

**POSTAL SERVICE****Product Change—Priority Mail Express and Priority Mail Negotiated Service Agreement**

AGENCY: Postal Service™.

ACTION: Notice.

**SUMMARY:** The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

**DATES:** *Date of notice required under 39 U.S.C. 3642(d)(1):* November 6, 2017.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth A. Reed, 202–268–3179.

**SUPPLEMENTARY INFORMATION:** The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on October 31, 2017, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express & Priority Mail Contract 52 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2018–18, CP2018–40.

Elizabeth A. Reed,

Attorney, Corporate and Postal Business Law.

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34–81990; File No. SR–DTC–2017–020]

**Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish a Special Segregation Account for a Participant or Pledgee That Is a Derivatives Clearing Organization or Futures Commission Merchant**

October 31, 2017.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on October 20, 2017, 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 DTC. DTC filed the proposed rule change pursuant to section 19(b)(3)(A)

of the Act<sup>3</sup> and Rule 19b–4(f)(6) thereunder.<sup>4</sup> 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 proposal would add new Rule 37 (Segregated Accounts for Customer Property) to provide that a Participant<sup>5</sup> or Pledgee may establish a specifically designated Account to which Eligible Securities may be credited that the Participant or Pledgee wishes to segregate as the property of its customers that trade commodities, options, swaps, and other products (“Customer Property”) subject to the Customer Property Segregation Rules.<sup>6</sup> Based on this segregation structure and the representations and warranties made by the Participant or Pledgee under the proposed Rule, DTC would, upon the request of the Participant or Pledgee, provide an acknowledgment of the segregation of such Customer Property,<sup>7</sup> as further described below.

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

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

<sup>1</sup> 15 U.S.C. 78s(b)(3)(A).<sup>2</sup> 17 CFR 240.19b–4(f)(6).

<sup>3</sup> Each capitalized term not otherwise defined herein has its respective meaning as set forth in the Rules, By-Laws and Organization Certificate of The Depository Trust Company (the “Rules”), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

<sup>4</sup> “Customer Property Segregation Rules” means the rules and regulations of the Commodity Futures Trading Commission (“CFTC”), relating to the deposit of customer property (including money, securities and other property) held by derivatives clearing organizations (“DCOs”) or futures commission merchants (“FCMs”) for customers that trade commodities, options, swaps and other products. 7 U.S.C. 6d; 17 CFR 1.20–1.30, 22, 30. Under the proposed rule change, only Deposited Securities credited to an appropriately designated Account may constitute “Customer Property” for purposes of such Customer Property Segregation Rules; DTC does not, and will not under the proposed rule change, segregate money.

<sup>5</sup> See 7 U.S.C. 6d(a)(2); 7 U.S.C. 6d(f); 17 CFR 1.20(d); 1.20(g); 1.26; 22.5; 30.7.

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

**1. Purpose**

The proposal would add new Rule 37 (Segregated Accounts for Customer Property) to provide that a Participant or Pledgee may establish a specifically designated Account to which Eligible Securities may be credited that the Participant or Pledgee wishes to segregate as Customer Property subject to the Customer Property Segregation Rules. Based on this segregation structure and the representations and warranties made by the Participant or Pledgee under the proposed Rule, DTC would, upon the request of the Participant or Pledgee, provide an acknowledgment of the segregation of such Customer Property, as further described below.

**A. Background****a. DTC Omnibus Account Structure**

DTC maintains omnibus Accounts for its Participants and Pledgees.<sup>8</sup> That is, it

<sup>8</sup> DTC holds Eligible Securities collectively on behalf of Participants and reflects the transfer of interests in those Eligible Securities among Participants by computerized book-entry. Eligible Securities Deposited with DTC for book-entry transfer services are registered in the name of its nominee, Cede & Co. (“Cede”), a New York partnership. When the Eligible Securities are registered in the name of Cede, DTC acquires legal title to the Eligible Securities and, when DTC credits interests in these Eligible Securities to the Securities Accounts of Participants, those Participants acquire a beneficial interest in the Eligible Securities and a Security Entitlement with respect to those Eligible Securities is credited to their Accounts. A Security Entitlement is both a package of personal rights against the securities intermediary [in this case, DTC] and an interest in the property held by the securities intermediary. NYUCC § 8–102(14)(i); NYUCC § 8–102(17) and OFF. CMT. 17. A security entitlement is not, however, a specific property interest in any [security] held by the securities intermediary or by the clearing corporation through which the securities intermediary holds the [security]. NYUCC § 8–102(17) and OFF. CMT. 17. Thus, a Participant does not have a right to any particular security; each Participant has a proportionate interest in the fungible total inventory of the issue held by DTC.

Participants, in many cases, are themselves securities intermediaries, maintaining securities accounts for the benefit of their customers, crediting a portion of the amount of any issue of a Security held in their Account(s) to one or more customers, as securities entitlements of their customers against them. That is, their customers are entitlement holders, holding the rights and property interest represented by the amount of the security credited to their account(s) vis a vis the Participant. Some customers of a Participant may also be securities intermediaries, holding on behalf of, and maintaining securities accounts for, their own customers, and so forth. DTC does not know whether a Participant is holding interest in the Securities for itself or on behalf of its customers, as their securities intermediary.

This tiered system of intermediaries holding interests in securities for their respective customers is generally described as the “indirect holding

<sup>1</sup> 15 U.S.C. 78s(b)(1).<sup>2</sup> 17 CFR 240.19b–4.