

Memorandum

To: SR-NSCC-2021-803

From: Office of Clearance and Settlement, Division of Trading and Markets

Re: Commission's Second Request for Additional Information

On July 22, 2021, the National Securities Clearing Corporation ("NSCC") filed advance notice SR-NSCC-2021-803 ("Advance Notice") with the U.S. Securities and Exchange Commission ("Commission"), pursuant to Section 806(e)(1)(A) of the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")¹ and Rule 19b-4(n)(1)(i) of the Securities Exchange Act of 1934,² to (i) establish new membership categories and requirements for sponsoring members and sponsored members, (ii) establish a new membership category and requirements for agent clearing members, (iii) establish the securities financing transaction clearing service to make central clearing available at NSCC for equity securities financing transactions, and (iv) make other amendments and clarifications to the Rules.³ The Advance Notice was published for comment in the Federal Register on August 12, 2021.⁴

On August 30, 2021, the Commission, by the Division of Trading and Markets, pursuant to delegated authority,⁵ requested additional information from NSCC pursuant to Section 806(e)(1)(D) of the Clearing Supervision Act,⁶ which tolled the Commission's period of review of the Advance Notices until 60 days from the date the information required by the Commission was received by the Commission.⁷ On December 13, 2021, the Commission received NSCC's

¹ 12 U.S.C. 5465(e)(1)(A).

² 17 CFR 240.19b-4(n)(1)(i).

³ NSCC also filed the proposal contained in the Advance Notice as proposed rule change SR-NSCC-2021-010 ("Proposed Rule Change") under Section 19(b)(1) of the Securities Exchange Act of 1934 and Rule 19b-4, thereunder 12 U.S.C 78s(b)(1) and 17 CFR 240.19b-4. The Proposed Rule Change was published in the Federal Register on August 12, 2021. Securities Exchange Act Release No. 92570 (August 5, 2021), 86 Fed. Reg. 44482 (August 12, 2021) (SR-NSCC-2021-010).

⁴ Securities Exchange Act Release No. 92568 (August 5, 2021), 86 Fed. Reg. 44530 (August 12, 2021) (SR-NSCC-2021-803).

⁵ 17 CFR 200.30-3(a)(93).

⁶ 12 U.S.C. 5465(e)(1)(D).

⁷ See 12 U.S.C. 5465(e)(1)(E)(ii) and (G)(ii); see Memorandum from the Office of Clearance and Settlement Supervision, Division of Trading and Markets, titled

response to the Commission’s request for additional information.⁸ On February 7, 2022, under Section 806(e)(1)(H) of the Clearing Supervision Act,⁹ the Commission extended the review period of the Advance Notice for additional 60 days to issue an objection or non-objection to the Advance Notice.¹⁰

On February 28, 2022, the Commission, by the Division of Trading and Markets, pursuant to delegated authority,¹¹ requested additional information from NSCC pursuant to Section 806(e)(1)(D) of the Clearing Supervision Act.¹²

Pursuant to Section 806(e)(1) of the Clearing Supervision Act,¹³ the Commission’s period of review of the Advance Notice is tolled and shall be 60 days from the date the information requested is received by the Commission absent an additional information request.

“Commission’s Request for Additional Information,” available at
<https://www.sec.gov/rules/sro/nsc-an/2021/34-92568-memo-nsc.pdf>.

⁸ See 12 U.S.C. 5465(e)(1)(E)(ii) and (G)(ii); see Memorandum from the Office of Clearance and Settlement Supervision, Division of Trading and Markets, titled “Response to the Commission’s Request for Additional Information,” available at
<https://www.sec.gov/rules/sro/nsc-an/2021/34-92568-memo-response-nsc.pdf>.

⁹ 12 U.S.C. 5465(e)(1)(H).

¹⁰ Securities Exchange Act Release No. 94168 (February 7, 2022), 87 Fed. Reg. 8062 (February 11, 2022) (SR-NSCC-2021-803).

¹¹ 17 CFR 200.30-3(a)(93).

¹² 12 U.S.C. 5465(e)(1)(D).

¹³ See 12 U.S.C. 5465(e)(1)(E) and (G).