

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

Initial <input type="checkbox"/>	Amendment <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input checked="" type="checkbox"/>	Section 19(b)(3)(A) <input 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 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).

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	<input type="text" value="John"/>	Last Name	<input type="text" value="Petrofsky"/>
Title	<input type="text" value="Associate Counsel"/>		
E-mail	<input type="text" value="jpetrofsky@dtcc.com"/>		
Telephone	<input type="text" value="(212) 855-7634"/>	Fax	<input type="text" value="(212) 855-3215"/>

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 officer.

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.

Larry E. Thompson,

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.

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

(a) The purpose of this Amendment No. 2 to SR-NSCC-2007-07 is to:

(i) add language to the subsection 2(B)(a)(i) of Rule 2B consistent with the narrative as set forth in Section 3 of form 19b-4 of the original rule filing, as amended, to include that two-day notification requirement proposed by that subsection applies where the member becomes subject to a statutory disqualification, and

(ii) correct a typographical error in proposed rules text appearing Section 2(B)(a)(ii).

The above-described revisions are marked in Exhibit 4 attached hereto.

The complete proposed rules text, as amended, is restated in the attached Exhibit 5.

9. Exhibits

Exhibit 1 – N/A (unchanged from Amendment No. 1).

Exhibit 2 – N/A

Exhibit 3 – N/A

Exhibit 4 – Changes to Proposed Rules Text, marked to indicate changes against the original rule filing, as amended by Amendment No. 1.

Exhibit 5 - Restatement of Proposed Rule Text, as amended.

Exhibit 1

(remains unchanged from Amendment No. 1)

Bolded, underlined language indicates proposed additions made by SR-NSCC-2007-07 and Amendment No. 1 thereof.

~~Bolded, Strikethrough text~~ indicates proposed deletions made by SR-NSCC-2007-07.

Bolded, underlined, italicized language indicates proposed additions made by this Amendment No. 2 to SR-NSCC-2007-07.

Rule 2B-- ongoing membership requirements and monitoring

SEC. 2. DATA TO BE FILED WITH THE CORPORATION

B. Notification of Changes in Condition

(a) Each Member, Mutual Fund/Insurance Services Member, Fund Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member and Data Services Only Member shall:

- (i) promptly inform the Corporation **within two business days**, both orally and in writing, if it is no longer in compliance with any of the relevant qualifications and standards for membership set forth in these Rules as applicable to its type of membership (regardless of whether in effect at the time the participant was admitted), or with respect to any additional qualifications as required by the Corporation in connection with approval of its admission to, or continued participation in, the Corporation, **including in the event of the participant becoming subject to a Statutory Disqualification**. Such notification must be given by the participant as soon as practicable and in any event must be received by the Corporation within two business days from the date on which the participant first learns of its non-compliance;
- (ii) submit to the Corporation written notice of material organization changes including mergers, acquisitions, changes in corporate form, name changes **at least 90 calendar days prior to the effective date of such event unless the member demonstrates that it could not have reasonably given notice within such timeframe.**

Bolded, underlined language indicates proposed additions made by SR-NSCC-2007-07, as amended.

Bolded, Strikethrough text indicates proposed deletions made by SR-NSCC-2007-07, as amended.

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ADDENDUM P

FINE SCHEDULE

1) SDFS Failure-to-Settle and Late Acknowledgment Fines

<u>NET DEBIT FOR APPLICABLE MEMBER, MUTUAL/FUND INSURANCE SERVICES MEMBER, FUND MEMBER OR SETTLING BANK ONLY MEMBER</u>	FIRST OCCASION	SECOND OCCASION	THIRD OCCASION	FOURTH OCCASION
\$0 - 100,000	\$ 100	\$ 200	\$ 500	\$ 1,000
<u>Greater than</u> \$100,000 - 900,000	300	600	1,500	3,000
<u>Greater than</u> \$900,000 - 1,700,000	600	1,200	3,000	6,000
<u>Greater than</u> 1,700,000 - 2,500,000	900	1,800	4,500	9,000
<u>Greater than</u> 2,500,000 - UP	1,000	2,000	5,000	10,000

NOTES: a) In addition to the fine, interest is charged to the Member, Mutual Fund/Insurance Services Member, Fund Member or the Settling Bank Only Member, that failed to settle for the cost of borrowing to complete settlement.

b) The number of occasions will be determined over a moving three-month period. ~~A Member, Mutual Fund/Insurance Services Member, Fund Member or a Settling Bank Only Member, that exceeds four failure-to-settle occasions in a three-month period will be subject to further fees and/or other actions at the Corporation's discretion after consultation between the Member, Mutual Fund/Insurance Services Member, Fund Member or the Settling Bank Only Member, and the Corporation.~~

c) If the Corporation determines that it had significantly affected a Member's, Mutual Fund/Insurance Services Member, Fund Member or a Settling Bank Only Member's, ability to settle (because of a Corporation

system delay, for example), the Corporation may determine to waive failure-to-settle fines for that occurrence.

d) If the number of occasions within the rolling period exceeds four, the Corporation shall obtain the concurrence of the Board of Directors as to the fine amount.

(e) A lateness of more than one hour will result in a fine equal to the amount applicable to the next highest occasion for the specific deficiency amount. If a member is late for more than one hour and it is the member's fourth occasion, the Corporation shall obtain the concurrence of the Board of Directors as to the fine amount.

2) General Continuance Standards-Fine for failure to notify pursuant to Section 2(B)(a)(i) of Rule 2B: Each single offense, \$1,000 fine. If the Member's failure to notify applies to more than one DTCC clearing agency subsidiary (DTC, NSCC and/or FICC), the fine amount will be divided equally among the clearing agencies. Where the Member is a participant of DTC and is a common member of one or more of the other clearing agencies, the fine would be collected by DTC and allocated equally among other clearing agencies, as appropriate. If the member is not a DTC participant, but is a common member between NSCC and FICC, NSCC will collect the fine and allocate the appropriate portion to FICC.

2) 3) Failure to notify and supply required data as provided for under these Rules & Procedures (other than as provided in items one, ~~two, three~~, four ~~and~~ , five, ~~six, and seven~~ of this addendum): Each single offense, \$5,000.00 fine. If the Member's failure to notify applies to more than one DTCC clearing agency subsidiary (DTC, NSCC and/or FICC), the fine amount will be divided equally among the clearing agencies. Where the Member is a participant of DTC and is a common member of one or more of the other clearing agencies, the fine would be collected by DTC and allocated equally among other clearing agencies, as appropriate. If the member is not a DTC participant, but is a common member between NSCC and FICC, NSCC will collect the fine and allocate the appropriate portion to FICC.

3) 4) Late Satisfaction of Clearing Fund Deficiency Call¹

Amount	First Occasion	Second Occasion	Third Occasion	Fourth Occasion (or greater)
Up to \$100 M	*	\$ 100	\$ 200	\$ 500
Greater than \$100 M to \$900 M	*	300	600	1,500
Greater than \$900 M to \$1.7 MM	*	600	1,200	3,000
Greater than \$1.7 MM to \$2.5 MM	*	900	1,800	4,500
Greater than \$2.5 MM	*	1,000	2,000	5,000

* First occasions result in a warning letter issued to the Member.

¹The number of occasions is determined over a moving three-month period beginning with the first occasion.

If the number of occasions within the rolling period exceeds four, the Corporation shall obtain the concurrence of the Board of Directors as to the amount of the fine.

A lateness of more than one hour will result in a fine equal to the amount applicable to the next highest occasion for the specific deficiency amount. If a member is late for more than one hour and it is the member's fourth occasion, the Corporation shall obtain the concurrence of the Board of Directors as to the amount of the fine.

4) 5) Requests For Information⁴

Request For Information (Failure to timely Provide)	First Occasion	Second Occasion	Third Occasion
Financial Statements			

¹ ~~Fines to be levied for offenses within a moving twelve-month period beginning with the first occasion.~~

Audited Financial Statements for Member or Parent	\$300	\$600	\$1,500
Monthly and/or Quarterly Regulatory Filings	\$300	\$600	\$1,500
Monthly and/or Quarterly Financial Statements	\$300	\$600	\$1,500
Proforma Financial Statements	\$300	\$600	\$1,500
Any Financial Computations, Consolidating Worksheets or Internal Statements, Upon Special Request	\$300	\$600	\$1,500
Risk Questionnaires/Profiles			
Questionnaires	\$150	\$300	\$750
Profiles	\$150	\$300	\$750
Risk Management Policies and Procedures	\$150	\$300	\$750
Disaster Recovery Procedures	\$150	\$300	\$750

Failure to Timely Provide Financial and Related Information

	First	Second	Third	Fourth
<u>Request for Information* Occasion</u>	Occasion	Occasion	Occasion	Occasion
<u>Financial Reports/ Information**</u>	\$300	\$600	\$1,500	***

***Fines to be levied for offenses within a moving twelve-month period beginning with the first occasion.**

****For purposes of this Fine Schedule, "Reports/Information" shall mean the financial, regulatory and other information required to be submitted within a specified deadline to the Corporation.**

*****Fourth or more occasion fines will be determined by the Corporation with the concurrence of the Board of Directors.**

If the Member's late submission applies to more than one DTCC clearing agency subsidiary (DTC, NSCC and/or FICC), the fine amount will be divided equally among the clearing agencies. Where the Member is a participant of DTC and is a common member of one or more of the other clearing agencies, the fine would be collected by DTC and allocated equally among other clearing agencies, as appropriate. If the member is not a DTC participant, but is a common member between NSCC and FICC, NSCC will collect the fine and allocate the appropriate portion to FICC.

5) 6) Settlement of Commissions (pursuant to Rule 16)²

NET DEBIT	FIRST OCCASION	SECOND OCCASION	THIRD OCCASION	FOURTH OCCASION (or greater)
\$0 - 100,000	(1)	\$ 100	\$ 200	\$ 300
\$100,000 - 200,000	(1)	200	300	400
Greater than \$200,000	(1)	300	400	500

NOTES:1) **First occasions result in a warning letter issued to the Member/Non-Clearing Member Commission Billing Member.**

2) In addition to the fine, unpaid amounts will incur interest charges until paid.

6) 7) Business Continuity Testing for Top Tier Firms - Fines for Failure to Test

Fine for failure to complete testing by December 31st: \$10,000

Fine for failure to complete testing for two successive years:\$20,000

NOTES:1) Failure to complete testing for more than two successive years will result in disciplinary action taken by NSCC, up to and including termination of membership.