

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-90606; File No. SR-NSCC-2020-020)

December 8, 2020

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Establish Implementation Date of National Securities Clearing Corporation's Enhancements to the Haircut-Based Volatility Charge Applicable to Illiquid Securities and UITs and Making Certain Other Changes to Procedure XV

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 December 7, 2020, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)³ of the Act and subparagraph (f)(4)⁴ of Rule 19b-4 thereunder. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change consists of amendments to the NSCC Rules & Procedures (the "Rules")⁵ in order to establish order to establish the implementation date

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)(4).

⁵ Capitalized terms not defined herein are defined in the Rules, available at http://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

of rule changes submitted pursuant to rule filing SR-NSCC-2020-003 (“Rule Filing”)⁶ and advance notice SR-NSCC-2020-802 (“Advance Notice”).⁷

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 below. The clearing agency 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. Purpose

On November 6, 2020, the Securities and Exchange Commission (the “Commission”) issued a notice of no objection to the Advance Notice,⁸ which was filed with the Commission pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and

⁶ See Securities Exchange Act Release No. 88474 (March 25, 2020), 85 Fed. Reg. 17910 (March 31, 2020) (SR-NSCC-2020-003).

⁷ See Securities Exchange Act Release No. 88615 (April 9, 2020), 85 Fed. Reg. 21037 (April 15, 2020) (SR-NSCC-2020-802).

⁸ See Securities Exchange Act Release No. 90367 (November 6, 2020) 85 Fed. Reg. 73099 (November 16, 2020) (SR-NSCC-2020-802).

Settlement Supervision Act of 2010⁹ and Rule 19b-4(n)(1)(i) of the Act.¹⁰ The Commission also issued an order approving the Rule Filing on November 24, 2020,¹¹ which was filed by NSCC pursuant to Section 19(b)(2) of the Act.¹²

The purpose of the Rule Filing and the Advance Notice is to amend the Rules to enhance the calculation of certain components of the Clearing Fund formula.

NSCC is filing this proposed rule change to establish the rule changes submitted pursuant to the Rule Filing and the Advance Notice will be implemented by February 28, 2021. NSCC would add a legend to Rule 1 (Definitions and Descriptions) of the Rules (“Rule 1”)¹³ and Procedure XV (Clearing Fund Formula and Other Matters) of the Rules (“Procedure XV”)¹⁴ to state that the rule changes submitted pursuant to the Rule Filing and the Advance Notice have been approved and not objected to, respectively, but are not yet implemented. The legends would provide that these rule changes would be implemented by February 28, 2021 and include the file numbers of the Rule Filing and the Advance Notice. The legends would also state that when the rule changes are implemented, NSCC will announce the implementation by important notice and the legends would automatically be removed from Rule 1 and Procedure XV.

⁹ 12 U.S.C. 5465(e)(1).

¹⁰ 17 CFR 240.19b-4(n)(1)(i).

¹¹ See Securities Exchange Act Release No. 90502 (November 24, 2020) (SR-NSCC-2020-003).

¹² 15 U.S.C. 78s(b)(2).

¹³ Rule 1, supra note 5.

¹⁴ Procedure XV, supra note 5.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to (i) promote the prompt and accurate clearance and settlement of securities transactions and (ii) remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.¹⁵ The proposed rule change would establish the implementation date of rule changes described above and provide Members with an understanding of when these rule changes will begin to affect them. Knowing when the rule changes will begin to affect Members would enable them to timely fulfill their obligations to NSCC, which would in turn ensure NSCC's processes work as intended. Therefore, NSCC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions as well as remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act cited above.

(B) Clearing Agency's Statement on Burden on Competition

NSCC does not believe that the proposed rule change to establish an implementation date for the rule changes described above would have any impact, or impose any burden, on competition because the proposed rule change is intended to provide additional clarity in the Rules with respect to when these rule changes would be implemented. As such, the proposed rule change would not affect the rights or obligations of the Members or NSCC other than establishing when the rule changes

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

described above would begin to impact the Members.

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

NSCC has not received or solicited any written comments relating to this proposal. 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 pursuant to Section 19(b)(3)(A)¹⁶ of the Act and paragraph (f)¹⁷ of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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

¹⁶ 15 U.S.C 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NSCC-2020-020 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-NSCC-2020-020. 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 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 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 DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make

available publicly. All submissions should refer to File Number SR-NSCC-2020-020 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.¹⁸

J. Matthew DeLesDernier
Assistant Secretary

¹⁸ 17 CFR 200.30-3(a)(12).