

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69694; File No. SR-NSCC-2013-07)

June 4, 2013

Self-Regulatory Organizations; The National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change that Consists of Technical Corrections to Reflect the Availability of Certain Functionality in the Obligation Warehouse Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on May 22, 2013, 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. NSCC filed the proposal pursuant to Section 19(b)(3)(A)(i)² of the Act and Rule 19b-4(f)(4)(i)³ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the 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 consists of technical corrections to reflect the availability of certain functionality in the Obligation Warehouse (“OW”) service.

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)(i).

³ 17 CFR 240.19b-4(f)(4)(i).

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

(a) Proposal Overview

The purpose of this filing is to make technical corrections to Procedure IIA (Obligation Warehouse) to reflect that certain functionalities that are described in that procedure have become available through the OW service. On December 29, 2010, the Commission approved proposed rule change filing SR-NSCC-2010-11⁵, which modified NSCC’s Reconfirmation and Pricing Service (“RECAPS”) through the creation of the OW service.

Since implementation of the OW, NSCC has continued to enhance the service through the addition of new functionalities. For example, all transactions in OW (or “OW Obligations”) that are also eligible for NSCC’s Continuous Net Settlement (“CNS”) system and that have reached the status of settlement date minus one (“SD-1”) or that have reached or passed their scheduled settlement date are now entered into the CNS Accounting Operation on a regular basis, unless otherwise excluded from CNS by an NSCC member (“Member”) that is party to that transaction. Additionally, NSCC now may automatically adjust any OW Obligations for certain mandatory reorganization events, including adjustments for forward splits, name changes, mergers (both cash and stock), and full calls with respect to bonds. However, following the

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

⁵ Securities Exchange Act Release No. 34-63588 (December 21, 2010), 75 FR 82112 (December 29, 2010).

implementation of the OW, it was determined that OW Obligations would not be automatically adjusted for redemptions.

Further, information regarding the settlement of transactions that settle through NSCC's Envelope Settlement Service and that include an OW Control Number on the input screens and envelope credit slip of that service will automatically be forwarded to the OW upon completion of the delivery. If verified, that OW Obligation will be systemically closed in the OW. Finally, the indicators that allow Members to exclude OW Obligations from CNS and RECAPS have been de-coupled and now will work independently from one another. Procedure IIA will also be updated to make clear that certain securities, in addition to the securities currently listed in Procedure IIA, may not be netted and allotted in RECAPS processing.

More information regarding each of these enhancements has been provided to Members through Important Notices, which are made available on NSCC's website at www.dtcc.com.

Proposed Rule Changes

In order to make clear in NSCC's Rules that these enhancements have now been implemented into production, NSCC proposes to amend Procedure IIA by removing certain footnotes that state these functionalities will be available at a later date, as announced by Important Notice, and to remove a sentence from Section D.2.(a) to make clear that the CNS and RECAPS indicators operate independently of each other. Section D.2.(b) will also be updated to clarify that certain securities, in addition to the securities mentioned in the current Procedure IIA, may not be netted and allotted in the RECAPS processing. The proposed rule changes will also remove reference to redemptions from Section C.2 of Procedure IIA. Finally the proposed rule changes will correct typographical errors in Procedure IIA. These proposed rule changes are marked on Exhibit 5 to this proposed rule change.

(b) Statutory Basis

NSCC believes the proposed rule changes are consistent with the requirements of Section 17A(b)(3)(vi) of the Act, and the rules and regulations thereunder, because they facilitate the prompt and accurate clearance and settlement of securities transactions by providing for greater efficiency and transparency with respect to obligations processed through the OW.

(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 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 proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(i)⁶ of the Act and Rule 19b-4(f)(4)(i).⁷ 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.

⁶ 15 U.S.C. 78s(b)(3)(A)(i).

⁷ 17 CFR 240.19b-4(f)(4)(i).

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-2013-07 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-2013-07. 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 such filings also will be available for inspection and copying at the

principal office of NSCC and on NSCC's website at

http://www.dtcc.com/downloads/legal/rule_filings/2013/nsc/SR-NSCC-2013-07.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-2013-07 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.⁸

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).