

Proposed Rule Change by National Securities Clearing Corporation
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>			<input type="checkbox"/> 19b-4(f)(1)	<input checked="" type="checkbox"/> 19b-4(f)(4)	
Date Expires <input type="text"/>			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
--------------------------------------------------------------	--------------------------------------------------------------

Description
Provide a brief description of the proposed rule change (limit 250 characters).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Last Name
 Title
 E-mail
 Telephone Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date
 By Vice President and Deputy General Counsel
 (Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

[Add](#) [Remove](#) [View](#)

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

[Add](#) [Remove](#) [View](#)

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

[Add](#) [Remove](#) [View](#)

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

[Add](#) [Remove](#) [View](#)

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

[Add](#) [Remove](#) [View](#)

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

[Add](#) [Remove](#) [View](#)

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

[Add](#) [Remove](#) [View](#)

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change.

(a) The purpose of the proposed rule filing submitted by National Securities Clearing Corporation (“NSCC”) is to amend the rules of NSCC to modify how credits are disbursed for settlement purposes.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) NSCC does not require approval from the Board of Directors for the present filing.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

(a) In 2003, NSCC mandated the Federal Reserve Bank’s National Settlement Service (“NSS”) as the vehicle for all Settling Banks to satisfy their end of day net-net debits.¹ In an effort to increase the efficiencies afforded by NSS, NSCC is now proposing to modify its rules to permit NSCC’s use of NSS to distribute net-net credits.² Utilizing NSS as the payment mechanism for net-net credits will eliminate the need for NSCC to initiate wire payments for settlement monies owed by NSCC. However, should NSS not be available for any reason, NSCC will retain the capability to satisfy its settlement obligations via wire transfer. NSCC will implement this change on December 15, 2006.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the “Act”), and the rules and regulations thereunder applicable to NSCC. The proposed rule change will not affect the safeguarding of funds or securities in NSCC’s custody and control, or for which it is responsible.

4. 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.

¹ See File No. SR-NSCC-2003-19; Rel. No. 34-48744.

² Concurrent with this filing, DTC will also submit a rule filing providing for the use of NSS for the distribution of net-net credits.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Members, 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.

6. Extension of Time Period for Commission Action.

NSCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2).

(a) This filing is made pursuant to paragraph (A) of Section 19(b)(3) of the Act and subparagraph (f) of Securities Exchange Act Rule 19b-4, and shall become effective on December 15, 2006.

(b) The proposed rule change effects a change to a procedure of NSCC that (A) does not adversely affect the safeguarding of securities or funds in the custody or control of NSCC or for which it is responsible and (B) does not significantly affect the respective rights or obligations of NSCC or persons using the service, since the proposed rule change enables NSCC to capitalize on the efficiencies afforded by NSS.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission.

The proposed rule change is based upon similar proposed changes to the rules of the Depository Trust Company.

9. Exhibits

Exhibit 1 - Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 - N/A

Exhibit 3 - N/A

Exhibit 4 - N/A

Exhibit 5 - Changes to the Rules and Procedures of NSCC.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-NSCC-2006-15)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by National Securities Clearing Corporation (“NSCC”) relating to modifications of the Rules & Procedures (the “Rules”) of National Securities Clearing Corporation (“NSCC” or the “Corporation”) with regard how credits are disbursed for settlement purposes.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”), 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, 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 NSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The text of the proposed rule change is attached hereto as Exhibit 5.

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

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

(1) In 2003, NSCC mandated the Federal Reserve Bank’s National Settlement Service (“NSS”) as the vehicle for all Settling Banks to satisfy their end of day net-net debits.¹ In

¹ See File No. SR-NSCC-2003-19; Rel. No. 34-48744.

an effort to increase the efficiencies afforded by NSS, NSCC is now proposing to modify its rules to permit NSCC's use of NSS to distribute net-net credits.² Utilizing NSS as the payment mechanism for net-net credits will eliminate the need for NSCC to initiate wire payments for settlement monies owed by NSCC. However, should NSS not be available for any reason, NSCC will retain the capability to satisfy its settlement obligations via wire transfer. NSCC will implement this change on December 15, 2006.

(2) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder applicable to NSCC. The proposed rule change will not affect the safeguarding of funds or securities in NSCC's custody and control, or for which it is responsible.

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 pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed 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 may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or send an e-mail to rule-comment@sec.gov. Please include File No. SR-NSCC-2006-15 on the subject line.

² Concurrent with this filing, DTC will also submit a rule filing providing for the use of NSS for the distribution of net-net credits.

- Paper comments should be sent in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington D.C. 20549-0609.

All submissions should refer to File Number SR-NSCC-2006-15. 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 D.C. 20549-9303. Copies of such filing also will be available for inspection and copying at the principal office of DTC. 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 submission should refer to the file number above and should be submitted within _____ days after the date of publication.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Nancy M. Morris

EXHIBIT 5

Underlined, boldface text indicates additions.
~~**[Bracketed, strikeout boldface]**~~ text indicates deletions.

PROCEDURE VIII. MONEY SETTLEMENT SERVICE

The Money Settlement Service is the end product of a number of other Services. Individual sections of these Procedures and the Rules specify the method of calculation for determining the total net amounts owed to the Settling Member, Insurance Carrier Member or Fund Member or owed by the Settling Member, Insurance Carrier Member or Fund Member for each service. The function of the Money Settlement Service is to record these individual totals or net amounts on the Settlement Statement, together with amounts due to or from the Settling Members as a result of Clearing Agency Cross-Guaranty Agreements, and determine a single net amount owed to or owed by each Settling Member, Insurance Carrier Member or Fund Member.

- * * *
- D. Settling Bank Procedures
- * * *

- 5. Settlement Payment To Net-Net Credit Settling Bank

As soon as NSCC is advised by its Settlement Agent that settlement payments made by Settling Banks with net-net debits have been received, and it has sufficient available funds the Settlement Agent will begin to ~~[wire]~~ credit funds to Settling Banks with net-net credits.