

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69824; File No. SR-NSCC-2013-08)

June 21, 2013

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change, as Modified by Amendment No. 1, to Expand the Analytic Reporting Service to Permit Increased Source Data

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 June 7, 2013, 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 primarily by NSCC. On June 20, 2013, NSCC filed Amendment No. 1 to the proposed rule change.³ NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii)⁴ of the Act and Rule 19b-4(f)(4)⁵ thereunder, so that the proposed rule change, as modified by Amendment No. 1, was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 modified Sections 12(d) and (e) of Exhibit 5 to the original proposed rule change filing to (i) reflect the application of those sections to both NSCC Members and Limited Members, and (ii) correct a grammatical error.

⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

⁵ 17 CFR 240.19b-4(f)(4).

The proposed rule change consists of amendments to Rule 57 of the Rules & Procedures (“Rules”) of NSCC with respect to enhancements to the Analytic Reporting Service of the Insurance and Retirement Processing Services (“I&RS”).

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

In its filing with the Commission, NSCC 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. NSCC 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. Background

On December 10, 2010, NSCC filed with the Commission proposed rule change SR-NSCC-2010-18⁶ to add a new I&RS service called the Analytic Reporting Service (“Service”). In that filing, NSCC described how the Service aggregates transaction data to produce monthly reports relating to the insurance industry markets (such reports, collectively, “Analytics Data”). To create Analytics Data, a data feed from I&RS’s Financial Activity Reporting (“FAR”) service is transmitted to the Service on a periodic basis. FAR is an NSCC I&RS service that provides I&RS members the ability to transmit insurance transaction data and information between themselves. I&RS members submitting transaction data through FAR can only do so where the counterparty to such transaction is also an I&RS member. By accessing and applying the FAR data feed, the Service uses as its source data actual transaction information, rather than survey

⁶ Release No. 34-63604 (Dec. 23, 2010), 75 FR 82115 (Dec. 29, 2010).

results, which gives subscribers of the Service a more efficient, cost effective, and timely benchmarking and other relevant information mechanism, than other similar aggregating services.

However, because the Service's source data is currently limited solely to transaction data transmitted through FAR, the benefits of the Service cannot be applied to other data sources. Subscribers of the Service, and prospective subscribers, have requested that NSCC enhance the Service to allow for submission of additional source data in order that the Service may provide a more complete view of subscribers' own business and of the insurance industry generally.

2. The Proposed Rule Change

The proposed rule change will expand the Service to permit for increased source data. Under the proposed rule change, I&RS members may submit their transaction data to NSCC, even where the counterparty to a transaction is not an existing I&RS member, and the proposed rule change will also permit for submission of transaction data by parties that are not existing members of NSCC. Under the proposed rule change, in addition to transactions submitted through FAR, the Service will contain a "storage data" functionality that will permit I&RS members, and parties that are not existing members of NSCC, to submit transaction data directly to the Service.

In connection with the proposed storage data functionality, the proposed rule change will specify that the Service is a service offering of NSCC to members on their behalf and that NSCC will not use or disclose the storage data received by NSCC other than for purposes of providing Analytics Data and other purposes permitted under applicable law. In addition, the proposed rule change will expand the data, to include all source data, which I&RS members may preclude from disclosure and attribution in connection with earnings reporting laws

compliance. Similarly, the proposed rule change will permit I&RS members to prevent the attribution to them of all of their source data under the Service's existing "Opting-Out" provision.

The proposed rule change will contain the following representations to be made by each I&RS member that submits storage data to NSCC:

- that the submitter of the storage data has the right to submit such storage data to NSCC;
- that either:
 - no third party consents are required in connection with submission to NSCC of any storage data, or
 - if any third party consents are required in connection with submission to NSCC of any storage data, the submitter has obtained all such third party consents;
- that the submitter has the right to allow NSCC to use such storage data in the creation of the Analytics Data that shall be reported to third parties; and
- that either:
 - the submitter has made the notices, and offered the rights, to individuals with regard to the submitter's submission of such storage data to NSCC for use in preparing the Analytics Data that is reported to third parties, as required by applicable privacy regulations under the Gramm-Leach-Bliley Act; or
 - if the submitter is not the appropriate party, the submitter has ensured that the appropriate party has made the notices, and offered the rights, to individuals with regard to such submitter's submission of such storage data to NSCC for use in preparing the Analytics Data that is reported to third parties, as required by applicable privacy regulations under Gramm-Leach-Bliley Act.

The proposed rule change will also contain an indemnification provision to protect NSCC from any losses it may sustain in reliance upon the above representations. The proposed rule change will specify that because the Analytics Data is based solely upon source data provided to NSCC, NSCC makes no representation or warranty that any of the Analytics Data accurately reflects past, present or future market performance, nor does NSCC guarantee the adequacy, accuracy, timeliness or completeness of any Analytics Data or its fitness for any purpose, and that NSCC will not be subject to any damages or liabilities whatsoever with respect to any errors, omissions or delays in any Analytics Data nor for any party's use of or reliance upon any Analytics Data.

As a result of these proposed rule changes, the Service will provide more complete information to subscribers about their own businesses and business relationships, and benchmarking information about the overall market.

3. Statutory Basis

NSCC believes that the proposed rule change is consistent with the requirements of the Act, as amended, specifically Section 17A(b)(3)(F),⁷ and the rules and regulations thereunder applicable to NSCC, because the change will permit I&RS members of NSCC to enhance their monitoring and analysis of their businesses, and accordingly, fosters [sic] cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.

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

NSCC does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The

⁷ 15 U.S.C. 78q-1(b)(3)(F).

proposed rule change will result in more robust insurance market data, delivering a better understanding of performance relative to user peer groups and providing business decision support, which NSCC believes will enhance competition to the benefit of investors and beneficiaries.

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

Written comments relating to the proposed rule changes [sic] have not yet been solicited or received. 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) of the Act and paragraph (f) of Rule 19b-4 thereunder. 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, as modified, 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 No. SR-NSCC-2013-08 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-NSCC-2013-08. 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 such filings will also be available for inspection and copying at the principal office of NSCC and on NSCC's website at http://dtcc.com/legal/rule_filings/nsc/2013.php.

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 No. SR-NSCC-2013-08 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.⁸

Jill M. Peterson
Assistant Secretary

⁸ 17 CFR 200.30-3(a)(12).