

[Federal Register: July 28, 2009 (Volume 74, Number 143)]

[Notices]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-60368; File No. SR-NSCC-2009-05]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Haircuts Applied to Eligible Clearing Fund Securities

July 22, 2009.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ('`Act''),\1\ notice is hereby given that on July 10, 2009, 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. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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\1\ 15 U.S.C. 78s(b)(1).

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

The purpose of the proposed rule change is to modify the haircuts applied to Eligible Clearing Fund Securities.\2\

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\2\ NSCC Rule 1 (Definitions and Descriptions) defines Eligible Clearing Fund Securities and its components which are Eligible Clearing Fund Treasury Securities, Eligible Clearing Fund Agency Securities, and Eligible Clearing Fund Mortgage-Backed Securities.

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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 these statements.\3\

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\3\ The Commission has modified the text of the summaries prepared by NSCC.

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

Under NSCC's Rules and Procedures, Members are required to make deposits to the Clearing Fund with the amount of each Member's required deposit being established by NSCC in accordance with one or more formulas ('`Required Deposit``'). A Member may satisfy its Required Deposit with a cash deposit, and NSCC may permit a portion of the Member's Required Deposit (with the exception of the deposit of a Mutual Fund/Insurance Services Member) to be evidenced by an open account indebtedness secured by Eligible Clearing Fund Securities. Eligible Clearing Fund Securities consist of certain Treasury, Agency, and mortgage-backed securities.

NSCC's Rules and Procedures permit NSCC to fund settlement by pledging Clearing Fund deposits as collateral for loans. NSCC maintains a committed borrowing facility for this purpose. Due to elevated volatility experienced in the financial markets, collateral haircuts imposed on NSCC under the borrowing facility have increased. Therefore, NSCC is required to make corresponding increases in Clearing Fund collateral haircuts to maintain alignment with this facility.

NSCC proposes to modify Procedure XV (Clearing Fund Formula and Other Matters) to update the correlating range of haircuts applied to the types of Eligible Clearing Fund Securities. In general, NSCC proposes to increase the haircuts for: (i) Interest bearing Treasuries with terms greater than 10 years but less than 15 years from 5 percent to a 6 percent and (ii) zero coupon Treasury and Agency securities from 2 to 10 percent based on term to 5 to 12 percent based on term. A complete listing of the haircut schedule, showing modifications, is as follows:

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NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act \4\ and the rules and regulations thereunder applicable to NSCC because the proposed rule change should facilitate the prompt and accurate clearance and settlement of securities transactions by adjusting NSCC's haircut levels on Clearing Fund collateral and facilitating NSCC's ability to ensure adequate collateral levels are maintained to facilitate settlement in the event of a participant default.

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\4\ 15 U.S.C. 78q-1.

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(B) Self-Regulatory Organization's Statement on Burden on Competition

NSCC does not believe that the proposed rule change will have any impact on 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

No written comments relating to the proposed rule change have 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 upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act \5\ and Rule 19b-4(f)(4) \6\

thereunder because the proposed rule change effects a change in an existing service of NSCC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of NSCC or for which it is responsible and (ii) does not significantly affect the respective rights of the clearing agency or persons using the service. At any time within sixty days of the filing of such 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.

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\5\ 15 U.S.C. 78s(b)(3)(A)(iii).  
\6\ 17 CFR 240.19b-4(f)(4).

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#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-NSCC-2009-05 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-2009-05. 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 Section, 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 filings also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at [http://www.dtcc.com/legal/rule\\_filings/nscc/2009.php](http://www.dtcc.com/legal/rule_filings/nscc/2009.php). 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-2009-05 and should be submitted on or before August 18, 2009.

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\7\ 17 CFR 200.30-3(a)(12).

For the Commission by the Division of Trading and Markets,  
pursuant to delegated authority.\7\  
Elizabeth M. Murphy,  
Secretary.

[FR Doc. E9-17935 Filed 7-27-09; 8:45 am]

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