

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72307; File No. SR-NSCC-2014-06)

June 4, 2014

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 May 28, 2014, 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)(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. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

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

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

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).

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.

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

(i) Purpose

The purpose of the proposed rule changes is to revise NSCC's fee schedule (as listed in Addendum A of the Rules) in order to update the fees related to processing voluntary reorganizations, and to update the fees related to reporting certain Index Receipt Portfolio Composition Files.

NSCC has recently enhanced the system that applies corporate actions to Members' open failed positions within its Continuous Net Settlement ("CNS") system ("CAD Enhancement").⁵ In connection with these enhancements, NSCC is proposing to charge a US \$500.00 fee each time a Member submits instructions to place a "protect" on an open fail position in CNS in order to participate in an upcoming corporate action, or to add shares to a voluntary corporate action either on "protect" expiration date or, when there is no "protect" for that corporate action, on the expiration date of the corporate action ("Late Protect"). This fee will cover the costs incurred by NSCC to enhance its corporate action system to process Late Protects, and is intended to encourage Members to submit a "protect" by the earlier submission date. Under the Rules a lower fee of US

⁵ See Release No. 34-71725; File No. SR-NSCC-2014-03 (March 14, 2014), 79 FR 15780 (March 21, 2014).

\$15.00 is charged if Members submit a “protect” instruction either on or prior to the business day prior to “protect” expiration date or, when there is no “protect” for that corporate action, on the business day prior to the expiration date of the corporate action.

NSCC is also proposing to update the fees for the enhanced Portfolio Composition File reports which contain information on the Index Receipt portfolios that the subscribing Member requests (“Subscription-Based Portfolio Composition File reports”). These reports are available as a machine readable output (“MRO”) file, as well as through a web-based interface from which Members may download and print reports. The existing fees for these reports are charged in relation to the number of portfolios received by the Member on an average daily basis per month.⁶ Since NSCC introduced the Subscription-Based Portfolio Composition File reports it has been able to recover the costs of developing these reports earlier than it had expected. As a result, NSCC is proposing to reduce the fees for the Subscription-Based Portfolio Composition File reports, as reflected on Exhibit 5, to more accurately reflect the costs of delivering this service to subscribing Members. NSCC will also introduce a maximum and minimum monthly fee related to this service. The minimum monthly fee will cover the costs to NSCC of providing this service to Members on an on-going basis; however, as the number of units being reported increases over time with the growth of the market, NSCC will realize an economies of scale, which it will pass on to its Members by capping the monthly fees.

Implementation Timeframe

⁶ See Release No. 34-69596; File No. SR-NSCC-2013-06 (May 16, 2013), 78 FR 30362 (May 22, 2013).

The implementation date of the fee change with respect to the Late Protect will coincide with the implementation date of the CAD Enhancement, and will be announced by an NSCC Important Notice. The fee change with respect to Subscription-Based Portfolio Composition File reports will be effective on June 2, 2014.

Proposed Rule Changes

NSCC proposes to amend Addendum A as marked on Exhibit 5 hereto. No other changes to the Rules are contemplated by this proposed rule change.

(ii) Statutory Basis

The proposed rule changes will be applied equitably to the NSCC Members that submit a Late Protect or that subscribe for the Subscription-Based Portfolio Composition File reports, respectively. The proposed fee for Late Protects is reasonable as it will cover the costs incurred by NSCC to enhance its corporate action system to process Late Protects, and is intended to encourage Members to submit a “protect” by the earlier submission date. Furthermore, the maximum and minimum monthly fees related to the Subscription-Based Portfolio Composition File reports will ensure that NSCC is able to charge fees that reflect the costs of providing this service, and will pass on to NSCC Members any economies of scale. Therefore, the proposed rule changes are each consistent with the requirements of the Securities Exchange Act of 1934, as amended (“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) Self-Regulatory Organization's Statement on Burden on Competition

NSCC does not believe that the proposed rule changes will have any impact, or impose any burden, on competition. As stated above, the proposed changes will be applied equitably to NSCC Members that use the respective services, and will not disproportionately impact any NSCC Members.

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

Written comments relating to the proposed rule changes 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 Act⁷ and Rule 19b-4(f)(2)⁸ 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:

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ 17 CFR 240.19b-4(f)(2).

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-2014-06 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-NSCC-2014-06. 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 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 the filing also will be available for inspection and copying at the principal office of NSCC and on its website (<http://www.dtcc.com>).

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-2014-06 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

Kevin M. O'Neill
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).