



**NATIONAL
SECURITIES
CLEARING
CORPORATION**

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Bold and underlined text indicates proposed added language.

~~Bold and strikethrough text~~ indicates proposed deleted language.

RULE 1. DEFINITIONS AND DESCRIPTIONS

Code

The term “Code” means the Internal Revenue Code of 1986, as amended.

FATCA

The term “FATCA” means (i) the provisions of sections 1471 through 1474 of the ~~Internal Revenue Code of 1986, as amended, (the “Code”)~~ that were implemented as part of The Foreign Account Tax Compliance Act (or any amendment thereto or successor sections thereof), and the related Treasury Regulations or other official interpretations thereof, as in effect from time to time, and (ii) the provisions of any intergovernmental agreement to implement The Foreign Account Tax Compliance Act as in effect from time to time between the United States and the jurisdiction of the FFI Member’s (or applicant’s) residency.

FATCA Certification

~~The term “FATCA Certification” means an executed copy of the relevant tax form required by the Internal Revenue Service under FATCA, as in effect from time to time, that each Member and Limited Member (or applicant to become such) shall provide from time to time to the Corporation as set forth under these Rules.~~

FATCA Compliance Date

~~The term “FATCA Compliance Date” shall mean, as applicable, either (i) January 1, 2014, with respect to any FFI Member approved for membership by the Corporation on January 1, 2014 or thereafter (or, if the commencement of all FATCA withholding with respect to such FFI Members is delayed beyond January 1, 2014 under FATCA, two calendar months plus one day before such delayed effective date), or (ii) May 1, 2014, with respect to any FFI Member approved for membership by the Corporation at any time prior to January 1, 2014 (or, if the commencement of all FATCA withholding with respect to such FFI Members is delayed beyond July 1, 2014 under FATCA, two calendar months plus one day before such delayed effective date).~~

Section 1446(f)

The term “Section 1446(f)” means section 1446(f) of the Code and the related Treasury Regulations or other official interpretations thereof, as in effect from time to time.

Section 1446(f) Withholding

The term “Section 1446(f) Withholding” means the tax withholding required pursuant to Treasury Regulation Section 1.1446(f)-4(a), upon the transfer of an interest in a publicly traded partnership.

Section 1446(f) Withholding Agent

The term “Section 1446(f) Withholding Agent” means an FFI Member that is a Member and has certified to the Corporation that Section 1446(f) Withholding would not apply to any Gross Credit Balance of such FFI Member by providing to the Corporation a Tax Certification.

Section 1446(f) Withholding Compliance Date

The term “Section 1446(f) Withholding Compliance Date” means January 1, 2022 or, if the commencement of Section 1446(f) Withholding is delayed beyond January 1, 2022 under Section 1446(f), two calendar months plus one calendar day before such delayed effective date.

Tax Certification

The term “Tax Certification” means an executed copy of the relevant tax form required by the Internal Revenue Service, as in effect from time to time, that each Member and Limited Member (or applicant to become such) shall provide from time to time to the Corporation as set forth under these Rules and Procedures.

RULE 2. MEMBERS AND LIMITED MEMBERS

SEC 4. Compliance with Applicable Law

(iii) FATCA and Section 1446(f)

~~Beginning on the FATCA Compliance Date, each~~ Each FFI Member must agree not to conduct any transaction or activity through the Corporation if such FFI Member is not FATCA Compliant, unless such requirement has been explicitly waived in writing by the Corporation with respect to the specific FFI Member, provided, however, that no such waiver will be issued if it shall cause the Corporation to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property.

Beginning on the Section 1446(f) Withholding Compliance Date, each FFI Member that is a Member must agree not to conduct any transaction or activity through the Corporation if such FFI Member is not a Section 1446(f) Withholding Agent, unless such requirement has been explicitly waived in writing by the Corporation with respect to the specific FFI Member.

~~All~~ Each FFI Members ~~are is~~ required, ~~as applicable under FATCA,~~ to certify and periodically recertify to the Corporation that ~~they are~~ such FFI Member is FATCA Compliant and/or a Section 1446(f) Withholding Agent, as applicable, by providing to the Corporation a FATCA Tax Certification. Failure to do so in the manner and timeframes set forth by the Corporation from time to time will result in a fine, unless such requirement has been explicitly waived in writing by the Corporation with respect to the specific FFI Member, provided, however, that no such waiver will be issued if it shall cause the Corporation to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property.

An FFI Member shall indemnify the Corporation for any loss, liability or expense sustained by the Corporation as a result of such FFI Member failing to be FATCA Compliant or a Section 1446(f) Withholding Agent.

RULE 2A. INITIAL MEMBERSHIP REQUIREMENTS

SEC. 1. ELIGIBILITY FOR MEMBERSHIP

In furtherance of the Corporation's rights and authority to establish standards for membership, the Corporation shall establish, as it deems necessary or appropriate, standards of financial responsibility, operational capability, experience and competence for membership applicable to Members and to Limited Members. The Corporation shall also establish guidelines for the application of such membership standards.

A. Qualifications

A Person shall be qualified to become a participant if it satisfies the qualifications for membership applicable to its membership type, as set forth in Addendum B of these Rules.

B. Membership Standards

The Corporation shall approve a membership application only upon a determination by the Corporation that the applicant meets the qualifications and financial, operational and other standards applicable to its membership type as set forth in Addendum B of these Rules, or such other qualifications and standards as the Corporation may promulgate.¹ In addition, with regard to any applicant that shall be an FFI Member, such applicant must be FATCA Compliant **and/or a Section 1446(f) Withholding Agent, as applicable.**

C. Application Documents

Each applicant shall, as required by the Corporation from time to time, complete and deliver to the Corporation an Applicant Questionnaire in such form as prescribed by the Corporation from time to time and shall provide such other reports, opinions, financial and other information as the Corporation may determine are appropriate for each membership type.

As part of its membership application, each applicant (as determined by the Corporation with regard to membership type) shall complete and deliver to the Corporation (1) a **FATCA Tax** Certification, and (2) a Cybersecurity Confirmation.

¹ Pursuant to its authority, the Corporation has established (i) a policy statement on the admission of non-U.S. entities as Members, Mutual Fund/Insurance Services Members, Fund Members and Insurance Carrier/Retirement Services Members, which policy statement is set forth as Addendum O to these Rules and (ii) guidelines with regard to character and other considerations that are reflected in subsection G of this Rule.

RULE 2B. ONGOING MEMBERSHIP REQUIREMENTS AND MONITORING

SEC. 2. DATA TO BE FILED WITH THE CORPORATION

B. Notification of Changes in Condition

(c) ~~Beginning on the FATCA Compliance Date, each~~ **Each** FFI Member shall inform the Corporation, both orally and in writing, if it (i) undergoes a change in circumstance that would affect its **FATCA Tax** Certification or (ii) otherwise has reason to know that it is not, or will not be, FATCA Compliant, in each case, within two **calendar** days of knowledge thereof. **In addition, beginning on the Section 1446(f) Withholding Compliance Date, each FFI Member that is a Member shall inform the Corporation, both orally and in writing, if it has reason to know that it is not, or will not be, a Section 1446(f) Withholding Agent within two calendar days of knowledge thereof.**

RULE 53. ALTERNATIVE INVESTMENT PRODUCT SERVICES AND MEMBERS

SEC. 1. General

(d) In the Corporation's sole and absolute discretion, and in accordance with such procedures as the Corporation may establish as it deems necessary or appropriate from time to time, the Corporation may permit AIP Fund Administrators to create one or more sub-accounts approved by the Corporation to settle AIP Payments at the sub-account level ("AIP Settling Sub-Accounts"). All matters, activities, liabilities and obligations under these Rules with respect to any AIP Settling Sub-Account, except for settlement of AIP Payments, shall be the responsibility of the respective AIP Fund Administrator.

(iv) Tax documentation from the applicable AIP Non-Member Fund in such form as required by the Corporation from time to time. With respect to any AIP Non-Member Fund that is treated as a non-U.S. entity for U.S. federal income tax purposes, the AIP Fund Administrator shall provide the Corporation with an executed **FATCA Tax** Certification from such AIP Non-Member Fund.

SEC. 5. Obligations and Rights applicable to AIP Member

(e) **FATCA Tax** Considerations – AIP Settling Sub-Accounts

(i) AIP Fund Administrators with AIP Settling Sub-Accounts shall be responsible for obtaining such tax documentation from their applicable AIP Non-Member Funds as requested by the Corporation from time to time. With respect to AIP Non-Member Funds that are treated as non-U.S. entities for U.S. federal income tax purposes, the applicable AIP Fund Administrator shall be responsible for obtaining the necessary **FATCA Tax** Certifications as requested by the Corporation from time to time. Notwithstanding any other provision of these Rules, failure to provide such tax documentation, including **FATCA Tax** Certifications to the extent applicable, in the manner and timeframes set forth by the Corporation from time to time will result in revocation of the Corporation's approval, in the Corporation's sole and absolute discretion, for such AIP Non-Member Fund to settle AIP Payments through AIP.

ADDENDUM O

ADMISSION OF NON-U.S. ENTITIES AS DIRECT NSCC MEMBERS

Admission of Non-U.S. Entities¹

Requirements in addition to standard requirements for U.S. entities:

- Undertakings and Agreements –

At a minimum such non-U.S. entity would have to agree to:

- (e) not conduct any transaction or activity through NSCC if the non-U.S. entity is not FATCA Compliant **and/or is not a Section 1446(f) Withholding Agent, as applicable**, unless such requirement has been explicitly waived in writing by NSCC with respect to the specific non-U.S. entity, provided, however, that no such waiver will be issued if it shall cause NSCC to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property.
- (f) indemnify NSCC for any loss, liability or expense sustained by NSCC as a result of the non-U.S. entity failing to be FATCA Compliant **or a Section 1446(f) Withholding Agent**.
- FATCA Compliance, **Section 1446(f) Withholding**, and **FATCA Tax Certification** – ~~Beginning on the FATCA Compliance Date, the~~ **The** non-U.S. entity must be at all times FATCA Compliant **and, beginning on the Section 1446(f) Withholding Compliance Date, be a Section 1446(f) Withholding Agent, if applicable**, and must certify and periodically recertify to NSCC, ~~as applicable under FATCA,~~ that it is FATCA Compliant **and/or a Section 1446(f) Withholding Agent, as applicable**, by providing to NSCC a **FATCA Tax Certification**, unless such requirements have been explicitly waived in writing by NSCC, provided, however, that no such waiver will be issued if it shall cause NSCC to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property.

¹ This policy statement excludes non-U.S. entities that are insurance companies.