

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63634; File No. SR-NSCC-2010-19)

January 3, 2011

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Modifications to the Fee Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on December 21, 2010, the National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II, which Items have been prepared primarily by NSCC. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act² and Rule 19b-4(f)(2)³ 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 proposed rule change amends Addendum A of NSCC’s Rules & Procedures to modify NSCC’s fee schedule.

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.

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(3)(A)(ii).

³ 17 CFR 240.19b-4(f)(2).

NSCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

The purpose of the proposed rule change is to revise Addendum A to NSCC's Rules and Procedures to align fees with the costs of delivering services.⁴

Fee increases will be implemented for the following:

- (1) Clearance Activity fees, which includes: (i) a tiered fee structure for the number of sides submitted for trade recording and netting and (ii) "value into the net" and "value out of the net" fees;
- (2) Trade Comparison fees for bonds;
- (3) Automated Customer Account Transfer Service fees for asset delivers, asset receives, and asset additions, deletions, or changes; and
- (4) Per envelope receive and deliver charges for the Envelope Settlement Service, Funds Only Settlement Service, and Dividend Settlement Service.

Separately, the existing fee structure for the Alternative Investment Products Service will be replaced with: (i) a tiered fee structure with a fee cap for broker-dealers⁵ with respect to

⁴ The changes to NSCC's Fee Structure, which are attached as Exhibit 5 to NSCC's proposed rule change, can be viewed at http://www.dtcc.com/downloads/legal/rule_filings/2010/nsccl/2010-19.pdf.

⁵ The incentive of an annual fee cap is expected to encourage broker-dealers to use the service and expand coverage of these products and increase the value of the overall market.

processing of Non-Traded REITs and Managed Futures and (ii) increased charges for processing of hedge funds and other activity (other than Non-Traded REITs and Managed Futures).⁶

Additionally, a new flat monthly fee will be implemented for transmission of Networking Omnibus Activity/Position Files (Omni/SERV).⁷

Finally, NSCC is making a technical change to reflect current practice whereby all Fund/SERV transactions are subject to the same fee.

The above fee changes will take effect on January 3, 2011.

NSCC states that the proposed rule change is consistent with the requirements of Section 17A of the Act⁸ and the rules and regulations thereunder because it updates NSCC's fee schedule to align fees with the costs of delivering services. As such, it provides for the equitable allocation of fees among NSCC's members.

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

NSCC does not believe that the proposed rule change will have any impact or impose any burden on competition.

⁶ The difference in pricing between (i) and (ii) reflects differing average transaction volumes. Non-Traded REITs and Managed Futures funds are typically low value transactions but have proportionally high transaction volume. These funds typically process over 10,000 trades per month and over 50,000 records per month. Conversely, Hedge Funds, Funds of Funds, and Private Equity trades have low volume but have large transaction value. Hedge Fund monthly trading is usually under 1,000 transactions with a monthly record count under 5,000 records per month.

⁷ These files are used for the transmission of: (i) omnibus activity files which are transmitted from firms to fund companies detailing activity within subaccounts and (ii) omnibus position files, which are transmitted from firms to fund companies detailing positions within the subaccounts. These files supplement other Networking functionality, which facilitates file transmission from funds to firms. For additional information on Networking Omni/SERV files, please see NSCC Important Notices A#6968, P&S#6538, dated March 15, 2010, and A#6948, P&S#6518, dated February 18, 2010. A separate fee is not currently charged for this file type.

⁸ 15 U.S.C. 78q-1.

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 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) (ii) of the Act⁹ and Rule 19b-4(f)(2)¹⁰ because the proposed rule change establishes or changes a due, fee, or other charge applicable only to a member. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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. Please include File No. SR-NSCC-2010-19 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC, 20549-1090.

⁹ Supra note 2.

¹⁰ Supra note 3.

All submissions should refer to File No. SR-NSCC-2010-19. 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 Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filings also will be available for inspection and copying at NSCC's principal office and on NSCC's Web site at http://www.dtcc.com/legal/rule_filings/nsc/2010.php. 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-2010-19 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets pursuant to delegated authority.¹¹

Elizabeth M. Murphy
Secretary

¹¹ 17 CFR 200.30-3(a)(12).