

SECURITIES AND EXCHANGE COMMISSION
Release No. 34-71155; File No. SR-NSCC-2013-14

December 20, 2013

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 17, 2013, 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 by NSCC. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii)³ of the Act and Rule 19b-4(f)(2)⁴ thereunder; the proposed rule change 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. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consist [*sic*] of amendments to the Rules & Procedures (“Rules”) of NSCC to modify its fee schedule, as more fully described below.

II. Clearing Agency’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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

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

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(i) *Introduction*

The purpose of the proposed rule change is to revise NSCC's fee schedule (as listed in Addendum A of the Rules) in connection with the recent approval of additional alternative investment products eligible for processing through the Alternative Investment Product Services ("AIP") of NSCC, as well as to eliminate the fee cap currently applicable to AIP Distributors⁵ processing Registered Hedge Fund transactions through AIP. In general, AIP fees are grouped by volume — higher volume alternative investment products are charged reduced fees, while lower volume alternative investment products are charged higher fees. The newly approved additional alternative investment products eligible for AIP processing are being added to the higher volume category. Under the current AIP fee structure, AIP Distributors are eligible for a fee cap of \$50,000 annually ("Fee Cap") on higher volume alternative investment products, such as Non-Traded REITs and Managed Futures. Currently, Registered Hedge Funds are included within the annual Fee Cap. NSCC is amending the existing fee structure to eliminate this Fee Cap as applicable to Registered Hedge Fund transactions and to include the newly added alternative investment products within the Fee Cap.

Additionally, NSCC is proposing to revise its fee schedule with respect to its trade clearance fees in order to align these fees with the costs of delivering services.

⁵ AIP Distributors are generally broker/dealers, or otherwise, the buy-side of an AIP transaction.

Implementation Timeframe

The proposed fee changes will take effect on January 1, 2014.

Proposed Rule Changes

These proposed rule changes are marked on Exhibit 5 to this proposed rule change. No other changes to the Rules are contemplated by this proposed rule change.

(ii) Statutory Basis

The proposed rule change will align NSCC's fees with the costs of delivering services, and will allocate those fees equitably among the NSCC members that use those services. Therefore, NSCC believes the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to NSCC, in particular Section 17A(b)(3)(D) of the Act, which requires that NSCC's Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.

(B) Clearing Agency'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. As stated above, the proposed changes will align NSCC's fees with the costs of delivering services to its members, and will not disproportionately impact any NSCC members.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments relating to the proposed rule change have not yet been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The forgoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁶ and Rule 19b-4(f)(2)⁷ thereunder. 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-2013-14 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-NSCC-2013-14. 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 website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the

⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

⁷ 17 CFR 240.19b-4(f)(2).

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 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of NSCC and on NSCC's website at http://dtcc.com/legal/rule_filings/nsc/2013.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 submissions should refer to File No. SR-NSCC-2013-14 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.⁸

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).