

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-91261; File No. SR-NSCC-2021-001)

March 5, 2021

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Remove the InsurExpress and Replacements Services from Rule 57 of the NSCC Rules.

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 February 25, 2021, National Securities Clearing Corporation (“NSCC”) 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. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)³ of the Act and subparagraph (f)(4)⁴ of Rule 19b-4 thereunder. 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

(a) The proposed rule change of NSCC is annexed hereto as Exhibit 5 and consists of modifications to NSCC’s Rules & Procedures (“Rules”) in order to remove

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)(4).

the InsurExpress and Replacements services from Rule 57 of the Rules, as described in greater detail below.⁵

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 consists of modifications to the Rules in order to remove the InsurExpress and Replacements services from Rule 57 of the Rules, as described in greater detail below.

Background

InsurExpress

In 2003, NSCC established a service ("InsurExpress") to allow Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Data Services Only Members (collectively, "I&RS Members") to submit application information and to settle premium payments with respect to life insurance products that

⁵ Terms not defined herein are defined in the Rules, available at https://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

it, at that time, called “Portal.”⁶ In 2006, NSCC modified the Rules to, among other things, add a provision in the Rules specific to the service, rename the service “InsurExpress” and provide that InsurExpress would allow I&RS Members to transmit I&RS Data relating to the initiation, processing and completion of applications for life insurance contracts and other insurance products among themselves.⁷ The provision relating to InsurExpress is set forth in Section 10 of Rule 57 of the Rules.⁸ The 2003 Filing introducing the service indicated that the proposed fee schedule was being developed and would be filed with the Commission at a later date.⁹

No I&RS Members signed up for or used InsurExpress, and fees for InsurExpress were never developed or filed with the Commission. In addition, there were no system developments made to the NSCC system in connection with InsurExpress. NSCC has no current plans to develop fees or build anything in the NSCC system relating to InsurExpress. As a result, NSCC would like to remove InsurExpress from the Rules.

Replacements

In 2010, NSCC established a service (“Replacements”) intended to support the transmission of I&RS Data regarding the transfer, exchange or replacement of an existing insurance contract and settlement of payments in conjunction to these replacement transactions. System developments to the NSCC system were made to support

⁶ Securities Exchange Act Release No. 48896 (December 9, 2003), 68 FR 70553 (December 18, 2003) (SR-NSCC-2003-18) (“2003 Filing”).

⁷ Securities Exchange Act Release No. 54921 (December 12, 2006), 71 FR 76415 (December 20, 2006) (SR-NSCC-2006-14).

⁸ Section 10 of Rule 57, supra note 5.

⁹ See Footnote 3 of the 2003 Filing, supra note 6.

Replacements and a fee schedule for the service was added in Section IV.K.3 of Addendum A of the Rules. In addition, NSCC believes that at least one I&RS Member signed up to use Replacements and possibly tested the service. However, the service was never used in production and no fees have been charged for the service. There are currently no I&RS Members signed up for Replacements and NSCC does not believe that any I&RS Members will use the service. As a result, NSCC would like to remove Replacements from the Rules.

Proposed Rule Change

In order to implement the proposal above, NSCC would delete Section 10 of Rule 57,¹⁰ which is the section relating to InsurExpress. In addition, NSCC would delete Section 11 of Rule 57,¹¹ which is the section relating to Replacements. NSCC would re-number Section 12 and Section 13 of Rule 57 to reflect the deletions of Sections 10 and 11 of Rule 57. NSCC would also remove the fees listed for Replacements in Section IV.K.3 of Addendum A of the Rules.¹²

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.¹³ NSCC believes that the proposed rule change is consistent with this provision because it would provide enhanced clarity and transparency for participants with respect to services

¹⁰ Section 10 of Rule 57, supra note 5.

¹¹ Section 11 of Rule 57, supra note 5.

¹² Section IV.K.3 of Addendum A of the Rules, supra note 5.

¹³ 15 U.S.C. 78q-1(b)(3)(F).

offered by NSCC by updating the Rules to remove the ability to access services that I&RS Members did not utilize and are unlikely to utilize in the future.

Therefore, by providing enhanced clarity and transparency in the Rules regarding the services provided by NSCC, NSCC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

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

NSCC does not believe that the proposed rule change would have any impact on competition. I&RS Members have not used InsurExpress or Replacements and are unlikely to use either service in the future. Therefore, the proposed rule change should have no effect on I&RS Members, other than to remove InsurExpress and Replacements from the Rules which are unlikely to be utilized by I&RS Members.

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

NSCC has not received or solicited any written comments relating to this proposal. NSCC will notify the Commission of any written comments received by NSCC.

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)¹⁴ of the Act and paragraph (f)¹⁵ of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f).

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 e-mail to rule-comments@sec.gov. Please include File Number SR-NSCC-2021-001 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-NSCC-2021-001. 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 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 NSCC and on DTCC's website (<https://dtcc.com/legal/sec-rule-filings.aspx>). 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-NSCC-2021-001 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

J. Matthew DeLesDernier
Assistant Secretary

¹⁶ 17 CFR 200.30-3(a)(12).