

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62435; File No. SR-NSCC-2010-06)

July 1, 2010

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rules Regarding Membership and Mutual Fund Services

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on June 11, 2010, the 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.² NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) and Rule 19b-4(f)(4) thereunder so that the proposed rule change was effective upon filing with the Commission.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.⁴

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

The proposed rule change will amend NSCC rules to create a new membership category that will allow third party administrators access to NSCC’s mutual fund services.

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

¹ 15 U.S.C. 78s(b)(1).

² The text of the proposed rule change is attached as Exhibit 5 to NSCC’s filing and is available at www.dtcc.com/downloads/legal/rule_filings/2010/nsc/2010-06.pdf.

³ 15 U.S.C. 78s(b)(3)(A)(iii) and 17 CFR 240.19b-4(f)(4).

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 these statements.⁵

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

In an effort to improve efficiencies in the processing and settlement of mutual fund transactions, NSCC is proposing to establish a new member category called the Third Party Provider member ("TPP Member") that will allow certain financial intermediaries to access NSCC's mutual fund services, including FundSERV.⁶ The TPP Member will act as a routing platform that will link the TPP Member's customers to NSCC's Mutual Fund Services. This will allow the TPP Member's customers to gain automated access to funds participating in NSCC's Mutual Fund Services without having to build multiple systems and connections to NSCC. Permitting the TPP Member to act as a routing platform should streamline the processing and settlement of fund transactions by allowing access to NSCC's services through a single interface in a seamless automated manner.

Each TPP Member's customer transacting business with an NSCC fund member will be required to enter into a selling group agreement with such fund. Further, because the TPP Member will be a non-settling member with access to Fund/SERV and NSCC's other mutual fund services, the TPP Member must have an NSCC full service member ("settling member") to settle transactions on behalf of the TPP Member's customers. The settling member will receive

⁵ The Commission has modified the text of the summaries prepared by the NSCC.

⁶ Fund/SERV provides standardized formats and centralized processing of purchase, redemption, and exchange orders and account registrations of mutual fund shares and provides participants with a single daily net settlement.

notice of the settlement obligation for each TPP customer. Each TPP Member's customer will be required to maintain an account relationship with its settling member for the purpose of settling the transactions. Consequently, each TPP Member's customer will be subject to its settling member's customer identification program, due diligence, and where appropriate enhanced due diligence requirements. Because the settling member must be an NSCC full service member, it will be subject to NSCC's standards of membership as if it were to be settling its own transactions in mutual fund services at NSCC.

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁷ and the rules and regulations thereunder that are applicable to NSCC because the proposed rule should streamline the processing and settlement of mutual fund transactions by allowing greater access to its services through a single interface in a seamless automated manner, which should increase efficiencies related to the clearing and settling of mutual fund transactions.

(B) Self-Regulatory Organization's Statement on Burden on Competition

NSCC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments received by the NSCC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

⁷ 15 U.S.C. 78q-1.

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act⁸ and Rule 19b-4(f)(4)⁹ thereunder because it effects a change in an existing service of a registered clearing agency that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the clearing agency 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 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-2010-06 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.

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(4).

All submissions should refer to File Number SR-NSCC-2010-06. 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 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 Section, 100 F Street, NE, Washington, DC 20549. Copies of such filings also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site, 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 Number SR-NSCC-2010-06 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.¹⁰

Elizabeth M. Murphy
Secretary

¹⁰ 17 CFR 200.30-3(a)(12).