

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105901; File No. SR-NSCC-2026-008]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving Proposed Rule Change to Enhance NSCC's Clearing Fund Methodology July 14, 2026.

On May 26, 2026, National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change SR-NSCC-2026-008 (the “Proposed Rule Change”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder.² The Proposed Rule Change would modify the NSCC Rules and Procedures (“NSCC Rules”)³ to enhance NSCC’s Clearing Fund methodology to address certain risks presented by exchange-traded products (“ETPs”). The Proposed Rule Change was published for comment in the *Federal Register* on June 4, 2026.⁴ The Commission has received no comments on the changes proposed. For the reasons discussed below, the Commission is approving the Proposed Rule Change.

I. BACKGROUND

NSCC is a registered clearing agency that provides clearing, settlement, risk management, and central counterparty (“CCP”) services for trades involving equity securities, corporate and municipal debt, ETPs, and unit investment trust transactions in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Terms not defined herein are defined in the NSCC Rules, as applicable, *available at* http://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

⁴ *See* Securities Exchange Act Release No. 105593 (June 1, 2026), 91 FR 33839 (June 4, 2026) (File No. SR-NSCC-2026-008) (“Notice of Filing”).

the U.S. markets. As a CCP, NSCC novates transactions between counterparties, effectively becoming the buyer to every seller and the seller to every buyer, and guarantees settlement of the novated transactions. NSCC is exposed to the credit risk of its members and the risk that a member may default on its obligations to NSCC before settlement of the member's open positions.

A key tool that NSCC uses to manage its credit exposure to its members is determining and collecting an appropriate Required Fund Deposit (*i.e.*, margin) for each member.⁵ The objective of a member's margin is to mitigate potential losses to NSCC associated with liquidating a member's portfolio in the event NSCC ceases to act for that member (hereinafter referred to as a "default").⁶ The aggregated amount of all members' margin constitutes the NSCC Clearing Fund. NSCC would access its Clearing Fund should a defaulting member's own margin be insufficient to satisfy losses to NSCC caused by the liquidation of that member's portfolio.⁷ Each member's margin consists of several components, each of which is designed to address specific risks faced by NSCC arising out of its members' trading activity.

The primary component of NSCC's Clearing Fund is the Volatility Charge, which is designed to measure the market price volatility of each member's start of day ("SOD") portfolio. The Volatility Charge is calculated for members' Net Unsettled Positions and Net Balance Order Unsettled Positions (collectively, "Net Unsettled Positions") and is

⁵ See Rule 4 (Clearing Fund) and Procedure XV (Clearing Fund Formula and Other Matters) of the NSCC Rules, *supra* note 3.

⁶ The Rules identify when NSCC may cease to act for a member and the types of actions NSCC may take. For example, NSCC may suspend a firm's membership with NSCC or prohibit or limit a member's access to NSCC's services in the event that member defaults on a financial or other obligation to NSCC. See Rule 46 (Restrictions on Access to Services) of the Rules, *supra* note 3.

⁷ See Rule 4 (Clearing Fund), *supra* note 3.

designed to capture the market price risk associated with each member's portfolio at a 99th percentile level of confidence.⁸

NSCC uses two methodologies for calculating the Volatility Charge. For the majority of equity Net Unsettled Positions, NSCC calculates the Volatility Charge as the sum of: (1) the greater of (a) the larger of two separate calculations that utilize a parametric Value-at-Risk ("VaR") model, and (b) a portfolio margin floor calculation ("Margin Floor") based on the market values of the long and short positions in the portfolio; and (2) a gap risk measure calculation ("Gap Risk Charge") based on the concentration threshold of the two largest non-diversified positions in a portfolio (collectively, the "VaR Charge").⁹

A. Fat Tail Adjustment Factor

Under NSCC's current parametric VaR model methodology, NSCC supplements its assumption of a normal return distribution for equity portfolios with the Fat Tail Adjustment Factor, which utilizes the degrees of freedom ("DOF") derived from a family of Student's t-distributions that are more representative of historically observed return distributions in the equities markets.¹⁰ NSCC periodically estimates the DOF factor using daily return data from an industry standard index over a historical window of no shorter than 12 months, and then computes a multiplication factor that represents the magnitude

⁸ See Notice of Filing at 33840, *supra* note 4.

⁹ See Notice of Filing at 33840, *supra* note 4. Certain equity positions are excluded from the VaR Charge and are instead subject to a haircut-based volatility charge. See Procedure XV, Sections I(A)(1)(a)(ii) and I(A)(2)(a)(ii) of the NSCC Rules, *supra* note 3.

¹⁰ See Notice of Filing at 33840, *supra* note 4; see Securities Exchange Act Release No. 72260 (May 27, 2014), 79 FR 31360 (June 2, 2014) (SR-NSCC2014-802). The Fat Tail Adjustment Factor is also described in NSCC's internal methodology and risk model documentation and in the externally available NSCC Risk Margin Component Guide, posted on the DTCC website at www.dtccllearning.com/products-and-services/equities-clearing/nscc-riskmanagement.html.

of increase of t-distribution-based parametric VaR from the normal-based parametric VaR, which is then applied to the parametric VaR.¹¹

B. Bid-Ask Spread Charge

In calculating volatility estimations for the Core Parametric Estimation, NSCC includes an additional charge (the “Bid-Ask Spread Charge”) designed to cover the risk presented by the variation of bid-ask spreads over time and varying market conditions.¹² The Bid-Ask Spread Charge is calculated by multiplying the gross market value of each Net Unsettled Position by a basis point charge, which is determined based on four groups/classifications: (i) large and medium capitalization equities; (ii) small capitalization equities; (iii) micro-capitalization equities; and (iv) ETPs.¹³ NSCC currently applies one standard basis point charge for all ETPs, assuming that all ETPs have similar liquidity and bid-ask spread haircuts.¹⁴

C. Gap Risk Charge

In addition to the Core Parametric Estimation and the Margin Floor, NSCC calculates a Gap Risk Charge designed to address a pronounced form of idiosyncratic risk from unexpected, large, gap-like price movements of a stock due to company specific events and is added, if applicable, to the parametric VaR to determine the VaR Charge.¹⁵ The Gap Risk Charge is assessed if the sum of the gross market values of the two largest non-diversified Net Unsettled Positions in a member's portfolio exceeds the

¹¹ See Notice of Filing at 33840, *supra* note 4.

¹² See Notice of Filing at 33840, *supra* note 4.

¹³ See also Procedure XV, Sections I(A)(1)(a)(i)I and I(A)(2)(a)(i)I of the NSCC Rules, *supra* note 3. NSCC reviews the applicable basis point charges at least annually.

¹⁴ See Notice of Filing at 33840, *supra* note 4.

¹⁵ See Procedure XV, Sections I(A)(1)(a)(i)III and I(A)(2)(a)(i)III of the NSCC Rules, *supra* note 3.

Concentration Threshold.¹⁶ The amount of the Gap Risk Charge is calculated by adding the sum of: (1) the product of the gross market value of the largest non-diversified Net Unsettled Position and a gap risk haircut of not less than five percent, and (2) the product of the gross market value of the second largest non-diversified Net Unsettled Position and a gap risk haircut of not less than 2.5 percent.¹⁷ The Concentration Threshold and gap risk haircuts are calculated based on backtesting and impact analysis during a period of time of not less than the previous 12 months.¹⁸ NSCC excludes ETF positions from the Gap Risk Charge calculation if those positions have characteristics indicating they are less prone to gap risk events, such as tracking a broad-based market index, containing a diversified underlying basket, being unleveraged, or tracking an asset class less prone to gap risk.¹⁹

II. DESCRIPTION OF THE PROPOSED RULE CHANGE

NSCC proposes to amend the NSCC Rules regarding the determination of Clearing Fund requirements to address certain risks presented by ETPs. Specifically, NSCC proposes to (i) amend its Gap Risk Charge methodology to address risks presented by ETFs; (ii) amend the Bid-Ask Spread Charge by applying more granular basis point charges for sub-categories of ETPs; and (iii) describe the use of the Fat Tail Adjustment Factor in NSCC's parametric VaR calculation.

A. Proposed Changes to the Gap Risk Charge

¹⁶ See Notice of Filing at 33840, *supra* note 4. The Concentration Threshold is calculated by a percentage of the gross market value of the entire portfolio, currently set by NSCC at no more than 30 percent. See Notice of Filing at 33840, *supra* note 4.

¹⁷ See Notice of Filing at 33840-33841, *supra* note 4.

¹⁸ See Notice of Filing at 33841, *supra* note 4.

¹⁹ See Notice of Filing at 33841, *supra* note 4; see Securities Exchange Act Release No. 98086 (Aug. 8, 2023), 88 FR 55100 (Aug. 14, 2023) (SR-NSCC-2022-015).

The Proposed Rule Change would revise the methodology for calculating the Gap Risk Charge by introducing a mapping and decomposition process for ETFs. Specifically, the Proposed Rule Change would enable NSCC to (1) map certain leveraged or inverse equity ETFs to a related non-leveraged ETF with in-kind baskets and adjustments for corresponding leverage/inverse factor; (2) decompose equity ETFs eligible for in-kind baskets into their underlying components; and (3) map single stock ETFs to their corresponding single stock positions with adjustments for corresponding leverage/inverse factor.

To implement these changes to the Gap Risk Charge, the Proposed Rule Change amends Sections I(A)(1)(a)(i)(III) and I(A)(2)(a)(i)(III) of Procedure XV. The Proposed Rule Change would amend NSCC Rules to specify that the enhanced Gap Risk Charge would be assessed on the sum of the gross market values of the two largest non-diversified “net positions” in a member’s portfolio rather than Net Unsettled Positions. The Proposed Rule Change would also set forth the process for determining “net positions” for the Gap Risk Charge calculation, i.e., that NSCC would start with Net Unsettled Positions and then apply a mapping and decomposition process for ETF Net Unsettled Positions to isolate the risk exposures of the underlying ETF holdings.²⁰ In addition, the Proposed Rule Change would state that equity ETFs for in-kind baskets may be decomposed into positions in their underlying components. Specifically, the proposed rule change would provide that (i) leveraged or inverse equity ETFs may be mapped to a related non-leveraged ETF with in-kind baskets, which may then be decomposed into positions in their underlying components, and (ii) single stock ETFs may be mapped to

²⁰ See Notice of Filing at 33841, *supra* note 4.

their corresponding single stock positions. The Proposed Rule Change would provide that the NSCC would then net all positions, whether indirect exposures from the ETF mapping and decomposition process or direct exposures from the Net Balance Order Unsettle Positions within the original portfolio, to establish the “net positions” for the Gap Risk charge calculation.

The Proposed Rule Change would modify existing procedures for determining which ETFs would be excluded from the Gap Risk Charge calculation by moving those procedures from a footnote to the body of the Sections I(A)(1)(a)(i)(III) and I(A)(2)(a)(i)(III) of Procedure XV. The Proposed Rule Change would provide that the Gap Risk Charge is then determined by adding the sum of the product of the gross market value of the two largest non-diversified net positions (as derived by the mapping and decomposition process) and corresponding gap risk haircuts established by NSCC, if the sum of the gross market values of the two largest non-diversified net positions in the portfolio represent a percentage designated by NSCC of the gross market value of the entire liquid equity portfolio, minus the exempted equity ETFs.

B. Proposed Changes to the Bid-Ask Spread Charge

The Proposed Rule Change would amend the Bid-Ask Spread Charge to apply more granular basis point charges for different sub-categories of ETPs.²¹ Specifically, the Proposed Rule Change would amend Sections I(A)(1)(a)(i)I and I(A)(2)(a)(i)I of Procedure XV of the NSCC Rules to apply different basis point charges within the ETP risk group based on an ETP’s inclusion in additional sub-categories, which shall be based on factors such as market capitalization or asset class.

²¹ See Notice of Filing at 33842, *supra* note 4.

C. Proposed Clarifications Related to the Fat Tail Adjustment Factor

The Proposed Rule Change would modify NSCC Rules to include a description of the Fat Tail Adjustment Factor used in its parametric VaR calculations and to provide additional clarification that NSCC may apply different parameter values to more accurately calibrate for the tail risk of different member portfolio types. Specifically, the Proposed Rule Change would amend Sections I(A)(1)(a)(i)I and I(A)(2)(a)(i)I, which currently explains that volatility component calculation of the VaR Charge shall be made utilizing such assumptions and based on such historical data as NSCC deems reasonable and shall cover such range of historical volatility as NSCC deems appropriate from time to time, to include that such assumptions and historical data would also account for the tail risk of member portfolio types.

D. Anticipated Impact on Members

NSCC performed an impact analysis on its portfolios covering the period beginning January 2025 to February 2026 (“Impact Study”).²² The findings of the Impact Study showed that, had the Proposed Rule Change been in effect during this period, the overall increase across all NSCC members would have been around \$60 million, representing less than one percent of the total VaR Charge.²³

The Impact Study showed that the average daily increase in the overall Gap Risk Charge was approximately \$223 million (from \$727 million to approximately \$950 million); the average daily increase in the overall Bid-Ask Spread was approximately \$6 million (from \$96 million to approximately \$102 million); and the average daily

²² See Notice of Filing at 33842, *supra* note 4. NSCC filed the Impact Study confidentially as Exhibit 3.

²³ See Notice of Filing at 33842, *supra* note 4.

reduction in the VaR Charge for the Fat Tail Adjustment Factor calibration was approximately \$168 million (from \$5.49 billion to approximately \$5.32 billion).²⁴

NSCC stated that the impacts among individual members varied depending on the size and composition of their portfolios.²⁵ The Impact Study showed that the top 20 largest daily average notional impacts by accounts showed an increase in the Gap Risk Charge ranging from \$4.4 million to \$23.4 million, while the percentage impact ranged from approximately 110 percent to 750 percent increases.²⁶

For the Bid-Ask Spread Charge, the Impact Study showed that the top 20 largest daily average notional impacts by account showed a reduction in charge for approximately \$75,000 to \$100,000 for two member accounts and increases ranging from approximately \$82,000 to \$752,000 for the rest of the top 20 accounts, while the percentage impact showed all but three members saw an increase in the Bid-Ask Spread Charge of 50% or less.²⁷

For the Fat Tail Adjustment Factor, the Impact Study showed the top 20 largest daily average notional impacts by account had reductions in their parametric VaR ranging from approximately \$2.6 million to \$13 million, while the percentage impacts ranged from a 3.3 to 3.7 percent reduction.²⁸

III. DISCUSSION AND COMMISSION FINDINGS

²⁴ See Notice of Filing at 33842, *supra* note 4.

²⁵ See Notice of Filing at 33842, *supra* note 4.

²⁶ See Notice of Filing at 33842, *supra* note 4. NSCC stated that one member would have had a Gap Risk Charge imposed that had not previously incurred such charges. See Notice of Filing at 33842, *supra* note 4.

²⁷ See Notice of Filing at 33842, *supra* note 4.

²⁸ See Notice of Filing at 33843, *supra* note 4.

Section 19(b)(2)(C) of the Act²⁹ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to such organization. After carefully considering the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to NSCC. In particular, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act³⁰ and Rules 17ad-22(e)(4) and 17ad-22(e)(6)³¹ each promulgated under the Act.

A. Consistency with Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of Act³² requires, in part, that the rules of a clearing agency be designed to, among other things, promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.

As described above in Section II., NSCC proposes to amend its Clearing Fund methodology through improvements to the Gap Risk Charge, Bid-Ask Spread Charge, and Fat Tail Adjustment Factor to address certain risks presented by ETPs. The Proposed Rule Change should help ensure that NSCC collects sufficient margin to manage member-level credit risk exposure associated with the risks presented by ETPs in members' cleared portfolios. By mapping and decomposing ETP holdings to isolate

²⁹ 15 U.S.C. 78s(b)(2)(C).

³⁰ 15 U.S.C. 78q-1(b)(3)(F).

³¹ 17 CFR 240.17ad-22(e)(4) and (6).

³² 15 U.S.C. 78q-1(b)(3)(F).

underlying security exposures, applying granular basis point charges across ETP sub-categories, and clarifying tail risk calibration to ensure margin requirements more accurately reflect the risks presented by ETPs in members' actual portfolios as opposed to an industry standard index, the Proposed Rule Change is designed to ensure NSCC collects sufficient margin to accurately identify, measure, and manage credit exposures to members while maintaining adequate financial resources to cover potential defaults with a high degree of confidence. By helping NSCC to collect sufficient margin, the Proposed Rule Change should better ensure that, in the event of a member default, NSCC's operation of its critical clearance and settlement services would not be disrupted because of insufficient financial resources. Accordingly, the Proposed Rule Change should help NSCC to continue providing prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.

As discussed in Section I. above, under NSCC's Rules, in the event that a defaulted member's own margin is insufficient to satisfy losses to NSCC caused by the liquidation of that member's portfolio, NSCC would access the mutualized Clearing Fund.³³ NSCC's proposed changes to the Clearing Fund methodology, specifically the changes to the Gap Risk Charge, Bid-Ask Spread Charge, and Fat Tail Adjustment Factor described in Section II., should help ensure that NSCC has collected sufficient margin from its members and should help minimize the likelihood that NSCC would have to access the Clearing Fund, thereby limiting non-defaulting members' exposure to mutualized losses. By helping to limit the exposure of NSCC's non-defaulting members to mutualized losses, the Proposed Rule Change should help NSCC assure the

³³ See Rule 4 (Clearing Fund) and Procedure XV (Clearing Fund Formula and Other Matters) of the NSCC Rules *supra* note 3.

safeguarding of securities and funds which are in its custody or control, consistent with Section 17A(b)(3)(F) of the Act.³⁴

For these reasons, the Proposed Rule Change is consistent with promoting the prompt and accurate clearance and settlement of securities transactions and assuring the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, consistent with Section 17A(b)(3)(F) of the Act.³⁵

B. Consistency with Rule 17ad-22(e)(4)

Rule 17ad-22(e)(4)(i)³⁶ under the Act requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, including by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. The Proposed Rule Change is consistent with Rule 17ad-22(e)(4)(i) under the Act for the reasons stated below.

NSCC's proposal to amend its Clearing Fund methodology should enable NSCC to better manage its credit exposures to members by maintaining sufficient resources to cover their credit exposures more fully with a high degree of confidence. Specifically, the proposed enhancements to the Gap Risk Charge, Bid-Ask Spread Charge, and Fat Tail Adjustment Factor should allow NSCC to more effectively identify, measure, monitor, and manage member-level credit exposure arising from the risks presented by ETPs in members' cleared portfolios.

³⁴ 15 U.S.C. 78q-1(b)(3)(F).

³⁵ 15 U.S.C. 78q-1(b)(3)(F).

³⁶ 17 CFR 240.17ad-22(e)(4)(i).

As described in Section II.A with respect to the Gap Risk Charge, the proposed mapping and decomposition process for ETFs should allow NSCC to more effectively identify, measure, monitor, and manage member-level credit exposure arising from risks presented by the underlying holdings of ETFs, including exposures to single-stock ETFs and leveraged/inverse ETFs. By using the mapping and decomposition process for ETFs, NSCC should be better positioned to identify and address concentration risk of single name equities presented by ETFs in a member's portfolio, which was not previously captured in the Gap Risk Charge.

As described in Section II.B with respect to the Bid-Ask Spread Charge, the proposed enhancements should allow NSCC to more effectively identify and measure the liquidity risk presented by different types of ETPs by improving the granularity of the basis point charges used within the ETP risk group to account for different asset classes and market capitalizations, instead of a single standard basis point charge for all ETPs.

As described in Section II.C with respect to the Fat Tail Adjustment Factor, the proposed clarifications should better enable NSCC to identify, measure, monitor, and manage the tail risk presented by different member portfolio types by clarifying that Fat Tail Adjustment Factor parameters may be calibrated from time to time using actual member portfolio residuals. The proposed clarifications should also better enable NSCC to address tail risk for various member portfolio types.

Accordingly, for the reasons discussed above, the Proposed Rule Change is reasonably designed to identify, measure, monitor, and manage its credit exposure to members, and those arising from its payment, clearing, and settlement processes, including by maintaining sufficient financial resources to cover its credit exposure to

each member fully with a high degree of confidence consistent with Rule 17ad-22(e)(4)(i).

C. Consistency with Rule 17ad-22(e)(6)

Rule 17ad-22(e)(6)(i)³⁷ under the Act requires that each covered clearing agency that provides central counterparty services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, among other things, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market. The Proposed Rule Change is consistent with 17ad-22(e)(6)(i) under the Act for the reasons stated below.

NSCC's proposal to amend its Clearing Fund methodology should enable NSCC to more effectively address the risks posed to NSCC by ETPs in members' portfolios. As discussed in Section III.D above, NSCC provided an Impact Study regarding the impacts the proposed enhancements to the Gap Risk Charge, Bid-Ask Spread Charge, and Fat Tail Adjustment Factor would have had if they were in place during the period January 2025 to February 2026. The Commission has reviewed and analyzed the materials filed by NSCC, including NSCC's Impact Study and backtesting results, which show the effects of the Proposed Rule Change assessed during the time period of the Impact Study.

With respect to the Gap Risk Charge, the Impact Study demonstrates that the proposed mapping and decomposition process for ETFs should result in Gap Risk Charges for member portfolios that reflect a more granular measure of risk presented to

³⁷ 17 CFR 240.17ad-22(e)(6)(i).

NSCC by isolating and addressing the risk exposures of the underlying ETF holdings.³⁸ By mapping leveraged and inverse equity ETFs to related non-leveraged ETFs with in-kind baskets, decomposing in-kind baskets into their underlying components, and mapping single stock ETFs to their corresponding single stock positions, and then netting and aggregating the resulting positions, NSCC should be better able to assess and address the underlying security exposures embedded within various ETF structures. The Impact Study showed an average daily increase in the overall Gap Risk Charge of approximately \$223 million,³⁹ reflecting a more granular measure of risk presented to NSCC that is not currently captured in the Gap Risk Charge.

With respect to the Bid-Ask Spread Charge, the Impact Study demonstrates that the proposed changes would result in Bid-Ask Spread Charges that reflect a more tailored calibration of the charge to the liquidity profiles of different ETP sub-categories. The Impact Study showed an average daily increase in the overall Bid-Ask Spread Charge of approximately \$6 million,⁴⁰ reflecting the more tailored calibration of the charge to the specific liquidity profiles of different ETP sub-categories that are not currently captured under the single basis point charge applied to all ETPs.

With respect to the Fat Tail Adjustment Factor, the proposed amendments should improve members' understanding of the use of the Fat Tail Adjustment Factor in NSCC's parametric VaR calculations and may calibrate tail risk using actual member portfolio residuals for better accuracy.⁴¹ The Impact Study showed an average daily reduction in

³⁸ See Notice of Filing at 33843, *supra* note 4.

³⁹ See Notice of Filing at 33842, *supra* note 4.

⁴⁰ See Notice of Filing at 33842, *supra* note 4.

⁴¹ See Notice of Filing at 33842, *supra* note 4.

the VaR Charge of approximately \$168 million,⁴² reflecting the calibration of the Fat Tail Adjustment Factor based on actual member portfolio characteristics rather than an industry standard index as a proxy for tail risk calibration. This would result in margin levels that are more commensurate with the actual tail risk presented by different member portfolio types because calibrating margin requirements to actual portfolio characteristics rather than industry proxies ensures that each member's Required Fund Deposit would reflect the idiosyncratic risks of that member's portfolio.

Accordingly, the Proposed Rule Change is consistent with Rule 17ad-22(e)(6)(i) under the Act because it is designed to assist NSCC in maintaining a risk-based margin system that considers, and produces margin levels commensurate with, the risks of portfolios that experience significant market volatility because of certain scheduled economic events.

⁴² See Notice of Filing at 33843, *supra* note 4.

IV. CONCLUSION

On the basis of the foregoing, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act and the rules and regulations promulgated thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act⁴³ that proposed rule change SR-NSCC-2026-008 be, and hereby is, APPROVED.⁴⁴

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁵

Sherry R. Haywood,

Assistant Secretary.

⁴³ 15 U.S.C. 78s(b)(2).

⁴⁴ In approving the proposed rule change, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁴⁵ 17 CFR 200.30-3(a)(12).