

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64666; File No. SR-NSCC-2011-03)

June 14, 2011

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Analytic Reporting Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on June 2, 2011, 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 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 Act² and Rule 19b-4(f)(4) thereunder³ 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 Terms of Substance of the Proposed Rule Change

The proposed rule change clarifies provisions related to the Analytic Reporting Service.

II. Self-Regulatory Organization’s Statement of 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. NSCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(3)(A)(iii).

³ 17 CFR 240.19b-4(f)(4).

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

Under the proposed rule change, NSCC will amend Rule 57 (Insurance and Retirement Processing Services), Section 12 (Analytic Reporting Service) to clarify (i) the scope of information included within the Analytic Reporting Service and (ii) the opt-out provisions applicable to the Analytic Reporting Service with the goal of providing greater transparency to NSCC Members and Limited Members.⁴ The rule change, which can be viewed as filed by NSCC on its website at http://www.dtcc.com/downloads/legal/rule_filings/2011/nscc/2011-03.pdf, include the following:

1. Change in Name

The original name of the service was the “Analytics Reporting Service.” Based on further discussions, NSCC has determined that it will call the service the “Analytic Reporting Service” (i.e. Analytic will be singular and not plural).

2. Scope of the Release of Clearing Data

“Clearing Data,” as defined in NSCC’s Rule 49, includes data received by NSCC for inclusion in the clearance and settlement process of NSCC or such data, reports, or summaries produced as a result of NSCC processing such transaction data. In order to clarify the information that will be released as part of the Analytic Reporting Service, NSCC is revising Rule 57, Section 12, to define the term “Analytics Data” to mean “aggregated information related to the insurance products market, including benchmarking information and league

⁴ The Analytic Reporting Service provides NSCC Members and Limited Members with the ability to perform market analysis based on Insurance Processing Service (“IPS”) Data. This market analysis (commonly referred to as “benchmarking data”) allows users of the service to obtain and compare aggregated data from different perspectives. Securities Exchange Act Release No. 63604 (Dec. 23, 2010), 75 FR 82115 (Dec. 29, 2010).

tables.” The intent of this change is to clarify the scope and extent of the data that will be released as part of the Analytic Reporting Service.

3. Opt-Out Provision

NSCC Members and Limited Members are provided with the opportunity to opt-out of having information attributed to them as part of the league tables because certain NSCC Members and Limited Members may consider this to be a release of proprietary or confidential information. In order to clarify the relationship between the Analytic Reporting Service opt-out provisions and Rule 49, Section 12 of Rule 57 is being amended to specifically state that those NSCC Members or Limited Members that do not opt-out in the manner described in section 12 of Rule 57 are deemed to have consented to the release of their IPS Data as part of the Analytics Data for the purposes of Rule 49.

In order for an IPS Member to opt-out of having information attributed to itself prior to the service becoming available, an IPS Member must notify NSCC in writing during the initial ninety (90) day opt-out period. NSCC will announce the beginning of this ninety (90) day period through an Important Notice. A new IPS Member may opt-out by providing NSCC with written notice of its election to opt-out at any time prior to activation of its account. Once the Analytic Reporting Service commences to include the information of an IPS Member, the IPS Member may elect to opt-out at any time by providing NSCC with thirty (30) days’ written notice.

By opting-out, an IPS Member is prohibiting NSCC from attributing Analytics Data in any discernable manner to that IPS Member. However, opting-out does not prohibit NSCC from including the IPS Member’s information for purposes of benchmarking in a manner that does not identify the specific IPS Member. By opting-out, the IPS Member also permits NSCC to disclose that the specific Analytics Data attributable to the particular IPS Member is not included in

certain types of data (e.g., in the production of league tables, NSCC will disclose which IPS Members have not been included in the league tables). This disclosure will provide transparency to all IPS Members and will assist in the usability of the Analytics Data.

As stated in the original Analytic Reporting Service filing,⁵ an IPS Member that opts-out will forfeit any portion of NSCC's annual refund, if any, that is directly attributable to the revenue generated by the Analytic Reporting Service.

NSCC states that the proposed change is consistent with the requirements set forth under Section 17A of the Act⁶ because it will permit NSCC Members and Limited Members to enhance their monitoring and analysis of their respective businesses and is designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.

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.

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

⁵ Supra note 4.

⁶ 15 U.S.C. 78q-1.

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act⁷ and Rule 19b-4(f)(4)⁸ thereunder because the proposed rule change effects a change in an existing service of NSCC that (i) does not adversely affect the safeguarding of securities or funds in NSCC's custody or control or for which it is responsible and (ii) does not significantly affect the respective rights of NSCC or persons using the service. 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-2011-03 on the subject line.

Paper comments:

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

⁷ Supra note 2.

⁸ Supra note 3.

All submissions should refer to File No. SR-NSCC-2011-03. 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 website 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 NSCC's Web site at <http://www.dtcc.com/downloads/legal/rule_filings/2011/nsc/2011-03.pdf>. 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 submissions should refer to File No. SR-NSCC-2011-03 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.⁹

Cathy H. Ahn
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).