

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-59252; File No. SR-NSCC-2008-10)

January 15, 2009

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to an Enhancement to its Insurance and Retirement Services to Allow for the Electronic Exchange of Attachments to Messages

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on November 24, 2008, National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change 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)(iii) of the Act² and Rule 19b-4(f)(4) thereunder³ so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change is an enhancement to NSCC’s insurance and retirement services (“IPS”) called “Attachments.”

II. Self-Regulatory Organization’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 15 U.S.C. 78s(b)(3)(A)(iii).

³ 17 CFR 240.19b-4(f)(4).

below. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.⁴

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

The purpose of the proposed rule change is to enhance the IPS to allow for the electronic exchange of attachments to IPS messages, such as imaged data in PDF format. The enhancement is referred to as “Attachments.” The attachment may be any collection of data that is unstructured and is intended to pass through the network from sender to receiver without edit. The attachment data may but need not be in support of an existing IPS service message.

Background

Recent regulatory developments have highlighted a need for the annuity and insurance industry to have the capability of an electronic exchange of imaged documents, signatures, and forms during the presale, new business, and post-issue process. Industry standards developed by the industry through the straight-through processing (“STP”) initiative led by the National Association of Variable Annuities (“NAVA”) state that signature capture, either through e-signature or on imaged copies of forms, is required at point of sale. The signature and the associated documentation must be transmitted by the selling broker-dealer agent to the insurance carrier for the annuity to be processed “in-good-order.”

NSCC’s Attachments service is in furtherance of the NAVA STP initiative. It will eliminate the need for a paper exchange of information in paper form and will enable STP when signatures are required at point of sale or when original documentation is required in connection with processing what is otherwise automated. Additionally, industry participants will realize savings from reduced mailing costs and from the processing efficiencies associated with

⁴ The Commission has modified the text of the summaries prepared by NSCC.

expedited document processing. Automation of this process will also create an improved audit trail and will eliminate problems associated with lost paperwork.

The proposed rule change will promote processing efficiencies between insurance companies and distributors of variable insurance products thereby facilitating the prompt and accurate processing of securities transactions, which is consistent with the requirements of the Act and the rules and regulations promulgated thereunder applicable to NSCC.

(B) Self-Regulatory Organization'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.

(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 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 foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act⁵ and Rule 19b-4(f)(4)⁶ thereunder because the proposed rule effects a change in an existing service of NSCC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of NSCC or for which it is responsible and (ii) does not significantly affect the respective rights or obligations of NSCC or persons using the service. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or

⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁶ 17 CFR 240.19b-4(f)(4).

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 Number SR-NSCC-2008-10 on the subject line.

Paper comments:

- Send paper comments 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 Number SR-NSCC-2008-10. 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 Web site (<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 inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00

pm. The text of the proposed rule change is available at NSCC, the Commission's Public Reference Room, and http://www.dtcc.com/downloads/legal/rule_filings/2008/nsc/2008-10.pdf.

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-2008-10 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.⁷

Florence E. Harmon
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).