

NATIONAL SECURITIES CLEARING CORPORATION RULES

RULE 1. DEFINITIONS AND DESCRIPTIONS*

[Changes to this Rule 1, as amended by File No. SR-NSCC-2021-015 are available at <https://www.dtcc.com/-/media/Files/Downloads/legal/rulefilings/2021/NSCC/SR-NSCC-2021-015.pdf>. These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. These changes will be implemented on or prior to January 31, 2022. The Corporation will issue an Important Notice when these changes are implemented, and this legend will automatically be removed from this Rule 1.]

Insurance Company

The term “Insurance Company” means any Person who is subject to supervision or regulation pursuant to the provisions of state insurance law and issues insurance contracts.

Insurance Deposit

The term “Insurance Deposit” has the meaning specified in Rule 4.

Municipal Securities Brokers’ Broker

The term “Municipal Securities Brokers’ Broker” means any municipal securities broker as defined in Rule 15c3-1(a)(8)(ii) of the Exchange Act.

Mutual Fund Deposit

The term “Mutual Fund Deposit” has the meaning specified in Rule 4.

RULE 4. CLEARING FUND

[Changes to this Rule 4, as amended by File No. SR-NSCC-2021-[] are available at [https://www.dtcc.com/-/media/Files/Downloads/legal/rulefilings/2021/NSCC/SR-NSCC-2021-\[\].pdf](https://www.dtcc.com/-/media/Files/Downloads/legal/rulefilings/2021/NSCC/SR-NSCC-2021-[].pdf). These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. These changes will be implemented on or prior to January 31, 2022. The Corporation will issue an Important Notice when these changes are implemented, and this legend will automatically be removed from this Rule 4.]

~~SEC. 13. Mutual Fund Deposits. Each Member that uses the Mutual Fund Services to submit mutual fund purchases, redemptions, or exchanges to any Fund Member or another Member and each Mutual Fund/Insurance Services Member shall, and each Fund Member (collectively with such Members and Mutual Fund/Insurance Services Members, "Mutual Fund Participants") may, be required to make a cash deposit to the Clearing Fund in the amounts determined in accordance with Procedure XV and other applicable Rules and Procedures (its "Mutual Fund Deposit" and, unless specified otherwise, for the purposes of these Rules and Procedures, Required Fund Deposits shall include Mutual Fund Deposits). In the case of a Member, its Mutual Fund Deposit shall be a separate and additional component of such Member's deposit to the Clearing Fund but shall not constitute part of such Member's Required Fund Deposit for purposes of calculating pro rata loss allocations pursuant to Section 4 of this Rule.~~

~~If any Mutual Fund Participant fails to satisfy any obligation to the Corporation relating to the Mutual Fund Services, notwithstanding the Corporation's right to reverse in whole or in part any credit previously given to the contra side to any outstanding Mutual Fund Services transaction of the Mutual Fund/Insurance Services Member, the Corporation shall first apply such Mutual Fund Participant's Mutual Fund Deposit. If after such application any loss or liability remains and if such Mutual Fund Participant is a Member that is not otherwise obligated to the Corporation, the Corporation shall apply such Member's Actual Deposit in accordance with Section 3 of this Rule. The Corporation shall next allocate any further remaining loss or liability to the other Mutual Fund Participants in successive rounds of loss allocations, in each case up to the aggregate of Mutual Fund Deposits from non-defaulting Mutual Fund Participants and, after the first such round, Mutual Fund Participants that have not submitted a Loss Allocation Withdrawal Notice in accordance with Section 6 of this Rule, following the procedures and subject to the timeframes set forth in Sections 4 and 6 of this Rule as if such Mutual Fund Participants are Members. If any loss or liability remains thereafter and there are no continuing Mutual Fund Participants, the Corporation shall proceed with loss allocations to Members for a Defaulting Member Event as set forth in Section 4 of this Rule. The application of any participant's Mutual Fund Deposit shall not affect any other right or remedy of the Corporation under these Rules and Procedures or under applicable law.~~

~~A Mutual Fund Participant that elects to withdraw from membership shall be entitled to the return of its Mutual Fund Deposit no later than thirty (30) calendar days after all of its transactions have settled and all matured and contingent obligations to the Corporation for which such Mutual Fund Participant was responsible while a Mutual Fund Participant have been satisfied.~~

~~Without limitation of the specific provisions set forth in this section, the Corporation's rights, authority and obligations with respect to deposits to the Clearing Fund that are set forth in this Rule 4, including, without limitation, the treatment of Clearing Fund Cash, shall apply to Mutual Fund Deposits.~~

~~SEC. 14. *Insurance Deposits.* Each Mutual Fund/Insurance Services Member that uses the Insurance & Retirement Services and each Insurance Carrier/Retirement Services Member (collectively, "Insurance Participants") may be required to make a cash deposit to the Clearing Fund in the amounts determined in accordance with Procedure XV and other applicable Rules and Procedures (its "Insurance Deposit" and, unless specified otherwise, for the purposes of these Rules and Procedures, Required Fund Deposits shall include Insurance Deposits).~~

~~If any Insurance Participant fails to satisfy any obligation to the Corporation relating to the Insurance & Retirement Services, the Corporation shall first apply such Insurance Participant's Insurance Deposit. If after such application any loss or liability remains, the Corporation shall next allocate such remaining loss or liability to the other Insurance Participants in successive rounds of loss allocations, in each case up to the aggregate of Insurance Deposits from non-defaulting Insurance Participants and, after the first such round, Insurance Participants that have not submitted a Loss Allocation Withdrawal Notice in accordance with Section 6 of this Rule, following the procedures and subject to the timeframes set forth in Sections 4 and 6 of this Rule as if such Insurance Participants are Members. If any loss or liability remains thereafter and there are no continuing Insurance Participants, the Corporation shall proceed with loss allocations to Members for a Defaulting Member Event as set forth in Section 4 of this Rule. The application of any Insurance Participant's Insurance Deposit shall not affect any other right or remedy of the Corporation under these Rules and Procedures or under applicable law.~~

~~An Insurance Participant that elects to withdraw from membership shall be entitled to the return of its Insurance Deposit no later than thirty (30) calendar days after all of its transactions have settled and all matured and contingent obligations to the Corporation for which such Insurance Participant was responsible while an Insurance Participant have been satisfied.~~

~~Without limitation of the specific provisions set forth in this section, the Corporation's rights, authority and obligations with respect to deposits to the~~

~~Clearing Fund that are set forth in this Rule 4, including, without limitation, the treatment of Clearing Fund Cash, shall apply to Insurance Deposits.~~

PROCEDURE XV. CLEARING FUND FORMULA AND OTHER MATTERS¹

[Changes to this Procedure XV, as amended by File No. SR-NSCC-2021-015 are available at <https://www.dtcc.com/-/media/Files/Downloads/legal/rulefilings/2021/NSCC/SR-NSCC-2021-015.pdf>. These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. These changes will be implemented on or prior to January 31, 2022. The Corporation will issue an Important Notice when these changes are implemented, and this legend will automatically be removed from this Procedure XV.]

I.(A) Clearing Fund Formula for Members

Each Member of the Corporation, except as otherwise provided in this Procedure, is required to contribute to the Clearing Fund maintained by the Corporation an amount calculated by the Corporation equal to:

~~(4) For Mutual Fund Transactions~~

~~(a) \$5,000 if such Member has daily Mutual Fund Services settlement debits of no more than \$100,000 with respect to any one Fund Member;~~

~~or~~

~~(b) \$10,000 if such Member has daily Mutual Fund Services settlement debits of no more than \$500,000 with respect to any one Fund Member;~~

~~or~~

~~(c) \$20,000 if such Member has daily Mutual Fund Services settlement debits of more than \$500,000 with respect to any one Fund Member.~~

~~I.(C) Clearing Fund Formula for Mutual Fund/Insurance Services Members who use the Mutual Fund Services.⁸~~

~~Each Mutual Fund/Insurance Services Member is required to contribute to the Clearing Fund maintained by the Corporation an amount, in cash, approximately equal to:~~

¹ All calculations shall be performed daily or, if the Corporation deems it appropriate, on a more frequent basis.

⁸ ~~This section applies to entities whose use of the Corporation's services are restricted to the Mutual Fund Services and/or the Insurance & Retirement Services. Entities which use or are permitted to use Services other than or in addition to the Mutual Fund Services and Insurance & Retirement Services are covered by section I.(A).~~

~~(a) \$5,000 if the Mutual Fund/Insurance Services Member has daily Mutual Fund Services settlement debits of no more than \$100,000 with respect to any one Fund Member;~~

~~or~~

~~(b) \$10,000 if the Mutual Fund/Insurance Services Member has daily Mutual Fund Services settlement debits of no more than \$500,000 with respect to any one Fund Member;~~

~~or~~

~~(c) \$20,000 if the Mutual Fund/Insurance Services Member has daily Mutual Fund Services settlement debits of more than \$500,000 with respect to any one Fund Member.~~

~~I.(D) Clearing Fund Formula for Fund Members, Insurance Carrier/Retirement Services Members and Certain Mutual Fund/Insurance Services Members~~

~~The Clearing Fund Formula for each Fund Member, Insurance Carrier/Retirement Services Member and those Mutual Fund/Insurance Services Members who use the Corporation's Insurance & Retirement Services shall be established at such time as the Corporation determines appropriate.~~
