

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58042; File No. SR-DTC-2008-04]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule To Establish an Alternate Choice in DTC Profile Surety Providers

June 26, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on June 5, 2008, the Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by DTC. DTC filed the proposal pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>2</sup> and Rule 19b-4(f)(4)<sup>3</sup> thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the rule change from interested parties.

#### I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The purpose of the rule change is to establish an alternate choice in DTC Surety Providers.

#### II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.<sup>4</sup>

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

DTC’s Profile Modification System (“Profile”) is an electronic communication hub between transfer agents that are Direct Registration

System (“DRS”) Limited Participants (“Limited Participants”) and brokers that are DRS Participants (“Participants”) and, together with Limited Participants, “Users”).<sup>5</sup> Profile allows Participants to submit an investor’s instruction to move a share position from the investor’s Limited Participant account to the Participant’s account at DTC (“Electronic Participant Instruction”). Profile also allows Limited Participants to submit an investor’s instruction to move a share position from the Participant’s account at DTC to an account maintained by the Limited Participant (“Electronic Limited Participant Instruction”) and, together with Electronic Participant Instruction, “Electronic Instructions”). A User submitting an Electronic Instruction through Profile is required to agree to a Participant Terminal System (“PTS”) screen indemnity (“Screen Indemnity”).<sup>6</sup>

Under DTC’s Profile Surety Program (“PSP”),<sup>7</sup> all Users of Profile must procure a surety bond relating to their obligations under such indemnity.<sup>8</sup> PSP requires a surety bond to back the representations a User makes under the Screen Indemnity in the case of a User breaching its representation of authority to initiate the transaction (“Surety Bond”). Participation in PSP requires the payment of an annual premium of \$3,150 to a surety provider and a DTC administration fee of \$250. The current PSP surety provider provides for a coverage limit of \$3 million per occurrence, with an annual aggregate limit of \$6 million, which may not

<sup>5</sup> For a description of Profile, see Securities Exchange Act Release No. 41862 (September 10, 1999), 64 FR 51162 (September 21, 1999) (order approving implementation of Profile).

<sup>6</sup> The Screen Indemnity protects, among others, the party receiving the share position from liability in connection with the transaction arising from a User’s breach of the representation of authority and consent to initiate the transaction. For a broader description of the Screen Indemnity, see Securities Exchange Act Release No. 42704 (April 19, 2000), 65 FR 24242 (April 25, 2000) (order approving modification of Profile to incorporate use of the Screen Indemnity).

<sup>7</sup> For a description of PSP, see Securities Exchange Act Release No. 43586 (November 17, 2000), 65 FR 70745 (November 27, 2000).

<sup>8</sup> Pursuant to the DTC Profile Modification System Indemnity Insurance Program (“Indemnity Insurance Program”), Users of Profile may procure Profile Modification System Indemnity Insurance (“Insurance”) relating to a particular transaction according to the value of each individual securities transaction rather than procuring a Surety Bond. The Insurance option provides a coverage limit of \$25 million per occurrence per policy and an annual aggregate limit of \$100 million. In addition to any pass-through fee from the insurer, DTC charges Users participating in the Indemnity Insurance Program an annual administration fee of \$250 and a \$2.50 per transaction fee. Securities Exchange Act No. 52422 (September 14, 2005), 70 FR 55196 (September 20, 2005).

allow for the coverage of larger transactions under a single Surety Bond.

DTC is proposing to provide Users of Profile an option to procure a Surety Bond with a higher coverage limit than currently offered. Under the proposal, the Surety Bond with the higher coverage limit will have a limit of \$7.5 million per occurrence and an annual aggregate limit of \$15 million. Users of this surety provider will be required to pay an annual premium of \$6,000 to a surety provider and a DTC administration fee of \$250. The intent of this program is to account for the larger value Profile transactions that DRS currently handles, to provide alternate surety options to Users, and for contingency planning. Users will be permitted to participate with each surety provider, but will be required to select only one provider per Profile transaction.

The surety company issuing the Surety Bond will either be a company selected by DTC as the administrator of such program or a surety company selected by the DRS User. If a User elects to use a surety company other than the one DTC has selected, the surety company selected will be required to issue its Surety Bond in a form consistent with the bond issued by the surety company selected by DTC.

The proposed rule change is consistent with Section 17A of the Act,<sup>9</sup> as amended, because it modifies an existing service by establishing an alternate choice for surety providers to provide a broader range of options to safeguard transactions processed within the service.

##### (B) Self-Regulatory Organization’s Statement on Burden on Competition

DTC does not believe that the proposed rule change will have any impact or impose any burden on competition.

##### (C) Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments relating to the proposed rule change have not yet been solicited or received. DTC will notify the Commission of any written comments received by DTC.

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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of

<sup>9</sup> 15 U.S.C. 78q-1.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>3</sup> 17 CFR 240.19b-4(f)(4).

<sup>4</sup> The Commission has modified the text of the summaries prepared by DTC.

the Act<sup>10</sup> and Rule 19b-4(f)(4)<sup>11</sup> thereunder because the proposed rule change effects a change in an existing service of a registered clearing agency that: (i) Does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and (ii) does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>) or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2008-04 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-DTC-2008-04. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in

the Commission's Public Reference Section, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filings also will be available for inspection and copying at the principal office of DTC and on DTC's Web site at [http://www.dtcc.com/downloads/legal/rule\\_filings/2008/dtc/2008-04.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2008/dtc/2008-04.pdf). 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 File Number SR-DTC-2008-04 and should be submitted on or before July 29, 2008.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Florence E. Harmon,**  
*Acting Secretary.*

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**BILLING CODE 8010-01-P**

#### SMALL BUSINESS ADMINISTRATION

**[Disaster Declaration # 11286 and # 11287]**

##### Indiana Disaster Number IN-00019

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Amendment 5.

**SUMMARY:** This is an amendment of the Presidential declaration of a major disaster for the State of Indiana (FEMA-1766-DR), dated 06/11/2008.

*Incident:* Severe Storms, Flooding, and Tornadoes.

*Incident Period:* 05/30/2008 and continuing.

*Effective Date:* 06/30/2008.

*Physical Loan Application Deadline Date:* 08/11/2008.

*EIDL Loan Application Deadline Date:* 03/11/2009.

**ADDRESSES:** Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**FOR FURTHER INFORMATION CONTACT:** A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street, SW., Suite 6050, Washington, DC 20416.

**SUPPLEMENTARY INFORMATION:** The notice of the Presidential disaster declaration for the State of INDIANA, dated 06/11/2008 is hereby amended to include the following areas as adversely affected by the disaster:

*Primary Counties: (Physical Damage and Economic Injury Loans):*

Hendricks, Tippecanoe.

*Contiguous Counties: (Economic Injury Loans Only):*

Indiana: Benton, Carroll, White.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

**Herbert L. Mitchell,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. E8-15420 Filed 7-7-08; 8:45 am]

**BILLING CODE 8025-01-P**

#### SMALL BUSINESS ADMINISTRATION

**[Disaster Declaration # 11308]**

##### Illinois Disaster # IL-00016

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice.

**SUMMARY:** This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the State of Illinois (FEMA-1771-DR), dated 06/24/2008.

*Incident:* Severe Storms and Flooding.

*Incident Period:* 06/01/2008 and continuing.

*Effective Date:* 06/24/2008.

*Physical Loan Application Deadline Date:* 08/25/2008.

**ADDRESSES:** Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

##### FOR FURTHER INFORMATION CONTACT:

Alan Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street, Suite 6050, Washington, DC 20416.

**SUPPLEMENTARY INFORMATION:** Notice is hereby given that as a result of the President's major disaster declaration on 06/24/2008, applications for Private Non-Profit organizations that provide essential services of a governmental nature may file disaster loan applications at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

##### Primary Counties:

Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Hancock, Henderson, Jasper, Lawrence, Mercer, Pike, Rock Island.

The Interest Rates are:

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>11</sup> 17 CFR 240.19b-4(f)(4).

<sup>12</sup> 17 CFR 200.30-3(a)(12).