by potentially reducing Participants' operating costs. Therefore, DTC believes that the proposed rule changes with respect to the deletion of fees with little or no volume, as described in Item II(A)1(ii)A(y), would not impose a burden on competition, but may promote competition.

(ii) Fee Realignment

Impact on Competition. DTC believes that each of the proposed rule changes with respect to the proposed adjustment of fees to align with DTC's costs, as described in Items II(A)1(ii)B (Simplify the Pricing Structure/Fee Realignment)[44] and II(A)1(ii)D (Fee Realignment), may have an impact on competition, because these changes would result in either a fee decrease or fee increase to Participants for the relevant service.[45]

First, the proposed rule changes that would result in a fee reduction for a service could promote competition by potentially reducing Participants' operating costs. Therefore DTC believes that the proposed rule changes to reduce fees in order to better align with costs would not impose a burden on competition, but may promote competition. Second, the proposed rule changes that would result in a fee increase for a service may impact competition by creating a burden on competition by negatively affecting such Participants' operating costs. However, DTC believes that any burden on competition that may be caused by these proposed rule changes would not be significant and would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[46]

Burden on Competition Would Not Be Significant. DTC believes the burden on competition that may be imposed by the proposed fee increase for a non-Municipal Bearer Bond Service COD, as described in Item II(A)1(ii)B(41),[47] would not be significant because it would be a nominal amount ($60.00) where Participants are already accustomed to paying a $300.00 fee for a similar service within the proposed fee grouping. In addition, DTC believes that the burden on competition that may be imposed by the proposed fee increase for receives from CNS, as described in Item II(A)1(ii)B(42),[48] would not be significant. Even though the amount of the fee increase may appear significant relative to the current fee (a proposed increase from $0.035 to $0.08), DTC believes that the fee increase does not, in and of itself, mean that the burden on competition is significant. DTC does not believe that the fee increase would impose a significant burden on competition, because the impact of the fee increase would correlate to a Participant's particular business model and how CNS fits into that model, and therefore, Participants with similar business models and relationships with CNS would be similarly impacted. Finally, DTC believes that the burden on competition that may be imposed by the proposed fee increase for the cancellation of pending DO, as described in Item II(A)1(ii)B(43),[49] would not be significant because the increase would be a nominal amount ($0.04) and the activity that triggers the fee occurs infrequently. Therefore, DTC believes that any burden on competition that may be caused by the proposed rule changes addressed immediately above would be insignificant.

Burden on Competition Would Be Necessary and Appropriate. DTC believes that any insignificant burden on competition that may be imposed by the proposed rule changes addressed immediately above would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[50] As discussed above, DTC believes that the proposed rule changes would (1) provide for the equitable allocation of reasonable fees,[51] as required by Section 17A(b)(3)(D) of the Act,[52] and (2) promote the prompt and accurate clearance and settlement of securities transactions,[53] consistent with Section 17A(b)(3)(F) of the Act.[54] Therefore, DTC believes that any insignificant burden on competition that may be imposed by the proposed rule changes addressed immediately above would be necessary and appropriate in furtherance of the purposes of the Act, specifically Section 17A(b)(3)(D) of the Act and Section 17A(b)(3)(F) of the Act, respectively, as permitted by Section 17A(b)(3)(I) of the Act.[55]

(iii) Promote Efficient Market Behavior

Impact on Competition. DTC believes that each of the proposed adjustments of certain fees to encourage efficient market behavior, as described in Items II(A)1(ii)C (Simplify the Pricing Structure/Promote Efficient Market Behavior)[56] and II(A)1(ii)E (Promote Efficient Market Behavior), may have an impact on competition, because these proposed adjustments would result in either a fee decrease or fee increase to Participants for the relevant service.[57] First, DTC believes that each of the proposed fee reductions for a service could promote competition by potentially reducing Participants' operating costs. Based on the foregoing, DTC believes that each of the proposed reduction of certain fees in order to promote efficient market behavior, as described in Items II(A)1(ii)C and II(A)1(ii)E, would not impose a burden on competition, but may promote competition. Second, DTC believes that the proposed increase of the surcharge for the late submission of a LOR or BLOR may impact competition, because

[43] 15 U.S.C. 78q–1(b)(3)(I).

[44] DTC believes that the consolidation of fee line items, in and of itself, would not have an impact on competition. *See supra* Item II(B)(i).

[45] 15 U.S.C. 78q–1(b)(3)(I).

[46] *Id.*

[47] Per email instruction from DTC's legal staff on December 4, 2018, Commission staff revised this reference to correct a typographical error, changing ''B(43)'' to ''B(41).''

[48] Per email instruction from DTC's legal staff on December 4, 2018, Commission staff revised this reference to correct a typographical error, changing ''B(44)'' to ''B(42).''

[49] Per email instruction from DTC's legal staff on December 4, 2018, Commission staff revised this reference to correct a typographical error, changing ''B(45)'' to ''B(43).''

[50] *Id.*

[51] *See supra* Item II(A)2(i)B.

[52] 15 U.S.C. 78q–1(b)(3)(D).

[53] *See supra* Item II(A)2(ii)B.

[54] 15 U.S.C. 78q–1(b)(3)(F).

[55] 15 U.S.C. 78q–1(b)(3)(I).

[56] DTC believes that the consolidation of fee line items, in and of itself, would not have an impact on competition. *See supra* Item II(B)(i).

[57] 15 U.S.C. 78q–1(b)(3)(I).

it could create a burden on competition by negatively affecting such Participants' operating costs. However, DTC believes that the burden on competition would not be significant and would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[58]

Burden on Competition Would Not Be Significant. DTC believes that any burden on competition that may be imposed by the proposed increase of the surcharge for the late submission of a LOR or BLOR would be insignificant because (1) the increase would be a modest amount ($100) that would only apply when a Participant submits a late LOR or BLOR, and (2) a Participant can avoid the surcharge by submitting the LOR or BLOR on time.

Burden on Competition Would Be Necessary and Appropriate. DTC believes that any insignificant burden on competition that is created by the proposed increase of the surcharge for the late submission of a LOR or BLOR would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[59] As discussed above, DTC believes that the proposed rule changes would (1) provide for the equitable allocation of reasonable fees,[60] as required by Section 17A(b)(3)(D) of the Act,[61] and (2) promote the prompt and accurate clearance and settlement of securities transactions,[62] consistent with Section 17A(b)(3)(F) of the Act.[63] Therefore, DTC believes that any insignificant burden on competition that may be imposed by the proposed rule changes addressed immediately above would be necessary and appropriate in furtherance of the purposes of the Act, specifically Section 17A(b)(3)(D) of the Act and Section 17A(b)(3)(F) of the Act, respectively, as permitted by Section 17A(b)(3)(I) of the Act.[64]

(iv) Clarify the Fee Guide

No Impact on Competition. DTC believes that each of the proposed clarifications to the Fee Guide, as described in Item II(A)1(ii)F (Clarify the Fee Guide), would not have an impact on competition.[65] Each of these changes would amend certain headings, fee names, and fee conditions to improve the accuracy and clarity of the Fee Guide. Having an accurate and clear Fee Guide would facilitate Participants' understanding of the Fee Guide and their obligations thereunder, and so would not affect the rights and obligations of any Participant or other interested party. Therefore, DTC believes that each of the proposed clarifications to the Fee Guide, as described in Item II(A)1(ii)F (Clarify the Fee Guide), would not have an impact on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments relating to this proposed rule change have not 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[66] and paragraph (f) of Rule 19b–4 thereunder.[67] At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–DTC–2018–011 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR–DTC–2018–011. This file number should be included on the subject line if email 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 website (*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 website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website (*http://dtcc.com/legal/sec-rule-filings.aspx*). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–DTC–2018–011 and should be submitted on or before January 4, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[68]

Eduardo A. Aleman,

Deputy Secretary.

[FR Doc. 2018–27078 Filed 12–13–18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84767; File No. SR–NYSE–2018–59]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Pilot Period for the Exchange's Retail Liquidity Program Until the Earlier of Approval of the Filing To Make the Program Permanent or June 30, 2019

December 10, 2018.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 ("Act")[2] and Rule 19b–4 thereunder,[3] notice is hereby given that on November

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[58] *Id.*

[59] *Id.*

[60] *See supra* Item II(A)2(i)C.

[61] 15 U.S.C. 78q–1(b)(3)(D).

[62] *See supra* Item II(A)2(ii)C.

[63] 15 U.S.C. 78q–1(b)(3)(F).

[64] 15 U.S.C. 78q–1(b)(3)(I).

[65] *Id.*

[66] 15 U.S.C. 78s(b)(3)(A).

[67] 17 CFR 240.19b–4(f).

[68] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.