



NATIONAL  
SECURITIES  
CLEARING  
CORPORATION

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

**Underlined and boldface** text indicates new text

**~~Strikethrough and boldface~~** indicates deleted text

## PROCEDURE XVII. DTCC LIMIT MONITORING PROCEDURE

### A. Introduction

DTCC Limit Monitoring is a risk management tool available to Members as provided in Rule 54 and this Procedure.

Members required to register for DTCC Limit Monitoring include: (1) any NSCC full service Member that clears trades for others; (2) any NSCC full service Member that submits transactions to NSCC's trade capture system either as a Qualified Special Representative (QSR) or Special Representative, pursuant to Procedure IV (Special Representative Service); and (3) any NSCC full service Member that has established a 9A/9B relationship in order to allow another NSCC Member (either a QSR or Special Representative) to submit locked in trade data on its behalf.

Members registered for DTCC Limit Monitoring ~~will be~~ **are** required to create Risk Entities (as defined in Rule 54 and more fully described below) and other parameters ~~which that:~~ **(i1)** define the rules for the aggregation of trade data, **(ii2)** set parameters for the monitoring of each Risk Entities' activity in relation to such data, and **(ii3)** trigger alerts to Members of parameter breaks.

### B. DTCC Limit Monitoring Processing

#### 1. Data Capture and Member Input

##### a. Data Capture

On each trade date, the Corporation may, within timeframes it may establish from time to time, populate DTCC Limit Monitoring with LM Trade Date Data which has been compared or recorded through trade capture mechanisms as it determines from time to time.<sup>1</sup>

##### b. Member Input

Members may, in their sole discretion, input or load LM Member-provided Data to DTCC Limit Monitoring. Such data shall be submitted by Members within such timeframes as determined by the Corporation from time to time and in format(s) deemed acceptable by the Corporation.

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<sup>1</sup> Such mechanisms ~~initially will~~ include all new settling trades including trades compared and/or recorded by the Real-Time Trade Matching service and the Universal Trade Capture system. Transaction details submitted to the Obligation Warehouse ~~will be~~ **are** not ~~be~~ forwarded to DTCC Limit Monitoring.

## 2. Establishing Risk Entities

Within timeframes as permitted by the Corporation from time to time, Members that are registered for DTCC Limit Monitoring shall establish Risk Entities. Members shall define Risk Entities utilizing strings of data elements (referred to as “trade arrays”) according to categories established for this purpose by the Corporation from time to time. Members may utilize multiple trade arrays in the definition of a single Risk Entity. Examples of data elements that a Member may select to be included in a trade array are clearing broker account number (i.e., the Member’s own main account or sub-account number(s)), executing broker symbol, market, and other identifying details as the Corporation may permit.

## 3. Processing

LM Transaction Data for each Member shall be aggregated and sorted by the Corporation by Risk Entity and made available to that Member at the Member’s own convenience. Intraday allocations in the settlement system ~~will be~~ are not ~~be~~ taken into consideration as they are not effective until the Effective Time (as defined in Rule 12). LM Transaction Data may include values on a net notional basis, and as calculated on other bases as determined by the Corporation from time to time. LM Trade Date Data shall be carried at contract amount unless the Corporation otherwise has added a pricing methodology for the relevant security, and LM Member-provided Data shall include pricing as provided by the applicable Member.

## 4. Parameter Breach Warnings

Members registered for DTCC Limit Monitoring ~~will be~~ are required to designate parameters to associate with each Risk Entity from certain parameter types that are established or permitted by the Corporation from time to time. DTCC Limit Monitoring ~~will~~ then sets “early warning” limits at ~~50%,~~ 75%, and 90% of the parameters set by Members for each Risk Entity.

Members shall review reports and alerts on an on-going basis and, as necessary, modify established parameters to reflect current trading activities within each of their Risk Entities. While Members ~~will be~~ are ultimately ~~be~~ responsible for ensuring that the parameters set on trading activity are appropriate, NSCC staff may, in its sole discretion, review trade activity reports and alerts, and may contact Members to discuss any concerns if, for example, the parameters set are not aligned with recent average trading activity.

The Corporation ~~will~~ maintains s totals of the relevant information which it ~~will~~ compares s to the designated parameters. The identification of an early warning or parameter breach ~~will~~ triggers s an alert by the Corporation to the Member. An alert

shall be issued within such timeframe as the Corporation deems reasonable and necessary for it to process, validate, and report the relevant data or information.

#### 5. End of Day and Monthly Reporting

The Corporation may provide Members end of day and monthly reports, which include Members' current Risk Entity definitions, alert history, and other data or information as the Corporation determines to make available from time to time.

#### 6. Contacts for DTCC Limit Monitoring

Members ~~will be~~ are required to identify primary and secondary contacts within their firm for DTCC Limit Monitoring.