

OMB APPROVAL

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SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 Form 19b-4

File No. SR - 2009 - 03

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)	
			<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)	

Description

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

Proposed Rule Change to clarify NSCC's Rules in regards to economic sanctions and embargo programs administered and enforced by the Office of Foreign Assets Control

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 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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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

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

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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 Sent As Paper Document

Exhibit 4 - Marked Copies

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

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

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.

(i) Text of Purposed Rule Change.

(a) The proposed rule change is being filed by The National Securities Clearing Corporation (“NSCC”) to clarify NSCC’s Rules in regards to the economic sanctions and embargo programs administered and enforced by the Office of Foreign Assets Control (“OFAC”).

Revisions to NSCC’s rules and procedures incorporating the proposed rule change are attached hereto as Exhibit 5.

(b) Not applicable

(c) Not applicable

(ii) Procedures of the Self-Regulatory Organization.

(a) NSCC Board approval for the proposed rule change is not required.

(iii) Self-Regulatory Organization’s Statement of Purpose of, and Statutory Basis for, the Proposed Rule Change.

(a) The proposed rule change makes clear that Members are subject to the sanctions and embargo programs administered and enforced by OFAC. In addition, the proposed rule change requires that Members that are subject to the jurisdiction of the United States confirm that they have implemented a risk-based OFAC compliance program.¹ The proposed rule changes being filed by NSCC consist of the following revisions to Rule 2, Section 4, of NSCC’s Rules and Procedures, which will be amended to read:

Members and Limited Members may not submit or confirm any transaction, charge, request, instruction or transmission through the Corporation’s

¹ Those clarifications are also being made to the rules of NSCC’s affiliates, The Depository Trust Company (DTC) and both divisions of Fixed Income Clearing Corporation (FICC).

services, nor otherwise utilize the Corporation's services, in contravention of any law, rule, regulation or statute, including, but not limited to, those related to securities, taxation and money laundering, as well as sanctions administered and enforced by the Office of Foreign Assets Control ("OFAC").

All Members and Limited Members must agree not to conduct any transaction or activity through NSCC that violates sanctions administered and enforced by OFAC.

All Members and Limited Members subject to the jurisdiction of the U.S. (as defined by OFAC regulations), with the exception of Commission Billing Members, Data Services Only Members, and Municipal Comparison Only Members, are required to periodically confirm that they have implemented a risk-based program reasonably designed to comply with applicable OFAC sanctions regulations. Failure to do so in the manner and timeframes set forth by the Corporation from time to time will result in a fine.

In addition to the foregoing, NSCC will require Members and Limited Members to execute the Confirmation of an OFAC Program, which is attached as Exhibit 3:

- The OFAC Compliance Officer, Chief Compliance Officer or other individual with responsibility for managing the OFAC compliance program for U.S. Members and Limited Members will be required to submit the Confirmation of an OFAC Program every two years. U.S. Members or Limited Members will be subject to a \$5,000 fine, as set forth in Addendum P, Section 3, of NSCC's Rules and Procedures, for failure to provide the initial Confirmation of an OFAC Program or any periodic updates as required.

The Confirmation of an OFAC Program that Members who are subject to the jurisdiction of the United States must sign is intended to document that the Member has the primary relationship with the customers for whom it is conducting activity through NSCC and has implemented a program to conduct appropriate risk-based OFAC screening, and is not intended to reallocate legal liability related to the sanctions administered and enforced by OFAC.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations thereunder, because it will enhance NSCC's compliance with applicable laws thereby reducing risks and associated costs to NSCC and its Participants.

(iv) 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.

(v) Self-Regulatory Organization's Statement on Comments on 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.

(vi) 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.

(vii) Basis of 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)(4) of Securities Exchange Act Rule 19b-4, and shall become effective on October 1, 2009 for all Members and Limited Members, with the exception of Commission Billing Members, Data Services Only Members, and Municipal Comparison Only Members, subject to the jurisdiction of the U.S. to submit the required Confirmation of an OFAC Program.

(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.

(c) Not applicable.

(d) Not applicable.

(viii) 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.

(ix) Exhibits

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

Exhibit 2 – N/A

Exhibit 3 – Confirmation of an OFAC Program

Exhibit 4 – N/A

Exhibit 5 – Rules and Procedures of the National Securities Clearing Corporation

SECURITIES AND EXCHANGE COMMISSION

(Release No. _____; File No. SR-NSCC-2009-03)

SELF-REGULATORY ORGANIZATIONS

The proposed rule change is being filed by The National Securities Clearing Corporation ("NSCC") to clarify NSCC's Rules in regards to the economic sanctions and embargo programs administered and enforced by the Office of Foreign Assets Control ("OFAC").

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1) and Rule 19b-4(f)(4) thereunder, notice is hereby given that on _____, NSCC filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Item 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 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 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 Section (A), (B) and (C) below, of the most significant aspects of such statements.

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

- (i) The proposed rule change makes clear that Members are subject to the sanctions and embargo programs administered and enforced by OFAC. In addition, the proposed rule change requires that Members that are subject to the jurisdiction of the United States confirm that they have implemented a risk-based OFAC compliance program.¹ The proposed rule changes being filed by NSCC consist of the following revisions to Rule 2, Section 4, of NSCC's Rules and Procedures, which will be amended to read:

Members and Limited Members may not submit or confirm any transaction, charge, request, instruction or transmission through the Corporation's services, nor otherwise utilize the Corporation's services, in contravention of any law, rule, regulation or statute, including, but not limited to, those related to securities, taxation and money laundering, as well as sanctions administered and enforced by the Office of Foreign Assets Control ("OFAC").

All Members and Limited Members must agree not to conduct any transaction or activity through NSCC that violates sanctions administered and enforced by OFAC.

All Members and Limited Members subject to the jurisdiction of the U.S. (as defined by OFAC regulations), with the exception of Commission Billing Members, Data Services Only Members, and Municipal Comparison Only Members, are required to periodically confirm that they have implemented a risk-based program reasonably designed to comply with applicable OFAC sanctions regulations. Failure to do so in the manner and timeframes set forth by the Corporation from time to time will result in a fine.

In addition to the foregoing, NSCC will require Members and Limited Members to execute the Confirmation of an OFAC Program, which is attached as Exhibit 3:

- The OFAC Compliance Officer, Chief Compliance Officer or other individual with responsibility for managing the OFAC compliance program for U.S. Members and Limited Members will be required to submit the Confirmation of an OFAC Program every two years. U.S. Members or Limited Members will be subject to a \$5,000 fine, as set forth in Addendum P, Section 3, of

¹ Those clarifications are also being made to the rules of NSCC's affiliates, The Depository Trust Company (DTC) and both divisions of Fixed Income Clearing Corporation (FICC).

NSCC's Rules and Procedures, for failure to provide the initial Confirmation of an OFAC Program or any periodic updates as required.

The Confirmation of an OFAC Program that Members who are subject to the jurisdiction of the United States must sign is intended to document that the Member has the primary relationship with the customers for whom it is conducting activity through NSCC and has implemented a program to conduct appropriate risk-based OFAC screening, and is not intended to reallocate legal liability related to the sanctions administered and enforced by OFAC.

(ii) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations thereunder, because it will enhance NSCC's compliance with applicable laws thereby reducing risks and associated costs to NSCC and its Participants.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-comment@sec.gov. Please include File No. SR-NSCC-2009-03 on the subject line.

Paper Comments

Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington D.C. 20549-9303.

All submissions should refer to File Number SR-NSCC-2009-03. This file number should be included on the subject line if e-mail is used. To help the Commission process and review 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 provision 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, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. All comments 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 the file number above and should be submitted on or before _____.

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

Florence E. Harmon,
Deputy Secretary

CONFIRMATION OF AN OFAC PROGRAM

[User's Letterhead]

Date:

The Depository Trust Company,
National Securities Clearing Corporation,
Fixed Income Clearing Corporation
c/o The Depository Trust & Clearing Corporation
55 Water Street,
New York, NY 10041
Attention: OFAC Officer

Re: Confirmation of an OFAC Program

I am the OFAC Compliance Officer, Chief Compliance Officer or am otherwise responsible for managing *[User name]*¹'s OFAC or sanctions compliance program. This certification is being executed in accordance with applicable rules related to the *[User name]*'s compliance with sanctions regulations (31 CFR Chapter V and Appendices) administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and applies to all transactions and business activities (collectively referred to as "Business") conducted through The Depository Trust Company, National Securities Clearing Corporation, and both division of the Fixed Income Clearing Corporation (collectively the "Clearing Agencies").

[User name] hereby certifies as follows:

1. *[User name]* is a "United States person" (as defined under applicable OFAC sanctions regulations) that is subject to, and has implemented a risk-based program reasonably designed to comply with, applicable OFAC sanctions regulations.
2. As part of its risk-based compliance program, *[User name]* screens customers and, where applicable based on identified risk factors, direct and indirect owners, controlling parties or other third-parties, against the most recent version of OFAC's List of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorist Organizations, Specially Designated Narcotics

¹ For the purposes of this certification User means: a Participant or Pledgee of DTC; a Member or Limited Member, with the exception of Commission Billing Members, Data Services Only Members, and Municipal Comparison Only Members, of NSCC; a Member of FICC's Government Securities Division; and a Participant or a Limited Purpose Participant of FICC's Mortgage-Backed Securities Division.

Traffickers, and against any other lists maintained by OFAC (collectively referred to as the "SDN List").

3. Unless otherwise authorized by OFAC, *[User name]* has excluded from any Business it introduces to the Clearing Agencies all persons or entities on the SDN List and all persons with whom it is otherwise impermissible for DTCC to engage in transactions under applicable OFAC sanctions regulations.
4. *[User name]* agrees to provide an updated Certification of OFAC Compliance, if required, due to a merger, acquisition or other corporate change that affects its membership and requires *[User name]* to notify the Clearing Agencies.
5. *[User name]* understands that it must execute an updated Certification of OFAC Compliance at least every two (2) years.

This Certification of OFAC Compliance applies to any and all accounts for the *[User name]*'s at the Clearing Agencies.

By: _____
Authorized OFAC Officer's Signature

Title: _____

Name: _____
PRINT

Phone: _____

E-Mail Address: _____

Underlined boldface text indicates additions

~~Struck-through boldface~~ text indicates deletions

National Securities Clearing Corporation's Rules and Procedures

RULES AND PROCEDURES OF NATIONAL SECURITIES CLEARING CORPORATION

RULE 2. MEMBERS AND LIMITED MEMBERS

SEC 4. Compliance with Applicable Law

ParticipantsMembers and Limited Members may not submit or confirm any transaction, charge, request, instruction or transmission through the Corporation's services, nor otherwise utilize the Corporation's services, in contravention of any law, rule, regulation or statute, including, but not limited to, those related to securities, taxation and money laundering, as well as sanctions administered and enforced by the Office of Foreign Assets Control ("OFAC").

All Members and Limited Members must agree not to conduct any transaction or activity through NSCC that violates sanctions administered and enforced by OFAC.

All Members and Limited Members subject to the jurisdiction of the U.S. (as defined by OFAC regulations), with the exception of Commission Billing Members, Data Services Only Members, and Municipal Comparison Only Members, are required to periodically confirm that they have implemented a risk-based program reasonably designed to comply with applicable OFAC sanctions regulations. Failure to do so in the manner and timeframes set forth by the Corporation from time to time will result in a fine.