



NATIONAL  
SECURITIES  
CLEARING  
CORPORATION

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

**Underlined and boldface text** indicates new text

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

**[Bracketed, underlined, boldface and blue text]** indicates proposed rule changes in connection with a separate proposal that have not yet been approved

PROCEDURE II. TRADE COMPARISON AND RECORDING SERVICE

**Approved but not yet operative changes to Procedure II, as amended by SR-NSCC-2016-008, are set forth in Section H. Underlined and boldface text indicates new text. Strikethrough and boldface text indicates deleted text. These changes will become operative by July 14, 2017. If these changes become operative before July 14, 2017, NSCC will notify its Members by Important Notice 30 days before the actual implementation date. Once operative, this legend will automatically be removed from the Rules and the formatting of the text of the changes in Section H will automatically be revised to reflect that these changes are operative.**

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H. Consolidated Trade Summaries

The Corporation produces a Consolidated Trade Summary ~~and one or more Supplemental Consolidated Trade Summaries~~ **distributed three times daily** for the reporting of CNS, Balance Order, and trade-for-trade transactions. On each Settlement Day, ~~the each~~ Consolidated Trade Summary ~~and the Supplemental Consolidated Trade Summaries~~ includes Receive and Deliver instructions for items designated by the Corporation to settle trade-for-trade that day and the next Settlement Day. To facilitate settlement of such items, the Corporation may aggregate and net Receive and Deliver instructions for trade-for-trade items between counterparties such that a Member may have only one net buy obligation or sell obligation, where applicable, in a particular security on a given day with a given counterparty. When Members have an equal number of shares bought and sold between counterparties for such Special Trades, NSCC will not issue a receive or deliver obligation and will record any cash difference in the NSCC money settlement system. Where issuing of a net buy or sell instruction would result in an money settlement that is directionally opposite what it would be for a typical money settlement in relation to a securities movement (i.e., a Member receives an instruction to: (i) receive securities with a corresponding receipt of money settlement payment, or (ii) deliver securities with a corresponding delivery of a money payment) or if the associated money settlement is flat in relation to a securities movement (i.e., a Member receives an instruction to receive or deliver securities without a corresponding money settlement amount) then the Corporation may, in lieu of netting, separately aggregate the receive and deliver instructions so that a Member would have only one aggregate buy obligation and one aggregate sell obligation in the given security with the given counterparty.

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PROCEDURE V. BALANCE ORDER ACCOUNTING OPERATION

**Approved but not yet operative changes to Procedure V, as amended by SR-NSCC-2016-008, are set forth in Sections C and E. Underlined and boldface text indicates new text. Strikethrough and boldface text indicates deleted text. These changes will become operative by July 14, 2017. If these changes become operative before July 14, 2017, NSCC will notify its Members by Important Notice 30 days before the actual implementation date. Once operative, this legend will automatically be removed from the Rules and the formatting of the text of the changes in Sections C and E will automatically be revised to reflect that these changes are operative.**

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C. Net Balance Orders

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A mechanism is required to adjust the differences between Contract Money (i.e., the price at which the trade was executed) and Settlement Money. To avoid calculating an adjustment for each Balance Order, the Corporation computes a single adjustment amount for each Member. This amount is called the Clearance Cash Adjustment. The Clearance Cash Adjustment amount for all Balance Orders, both bond and equity, plus the net amount of both figures will appear on the **applicable** Consolidated Trade Summary [\[which is available on T+2\]](#).

Since Special Trades produce Balance Orders at the Contract Price, Settlement Money is the same as Contract Money and requires no Clearance Cash Adjustment.

D. Balance Order Contracts

Balance Orders issued under subsections B and C above are Balance Order Contracts as defined in Rule 5.

E. Consolidated Trade Summaries

On each settlement day, **three separate a** Consolidated Trade Summaries **iesy and one** ~~or more Supplemental Consolidated Trade Summaries each~~ indicating Balance Order transactions settling that day and the next settlement day will be made available to participants.

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## PROCEDURE VI. FOREIGN SECURITY ACCOUNTING OPERATION

**Approved but not yet operative changes to Procedure VI, as amended by SR-NSCC-2016-008, are set forth in Sections A, B and C. Underlined and boldface text indicates new text. Strikethrough and boldface text indicates deleted text. These changes will become operative by July 14, 2017. If these changes become operative before July 14, 2017, NSCC will notify its Members by Important Notice 30 days before the actual implementation date. Once operative, this legend will automatically be removed from the Rules and the formatting of the text of the changes in Sections A, B and C will automatically be revised to reflect that these changes are operative.**

### A. Introduction

The Foreign Security Accounting Operation includes transactions in all Foreign Securities. The Foreign Security Accounting Operation processes trades compared and recorded under the provisions of ~~Section~~**Procedure** II and transactions entered by Special Representatives under the provisions of ~~Section~~**Procedure** IV. The Foreign Security Accounting Operation produces Foreign Security receive and deliver instructions which identify the receive and deliver obligations of Members.

### B. Trade-for-Trade Foreign Security Receive and Deliver Instructions

Transactions identified as Special Trades and all transactions compared otherwise entered to the Foreign Security Accounting Operations on ~~SD-1~~**+2** or thereafter are processed on a trade-for-trade basis. Receive and deliver instructions are produced instructing Members to deliver or receive a quantity of securities to or from the contra-Member involved in that transaction.

### C. Netted Member-to-Member Receive and Deliver Instructions

Transactions in Foreign Securities will net only on a Member-to-Member basis. Netted Member-to-Member receive and deliver instructions are **reported on the next available Consolidated Trade Summary**~~produced~~ representing the netted positions of each Member with respect to its transactions with another Member, **and the related Foreign Security Clearance Cash Adjustment**, in each Foreign Security issue in which it had activity. ~~on the morning following comparison. Unless specified otherwise by the Corporation, establishment of a uniform Settlement Price, and calculation of a Foreign Security Clearance Cash Adjustment will be conducted in the same manner as with respect to Net Balance Orders, as provided in Section V.C. above; provided, however, that b~~**B**oth the settlement of the underlying transaction and payment of the Foreign Security Clearance Cash Adjustment will not be guaranteed by the Corporation, ~~and i~~ **I**n the event a Member fails to make **payment of the Foreign Security Clearance Cash Adjustments**~~settlement~~ with the Corporation, the Corporation will reverse all Foreign Security Clearance ~~ancing~~ **Cash Adjustment** debits and credits with respect to that Member, and the netted Member-to-Member Foreign

Securities receive and deliver instructions issued that day with respect to that Member will be null and void.

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PROCEDURE VII. CNS ACCOUNTING OPERATION

**Approved but not yet operative changes to Procedure VII, as amended by SR-NSCC-2016-008, are set forth in Section B. Underlined and boldface text indicates new text. Strikethrough and boldface text indicates deleted text. These changes will become operative by July 14, 2017. If these changes become operative before July 14, 2017, NSCC will notify its Members by Important Notice 30 days before the actual implementation date. Once operative, this legend will automatically be removed from the Rules and the formatting of the text of the changes in Section B will automatically be revised to reflect that these changes are operative.**

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B. Consolidated Trade Summary

All compared and recorded transactions in CNS Securities (excluding Special Trades) are processed through the CNS Accounting Operation. This includes transactions compared under the provisions of Section II, recorded under the provisions of Section III, or entered by Special Representatives under Section IV. Purchases and sales due for settlement on a given day are summarized on the Consolidated Trade Summaries **that are issued three times daily and contain-**

**The Consolidated Trade Summary (or "CTS") is issued in the evening of each settlement day and contains,** with respect to CNS Securities:

(i) those trades compared or recorded through ~~[T+1 up to]~~ the Corporation's cutoff time on that day which are due to settle on the following settlement day (i.e. [.] if the report is issued late Monday evening, it will show trades due to settle on Wednesday), and

(ii) with respect to trades due to settle on the same settlement day (i.e. [.] Tuesday), T+[21] and older as-of trades and next day settling trades not previously reported on the prior ~~Consolidated Trade Summary~~**day's CTS or on any Supplemental CTS,** in each case in CUSIP order, reported as broad buys and sells by marketplace or source, netted by issue, quantity and money.

~~Supplemental~~**Each** Consolidated Trade Summary**ies are also** issued on each settlement day, ~~and reports supplemental~~**including** **cash trades which are due to settle on that same day for the period beginning** after the ~~evening~~ cutoff time for **the prior Consolidated Trade Summary CTS report processing (including cash trades), up until and ending on** the Corporation's ~~daytime~~ cutoff time **for such Consolidated Trade Summary which are due to settle on that same day.**

**Note:** any T+[32] or older as-of trades compared or recorded after such cutoff time on settlement day will settle on the next settlement day and appear on that night's Consolidated Trade Summary.

Net quantities purchased or sold in each security issue are entered into the CNS Stock Record together with their associated contract monies at the beginning of the Settlement Date processing cycle. Subsequent obligations (reflecting supplemental activity), together with their associated contract monies, are entered into the CNS stock record thereafter during such processing cycle until such cutoff time as the Corporation may determine.

~~The total page of the Each~~ Consolidated Trade Summary shows ~~totals for~~ all equity and debt transactions and ~~is can be~~ subdivided or totaled by marketplace of execution or source of trade input.

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