

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 13	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2010 - * 12	Amendment No. (req. for Amendments *)
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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"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule		
			<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)	

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, required when Initial is checked *).

The proposed rule change consists of a technical correction to NSCCs Rules and Procedures relating to its Automated Customer Account Transfer Service (ACATS)

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 * Jacqueline Last Name * Farinella
 Title * Counsel
 E-mail * jfarinella@dtcc.com
 Telephone * (212) 855-3216 Fax (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 10/15/2010
 By Merrie Faye Witkin (Name *)
 Managing Director and Deputy General Counsel (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.

Merrie Faye Witkin, mwitkin@dtcc.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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 (required)

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.

The proposed rule change is annexed hereto as Exhibit 5 and consists of a technical correction to the Rules & Procedures (the “Rules”) of National Securities Clearing Corporation (“NSCC” or the “Corporation”).

(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) NSCC’s Automated Customer Account Transfer Service (“ACATS”) enables Members to effect automated transfers of customer’s accounts among themselves.¹ With respect to ACATS transfers processed through NSCC’s Continuous Net Settlement (“CNS”) system², long and short positions are passed against Members’ positions at The Depository Trust Company (“DTC”) and available securities are delivered from short Members’ accounts at DTC and are allocated to long Members’ accounts by book-entry. On August 16, 2010, the Commission approved enhancements to ACATS described in Rule Filing SR-NSCC-2010-05 (“ACATS Rule Filing”).³ Implementation of the enhancements described in the ACATS Rule Filing has not yet taken place, and will be announced by an Important Notice.

Pursuant to Procedure VII of the Rules, other than with respect to securities subject to certain corporate action events, Members with a failing long position may issue a Notice of Intention to Buy-In (“Buy-In Notice”), specifying a quantity of securities not exceeding such long positions which it intends to buy-in. Generally, CNS long positions, which represent securities NSCC owes Members, are processed in an order determined by an algorithm, and automatically allocated to Members’ long positions as they are received by NSCC. A Buy-In Notice, however, will affect the priority of a Member’s long position, and after CNS receives a

¹ ACATS complements a Financial Industry Regulatory Authority (“FINRA”) rule requiring FINRA members to use automated clearing agency customer account transfer services and to effect customer account transfers within specified time frames.

² CNS is an ongoing accounting system which nets today’s Settling Trades with yesterday’s Closing Positions, producing net short or long positions per security issue for each Member. The Corporation is always contraside for all positions. The positions are then passed against the Member’s Designated Depository positions, and available securities are allocated by book-entry. This allocation of securities is accomplished through an evening cycle followed by a day cycle. Positions which remain open after the evening cycle may be changed as a result of trades accepted for settlement that day. CNS allocates deliveries in both the night and day cycles based on an algorithm based on priority groups in descending order, age of position within a priority group, and random numbers within age groups.

³ Securities Exchange Act Release No. 34-62726 (August 16, 2010), 75 FR 162 (August 23, 2010).

Buy-In Notice, the Member with the long position who issues a Buy-In Notice will be placed on high priority to receive the securities. Members with a short position who owe shares to CNS will be passed liability for the shares subject to the Buy-In Notice, and will have the opportunity to deliver those shares to CNS and avoid being subject to a buy-in execution on those securities in the relevant marketplace.

Upon the effectiveness of the ACATS Rule Filing, deliveries and/or receives in a particular security processed through CNS will be deemed by NSCC to satisfy a Member's ACATS receive or deliver obligation prior to other CNS-related obligations for that Member in the same security. In the limited case where a Member has issued a Buy-In Notice on a security that is also subject on the same day to an ACATS receive obligation, however, deliveries of that security would first be deemed to satisfy the receiving Member's ACATS obligation. The remaining delivery will be applied to satisfy the obligation under the Buy-In Notice. If the delivered securities applied to the buy-in obligation are not sufficient to cover that entire buy-in liability, but have satisfied the delivering Member's entire short position, however, the delivering Member will be deemed to have satisfied its buy-in obligation, and NSCC, as the central counterparty, will be left with a market exposure in the amount of shares that were deemed to satisfy the ACATS obligation, if the receiving Member elects to execute the buy-in as permitted in the Rules.

In order to address this scenario, NSCC proposes to make a technical correction to Procedure VII to make clear that, with respect to either (a) long positions against which a buy-in notice is due to expire that day but which were not filled the previous day, and (b) long positions against which a buy-in notice is due to expire the following day, deliveries of securities through CNS will first be applied to satisfy the buy-in delivery obligation on those securities, and, only after these obligations are satisfied, will then be deemed to satisfy the ACATS delivery obligations on those same securities. Any additional shares of the same securities delivered will then be applied to remaining delivery obligations.

Implementation Schedule. As a result of this proposed technical correction, the enhancement to ACATS, as described in the ACATS Rule Filing, and as modified herewith, will be implemented on or about October 29, 2010, and the date of implementation will be announced by Important Notice.

(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 as it will further the policies underlying both the ACATS and buy-in rules and procedures set forth in the Rules, both of which protect customers and facilitate the prompt and accurate clearance and settlement of securities transactions. Further, the technical change proposed in this filing will not adversely affect participants.

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, 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) The proposal will (i) take effect pursuant to paragraph A of Section 19(b)(3), and (ii) be implemented on or about October 29, 2010, and the date of implementation will be announced by Important Notice.

(b) 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 or obligations of NSCC or persons using the service.

(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 – Proposed Changes to NSCC's Rules

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[_____]); File No. SR-NSCC-2010-12

October 15, 2010

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by National Securities Clearing Corporation (“NSCC”) Consisting of a Technical Correction to its Rules & Procedures (the “Rules”) relating to its Automated Customer Account Transfer Service (“ACATS”).

Pursuant to Section 19(b)(4) of the Securities Exchange Act of 1934 (“Act”), notice is hereby given that on _____ 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 rule change from interested parties.

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

The proposed rule change is annexed 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 under the Item IV below. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

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

NSCC’s Automated Customer Account Transfer Service (“ACATS”) enables Members to effect automated transfers of customer’s accounts among themselves.¹ With

¹ ACATS complements a Financial Industry Regulatory Authority (“FINRA”) rule requiring FINRA members to use automated clearing agency customer account transfer services and to effect customer account transfers within specified time frames.

respect to ACATS transfers processed through NSCC's Continuous Net Settlement ("CNS") system², long and short positions are passed against Members' positions at The Depository Trust Company ("DTC") and available securities are delivered from short Members' accounts at DTC and are allocated to long Members' accounts by book-entry. On August 16, 2010, the Commission approved enhancements to ACATS described in Rule Filing SR-NSCC-2010-05 ("ACATS Rule Filing").³ Implementation of the enhancements described in the ACATS Rule Filing has not yet taken place, and will be announced by an Important Notice.

Pursuant to Procedure VII of the Rules, other than with respect to securities subject to certain corporate action events, Members with a failing long position may issue a Notice of Intention to Buy-In ("Buy-In Notice"), specifying a quantity of securities not exceeding such long positions which it intends to buy-in. Generally, CNS long positions, which represent securities NSCC owes Members, are processed in an order determined by an algorithm, and automatically allocated to Members' long positions as they are received by NSCC. A Buy-In Notice, however, will affect the priority of a Member's long position, and after CNS receives a Buy-In Notice, the Member with the long position who issues a Buy-In Notice will be placed on high priority to receive the securities. Members with a short position who owe shares to CNS will be passed liability for the shares subject to the Buy-In Notice, and will have the opportunity to deliver those shares to CNS and avoid being subject to a buy-in execution on those securities in the relevant marketplace.

Upon the effectiveness of the ACATS Rule Filing, deliveries and/or receives in a particular security processed through CNS will be deemed by NSCC to satisfy a Member's ACATS receive or deliver obligation prior to other CNS-related obligations for that Member in the same security. In the limited case where a Member has issued a Buy-In Notice on a security that is also subject on the same day to an ACATS receive obligation, however, deliveries of that security would first be deemed to satisfy the receiving Member's ACATS obligation. The remaining delivery will be applied to satisfy the obligation under the Buy-In Notice. If the delivered securities applied to the buy-in obligation are not sufficient to cover that entire buy-in liability, but have satisfied

² CNS is an ongoing accounting system which nets today's Settling Trades with yesterday's Closing Positions, producing net short or long positions per security issue for each Member. The Corporation is always contraside for all positions. The positions are then passed against the Member's Designated Depository positions, and available securities are allocated by book-entry. This allocation of securities is accomplished through an evening cycle followed by a day cycle. Positions which remain open after the evening cycle may be changed as a result of trades accepted for settlement that day. CNS allocates deliveries in both the night and day cycles based on an algorithm based on priority groups in descending order, age of position within a priority group, and random numbers within age groups.

³ Securities Exchange Act Release No. 34-62726 (August 16, 2010), 75 FR 162 (August 23, 2010).

the delivering Member's entire short position, however, the delivering Member will be deemed to have satisfied its buy-in obligation, and NSCC, as the central counterparty, will be left with a market exposure in the amount of shares that were deemed to satisfy the ACATS obligation, if the receiving Member elects to execute the buy-in as permitted in the Rules.

In order to address this scenario, NSCC proposes to make a technical correction to Procedure VII to make clear that, with respect to either (a) long positions against which a buy-in notice is due to expire that day but which were not filled the previous day, and (b) long positions against which a buy-in notice is due to expire the following day, deliveries of securities through CNS will first be applied to satisfy the buy-in delivery obligation on those securities, and, only after these obligations are satisfied, will then be deemed to satisfy the ACATS delivery obligations on those same securities. Any additional shares of the same securities delivered will then be applied to remaining delivery obligations.

Implementation Schedule. As a result of this proposed technical correction, the enhancement to ACATS, as described in the ACATS Rule Filing, and as modified herewith, will be implemented on or about October 29, 2010, and the date of implementation will be announced by Important Notice.

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 as it will further the policies underlying both the ACATS and buy-in rules and procedures set forth in the Rules, both of which protect customers and facilitate the prompt and accurate clearance and settlement of securities transactions. Further, the technical change proposed in this filing will not adversely affect 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, 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.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective to Section 19(b)(3) of the Act and subparagraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing

of the proposed 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

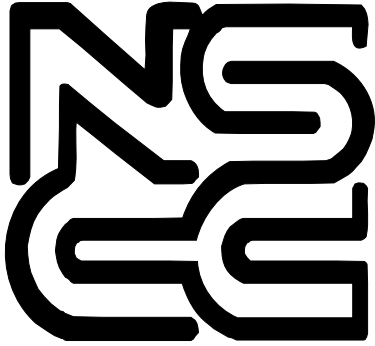
Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

- 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-2010-12 on the subject line.
- Paper comments should be sent 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-2010-12. 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 Section 100 F Street, NE, Washington DC 20549-1090. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. 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 the file number above and should be submitted within _____ days after the date of publication.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary



NATIONAL
SECURITIES
CLEARING
CORPORATION

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Underlined, italicized and boldface text indicates new text

PROCEDURE VII. CNS ACCOUNTING OPERATION

* * *

E. Controlling Receipts from CNS

After securities are received by the Corporation from Members with short positions, they are allocated to other Members which have long positions. The allocation of these securities is governed by an algorithm which changes daily so as not to benefit any one Member. Members may change their relative rank within this algorithm by submitting Priority Requests. The submission of a Buy-In Notice will also affect the priority of a Member's long position in that particular security.

1. Standing Priority Request

A Member may enter a Standing Priority Request which moves its long positions in all securities to a higher rank in the allocation formula every day and remains in effect until canceled or changed by the Member in writing.

A Member may enter a Standing Priority Request for the evening cycle only, the day cycle only, or both the evening and day cycles in respect of its general account or any sub-account.

2. Priority Overrides

A Member may override a Standing Priority Request which it has previously submitted, or obtain priority when it has not submitted a Standing Priority Request by submitting a Priority Override. Each Priority Override changes the Member's relative rank in the allocation algorithm for its long position in one security only. The Priority Override remains in effect for one day.

The Member may submit a Priority Override for the specified security for the evening cycle only, the day cycle only, or for both the evening and day cycles.

3. Buy-In Notices

A Member which submits a Buy-In Notice in accordance with the provisions of subsection J of this Section is assigned to a higher relative rank in the allocation algorithm for the quantity of securities specified on the Buy-In Notice than those Members which have requested high priority through the use of a Standing Priority Request or Priority Override.

4. Allocation Algorithm

The algorithm which governs the allocation of long positions is based on priority groups in descending order, age of position within a priority group and random numbers within age groups.

Priority groups include the following:

- (a) long positions in a CNS Reorganization Sub-Account established pursuant to paragraph H.4. of this Section VII of these Procedures;
- (b) long positions against which Buy-In Notices are due to expire that day but which were not filled the previous day;
- (c) long positions against which Buy-In Notices are due to expire the following day;
- (d) (i) long positions in a receiving ID Net Subscriber's agency account established at a Qualified Securities Depository, and (ii) long positions against the component securities of index receipts;
- (e) in descending sequence, priority levels as specified by Standing Priority Requests and as modified by Priority Overrides.

When more than one long position in a given security exists within the same priority group, the "oldest" position is allocated first. Age is defined as the number of consecutive days during which the position has been long, irrespective of quantity.

When more than one long position in a given security exists within the same priority group all of which have been long the same number of consecutive days, the allocation rank is determined by a computer generated random number. Random numbers, which change daily, are computed so that each Member's random number is different for each security.

The allocation algorithm for the evening and day delivery cycles is computed separately to allow for Standing Priority Requests and Priority Overrides which have specified different levels of priority for evening and day cycles.

Following the allocation of securities to a Member pursuant to the Allocation Algorithm described above, deliveries in a particular security processed through CNS, **other than buy-in allocations made pursuant to priority groups (b) and (c) above**, will be deemed by the Corporation to satisfy a Member's ACATS receive obligation prior to the other CNS-related receive obligations for that Member in the same security, and this information shall be provided to that Member's Designated Depository to

facilitate processing in accordance with the Designated Depository's procedures.

5. Fully-Paid-For Account

(Procedures for Movements to the Long Free Account other than for the Stock Borrow Program)

The Corporation's processing day is divided into two parts. It begins with an evening cycle on the evening preceding the settlement day for which the work is being processed and is followed by a day cycle which ends on the settlement day for which the work is processed. If a Member with a long position and/or a position due for settlement on the next settlement day, in anticipation of receiving securities from the Corporation (other than municipal securities, as that term is defined by the Securities Exchange Act of 1934, as amended), as a result of the allocation process during the evening or day cycle for that settlement day, instructs that securities within its possession or control (other than municipal securities) be delivered on the next day and is subsequently not allocated the securities during the evening or following day cycle, the Member may, in order to meet the "customer segregation" requirements of SEC Rule 15c3-3, instruct the Corporation, during the day cycle for that settlement day by the time specified by the Corporation, to transfer the position(s) which has not been allocated to a special CNS sub-account (the "Long Free Account"). The Corporation will then debit the Member's settlement account for the value of the position in the Long Free Account. The Long Free Account will be guaranteed by the Corporation and will be marked daily.

All funds which the Corporation receives from debiting the Member's settlement account for the value of a position moved into the Long Free Account and all marks credited to the Long Free Account as a result of marking positions to the market daily, will be segregated by the Corporation from all other funds received by the Corporation. Any time that a Member determines that he no longer needs the position(s) in the Long Free Account for 15c3-3 purposes, he may instruct the Corporation to transfer back the position(s) to its Long Valued Account and make the appropriate adjustment to its settlement account.

NOTE: The SEC has stated that: "any broker/dealer that takes advantage of proposed rule NSCC-82-25 must recall deficits from bank loan within shorter time intervals than those presently allowed under SEC Rule 15c3-3(d)(1). In the case of bank loan, broker/dealers will be expected to effect a recall within one business day instead of the two business days presently allowed.

* * *