

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-54958; File No. SR-NSCC-2006-13)

December 18, 2006

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Harmonizing Administrative Provisions With Affiliated Clearing Agencies

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on November 3, 2006, the 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. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>2</sup> and Rule 19b-4(f)(4)<sup>3</sup> thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change**

The purpose of this filing is to harmonize various administrative aspects of NSCC’s rules with the rules of its clearing agency affiliates, the Fixed Income Clearing Corporation (“FICC”) and The Depository Trust Company (“DTC”).

**II. Self-Regulatory Organization’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.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>3</sup> 17 CFR 240.19b-4(f)(4).

NSCC has prepared summaries, set forth in Sections A, B, and C below of the most significant aspects of such statements.<sup>4</sup>

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. OFAC Status and Securities Eligibility

NSCC’s Rule 3 sets forth criteria relating to the eligibility of securities and other financial instruments that underlie contracts that may be cleared through NSCC. NSCC proposes to add new Section 11 to this rule that will contain language that is similar to language in FICC’s and DTC’s rules. Specifically, the revised rule would provide that securities or other financial instruments of an issuer listed on the Office of Foreign Assets Control (“OFAC”) list of specially designated nationals distributed by the U.S. Department of the Treasury or of an issuer that is incorporated in a country that is on the OFAC list of countries subject to comprehensive sanctions may not be: (a) submitted to NSCC by a member for processing or (b) requested by members for inclusion on lists of securities or other financial instruments maintained by NSCC pursuant to Rule 3.

2. Forms

Currently, NSCC’s Rule 28 states that the delivery of forms of lists, notices, and other documents may be delivered by the use of any media, such as magnetic tape, discs, or cards, as shall be prescribed in NSCC’s Procedures. NSCC proposes to remove the language “such as magnetic tape, discs or cards” because such modes of delivery are outdated.

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<sup>4</sup> The Commission has modified the text of the summaries prepared by NSCC.

### 3. Signatures

NSCC proposes to amend Rule 32 with respect to acceptable forms of signatures. Currently, this rule permits NSCC to accept documents from members that have been executed using mechanically reproduced facsimile signatures. The proposed rule change modernizes this rule by permitting NSCC, at its option, to rely on any other electronic, optical, or other similar forms of signatures in lieu of original signatures. The new language is adapted from similar language contained in the rule of DTC and both of FICC's divisions (the Government Securities Division and the Mortgage-Backed Securities Division). In addition, NSCC will revise the title of this rule from "Facsimile Signatures" to "Signatures" in order to remain consistent with the above-mentioned changes.

NSCC believes that the proposed rule changes are consistent with the requirements of the Act and the rules and regulations thereunder because they are concerned solely with the administration of NSCC and do not affect the safeguarding of securities or funds in the custody or control of NSCC or for which it is responsible.

#### B. Self-Regulatory Organization's Statement on Burden on Competition

NSCC believes that the proposed rule change will have no impact or impose any burden on competition.

#### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

NSCC has not solicited or received written comments relating to the proposed rule change. NSCC will notify the Commission of any written comments it receives.

### **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)(iii)<sup>5</sup> of the Act and Rule 19b-4(f)(4)<sup>6</sup> thereunder because it effects a change in an existing service of a registered clearing agency that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the clearing agency or person using the service. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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 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](mailto:rule-comments@sec.gov). Please include File No. SR-NSCC-2006-13 on the subject line.

##### Paper comments:

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

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<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>6</sup> 17 CFR 240.19b-4(f)(4).

All submissions should refer to File No. SR-NSCC-2006-13. 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 Web site (<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 inspection and copying in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at NSCC's principal office and on NSCC's Web site at <<http://www.nsc.com/legal/index.html>>. 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 submission should refer to File No. SR-NSCC-2006-13 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).