

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"/>		Date Expires <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" 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"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

The proposed rule change would enable NSCC to cease to charge fees for Covered Services in the Omnibus Account of the CDS Clearing and Depository Services, Inc. (CDS) in exchange for CDS agreeing not to charge NSCC for such services.

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
 (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

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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

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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

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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

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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

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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

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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

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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 the Proposed Rule Change.

(a) As more fully described below, the proposed rule change would enable NSCC, commencing February 1, 2007, to cease to charge fees for “Covered Services” in “Omnibus Accounts” (each term as defined below) to the CDS Clearing and Depository Services, Inc. “CDS”), formally, the Canadian Depository for Securities Ltd., in exchange for CDS agreeing not to charge NSCC¹ for such services.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) The proposed change has not been and is not required to be approved by the Board of Directors of NSCC.

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

(a) The purpose of the proposed rule filing is to further facilitate the efficient processing of cross-border securities transactions between the U.S. and Canada.

CDS is a participant in both NSCC and DTC. CDS holds securities in the name of Cede & Co., DTC’s nominee, in one or more omnibus accounts at DTC, and also has a clearance account at NSCC (collectively the “CDS Omnibus Accounts”).²

In 1998, the SEC approved rule filing SR-DTC-97-22 enabling DTC to open an omnibus account at CDS, thereby creating a two-way DTC-CDS interface. DTC is a participant in CDS and holds securities in the nominee name of CDS & Co. in one or more omnibus accounts in the depository and settlement service operated by CDS (“CDSX”) (the “DTC Omnibus Accounts”). The two-way interface allows but does not require DTC positions in CDS-eligible issues to be held in DTC’s account at CDS. The CDS Omnibus Accounts and the DTC Omnibus Accounts shall be collectively referred to as the “Omnibus Accounts.”

In order to more efficiently facilitate cross-border clearance and settlement NSCC, DTC and CDS have agreed not to charge each other for Covered Services in Omnibus Accounts.

¹DTC is contemporaneously submitting rule file SR-DTC-2007-02 in order to make the necessary adjustments to the DTC fee schedule.

² For purposes of this rule filing, the term “CDS Omnibus Accounts” shall not include CDS’s additional accounts established pursuant to the Multiple Account Number Agreement, dated October 27, 2006 between CDS and NSCC and the Additional Account Agreement, dated October 27, 2006 between DTC and CDS.

Currently, NSCC, DTC and CDS charge fees in accordance with their respective standard fee schedules for securities clearing, settlement and asset servicing in their respective Omnibus Accounts. The proposed rule change would provide that instead of invoicing each other each month for services in the Omnibus Accounts, NSCC, DTC and CDS, in order to facilitate their cross-border interface would no longer charge fees for Covered Services in Omnibus Accounts. As most of the activity processed in each of the Omnibus Accounts relates to reciprocal services which are charged to NSCC, DTC and CDS respectively, at different rates (e.g. NSCC would be charged in accordance with the standard CDS fee schedule and vice versa), not charging each other for Covered Services will ensure that each of NSCC, DTC and CDS more equitably align the fees charged to one another.

NSCC, DTC and CDS will continue to charge their respective participants for activity in the Omnibus Accounts.

As used above “Covered Services” shall include such services as: (a) messaging and conversion of messages, (b) clearing, (c) monthly account charges, (d) deliveries/receives, (e) deposits and withdrawals, (f) custody, (g) asset servicing (dividends, reorganizations), (h) tax services, including U.S. and Canadian tax withholding, as applicable, and non-U.S. Tax Relief and Foreign Currency Payments via the Elective Dividend Service (EDS), (i) communications/networking, (j) money settlement (and roll-up), (k) reconciliation, and (l) any other services agreed to between NSCC, DTC and CDS in writing.

(b) This rule filing is consistent with the requirements of the Securities and Exchange Act of 1934, as amended (the “Act”), and the rules and regulations hereunder, because it recognizes that most of the activity in the Omnibus Accounts represents the processing of reciprocal activity which are charged at to NSCC, DTC and CDS at different rates for similar services used by each of the entities. As such, it provides for the equitable allocation of fees among NSCC, DTC and CDS.

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.

5. 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.

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) or Section 19(b)(7)(D).

- (a) The proposed rule change is to take effect pursuant to paragraph A of Section 19(b)(3).
- (b) The proposed rule change establishes or changes a due, fee or other charge applicable only to a participant.
- (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 not based on the rules of another self-regulatory organization or the Commission.

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 – N/A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-NSCC-2007-02)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by National Securities Clearing Corporation (“NSCC”) would enable NSCC to cease to charge fees for Covered Services in Omnibus Accounts to the CDS Clearing and Depository Services, Inc. (“CDS”).

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 proposed rule change would enable NSCC, commencing February 1, 2007, to cease to charge fees for “Covered Services” in “Omnibus Accounts” (each term as defined below) to the CDS Clearing and Depository Services, Inc. (“CDS”), formally, the Canadian Depository for Securities Ltd., in exchange for CDS agreeing not to charge NSCC¹ for such 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 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.

¹DTC is contemporaneously submitting rule file SR-DTC-2007-02 in order to make the necessary adjustments to the DTC fee schedule.

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

(1) The purpose of the proposed rule filing is to further facilitate the efficient processing of cross-border securities transactions between the U.S. and Canada.

CDS is a participant in both NSCC and DTC. CDS holds securities in the name of Cede & Co., DTC's nominee, in one or more omnibus accounts at DTC, and also has a clearance account at NSCC (collectively the "CDS Omnibus Accounts").²

In 1998, the SEC approved rule filing SR-DTC-97-22 enabling DTC to open an omnibus account at CDS, thereby creating a two-way DTC-CDS interface. DTC is a participant in CDS and holds securities in the nominee name of CDS & Co. in one or more omnibus accounts in the depository and settlement service operated by CDS ("CDSX") (the "DTC Omnibus Accounts"). The two-way interface allows but does not require DTC positions in CDS-eligible issues to be held in DTC's account at CDS. The CDS Omnibus Accounts and the DTC Omnibus Accounts shall be collectively referred to as the "Omnibus Accounts."

In order to more efficiently facilitate cross-border clearance and settlement NSCC, DTC and CDS have agreed not to charge each other for Covered Services in Omnibus Accounts.

Currently, NSCC, DTC and CDS charge fees in accordance with their respective standard fee schedules for securities clearing, settlement and asset servicing in their respective Omnibus Accounts. The proposed rule change would provide that instead of invoicing each other each month for services in the Omnibus Accounts, NSCC, DTC and CDS, in order to facilitate their cross-border interface would no longer charge fees for Covered Services in Omnibus Accounts. As most of the activity processed in each of the Omnibus Accounts relates to reciprocal services which are charged to NSCC, DTC and CDS respectively, at different rates (e.g. NSCC would be charged in accordance with the standard CDS fee schedule and vice versa), not charging each other for Covered Services will ensure that each of NSCC, DTC and CDS more equitably align the fees charged to one another.

NSCC, DTC and CDS will continue to charge their respective participants for activity in the Omnibus Accounts.

As used above "Covered Services" shall include such services as: (a) messaging and conversion of messages, (b) clearing, (c) monthly account charges, (d) deliveries/receives, (e) deposits and withdrawals, (f) custody, (g) asset servicing (dividends, reorganizations), (h) tax services, including U.S. and Canadian tax

² For purposes of this rule filing, the term "CDS Omnibus Accounts" shall not include CDS's additional accounts established pursuant to the Multiple Account Number Agreement, dated October 27, 2006 between CDS and NSCC and the Additional Account Agreement, dated October 27, 2006 between DTC and CDS.

withholding, as applicable, and non-U.S. Tax Relief and Foreign Currency Payments via the Elective Dividend Service (EDS), (i) communications/networking, (j) money settlement (and roll-up), (k) reconciliation, and (l) any other services agreed to between NSCC, DTC and CDS in writing.

(b) This rule filing is consistent with the requirements of the Securities and Exchange Act of 1934, as amended (the "Act"), and the rules and regulations hereunder, because it recognizes that most of the activity in the Omnibus Accounts represents the processing of reciprocal activity which are charged at to NSCC, DTC and CDS at different rates for similar services used by each of the entities. As such, it provides for the equitable allocation of fees among NSCC, DTC and CDS.

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 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-2007-02 on the subject line.
- 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-2007-02. 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