

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72488; File No. SR-NSCC-2014-08)

June 27, 2014

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Broaden the Scope of the Licensing and Appointments Service and to Amend NSCC's Fee Structure

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 June 17, 2014, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes 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)³ of the Act and Rule 19b-4(f)(2)⁴ and (4)⁵ 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 changes from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule changes consist of amendments to the Rules & Procedures ("Rules") of NSCC to broaden the scope of the Licensing and Appointments ("L&A") service of the Insurance & Retirement Processing Services ("I&RS") of NSCC and to amend Addendum A of NSCC's Rules in connection therewith, as more fully described below.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ 17 CFR 240.19b-4(f)(4).

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 changes and discussed any comments it received on the proposed rule changes. 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. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Proposed Rule Changes

In 2001, NSCC established the L&A service⁶ as part of the I&RS suite of services. L&A allows users of the service to transmit data and information between themselves with respect to state licensing⁷ and appointment⁸ matters, which in general relate to insurance agents (“Producers”), and to settle payments between themselves in connection therewith.

In light of recently implemented regulations pertaining to annuity product training for Producers under various state insurance laws,⁹ NSCC proposes to broaden L&A's scope to

⁶ Securities Exchange Act Release No. 44635 (August 1, 2001), 66 FR 41287 (August 7, 2001) (SR-NSCC-2001-10).

⁷ A license is an authorization from a state insurance department permitting the licensee to sell insurance under the guidelines established by the insurance laws of that state (“Licensing”).

⁸ An appointment is an authorization from an insurance carrier permitting the appointee to sell the products of that particular carrier in a particular state (“Appointment”).

⁹ In 2010, the National Association of Insurance Commissioners adopted the 2010 Suitability in Annuity Transactions Model Regulation to set standards and procedures for suitable annuity recommendations of Producers, including among other standards, that Producers have adequate insurance carrier-product specific training prior to soliciting an annuity product for such insurance carrier, as well as a one time, minimum four credit hour, general annuity training course offered by an approved education provider and

specify that Licensing and Appointment authorizations and activities includes, but is not limited to, insurance-related training of a licensee or appointee. The proposed rule change will also specify that, in addition to the exchange of Licensing and Appointment information between users of L&A, users may also supply and access Licensing and Appointment information directly to and directly from NSCC, as the case may be. For example, with the proposed rule change, users of the L&A service will have access to a new feature, the Producer Management Portal, which is a repository of Producer related information (including, but not limited to Producer training completions) stored by NSCC for direct access by those L&A users that subscribe to the new feature.

In connection with the addition of the new Producer Management Portal feature of L&A, the proposed rule change will also amend Addendum A to include the Producer Management Portal fees as follows:

- For insurance carrier providers of Producer training completions:

<u>Band</u>	<u>Number of Active Producers Managed</u>	<u>Monthly Fee</u>
1	0-999	\$0
2	1,000-9,999	\$1,000
3	10,000-49,999	\$3,000
4	50,000-99,999	\$4,000
5	100,000-249,999	\$5,000
6	250,000 +	\$5,000, plus \$0.018 per active Producer managed

approved by the applicable insurance department in accordance with applicable insurance education training laws or regulations. See, <http://www.naic.org/store/free/MDL-275.pdf>.

- For inquiries:

\$1.25 per inquiry into the portal

\$6,000 per month for batch service (periodic file transmissions)

2. Statutory Basis

NSCC believes that the proposed rule changes are consistent with the requirements of the Act, and the rules and regulations thereunder applicable to NSCC. In particular, the proposed rule changes are consistent with (i) Section 17A(b)(3)(F)¹⁰ of the Act because they enhance NSCC members' ability to access and retrieve Licensing and Appointment information in a standardized and automated form, fostering cooperation and coordination with persons engaged in the clearance and settlement of insurance transactions, and (ii) Section 17A(b)(3)(D)¹¹ of the Act because they establish fees in connection with use of an added feature to an existing NSCC service, providing for the equitable allocation of reasonable dues, fees and other charges among NSCC members. The proposed rule changes relate solely to an information service of NSCC, and therefore, implementation of the rule changes will not affect the safeguarding of securities or funds in NSCC's custody or control or for which NSCC is responsible.

B. Clearing Agency'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.

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

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

¹¹ 15 U.S.C. 78q-1(b)(3)(D).

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 changes have become effective pursuant to Section 19(b)(3)(A) of the Act¹² and paragraph (f) of Rule 19b-4¹³ thereunder. At any time within 60 days of the filing of the proposed rule changes, the Commission summarily may temporarily suspend such rule changes 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 changes are 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 Number SR-NSCC-2014-08 on the subject line.

Paper Comments:

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

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-NSCC-2014-08. 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 changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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 NSCC's website at (<http://www.dtcc.com/legal/sec-rule-filings.aspx>). 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 Number SR-NSCC-2014-08 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.¹⁴

Kevin M. O'Neill
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).