

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * **SECURITIES AND EXCHANGE COMMISSION** File No.* SR - - *
 WASHINGTON, D.C. 20549 Form 19b-4 Amendment No. (req. for Amendments *)

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Permit eligible CMU T+1 trades to settle at NSCC either through CNS or through the Balance Order Accounting Operation on a trade-for-trade basis.

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 action.

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.

(Title *)

Date
 By

(Name *)

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.

Persona Not Validated - 1429718904366,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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 *

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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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, security-based swap submission, or advance notice 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

(a) The proposed rule change is annexed hereto as Exhibit 5 and consists of modifications to the Rules & Procedures (“Rules”) of National Securities Clearing Corporation (“NSCC”) in order to permit trades in fixed income securities (corporate and municipal bonds, and unit investment trusts, collectively “CMU”) that are scheduled to settle on the day after trade date (“T+1”) to settle either through its Continuous Net Settlement (“CNS”) system, as described below, or through its Balance Order Accounting Operation on a trade-for-trade basis, as described below, when eligible for settlement through these services.¹

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change was approved by the Business, Technology and Operations Committee of the Board of Directors on June 16, 2015.

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

(a) Purpose

CMU transactions that are effected in the over-the-counter markets and submitted to NSCC directly by Members on a bilateral basis are processed through NSCC’s Real Time Trade Matching (“RTTM”) platform. Within RTTM, the buy and sell sides of a transaction are validated and matched, resulting in a compared trade that is reported to Members. This process is called “trade comparison.”

Today, with the exception of CMU trades that are submitted to NSCC to settle on a timeframe that is shorter than T+2,² CMU trades submitted to NSCC through RTTM are first compared within RTTM, and then are processed into NSCC’s Universal Trade Capture (“UTC”) system, where they are checked for eligibility for settlement either through NSCC’s CNS system³ or through its Balance Order Accounting Operation on a trade-for-trade basis.⁴ These

¹ Terms not defined herein are defined in the Rules, available at http://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

² The settlement timeframe of a trade, i.e. when the trade will settle relative to the trade date, is determined by the counterparties to that trade, and is indicated on the trade record when the trade is submitted to NSCC.

³ CNS and its operation are described in Rule 11 and Procedure VII. Rules, supra note 1. To be eligible for CNS settlement, a transaction must be in a security that is eligible for book-entry transfer on the books of The Depository Trust Company, and must be capable of being processed in the CNS system; for example, securities may be ineligible for CNS

CMU trades, those that are scheduled to settle on a T+2 or longer timeframe, are then processed for settlement through the settlement service for which they are eligible, i.e. either the CNS system or the Balance Order Accounting Operation on a trade-for-trade basis. If a CMU trade is not eligible for settlement through either CNS or the Balance Order Accounting Operation, or if it is marked as “comparison-only” when it is submitted to NSCC, it is only processed for trade comparison through RTTM and then it must settle away from NSCC.

Today, all CMU trades submitted to NSCC through RTTM that are scheduled to settle on T+1 are automatically processed as comparison-only in RTTM, and must settle away from NSCC. T+1 CMU trades are processed this way because, historically, NSCC’s systems were not able to adequately risk manage CMU trades that settled on this shortened timeframe. NSCC is proposing to amend its Rules so that, following trade comparison through RTTM, T+1 CMU trades would be processed into UTC, where they would be checked for eligibility to settle through either CNS or the Balance Order Accounting Operation on a trade-for-trade basis. If eligible, these CMU trades would settle through the settlement service for which they are eligible, i.e. either the CNS system or the Balance Order Accounting Operation on a trade-for-trade basis.

Pursuant to Addendum K of the Rules, NSCC guarantees the completion of CNS settling trades that have reached the later of midnight of T+1 or midnight of the day they are reported to Members, and guarantees the completion of shortened process trades, such as same-day and next-day settling trades, upon comparison or trade recording processing.⁵ Therefore, for those T+1 CMU trades that are eligible for settlement through CNS, NSCC would guarantee the completion of these trades upon comparison or trade recording processing. T+1 CMU trades that settle through CNS would be subject to all appropriate risk management measures and margining, pursuant to the existing risk management methodology and policies and procedures, including the Specified Activity charge component of its Clearing Fund charges, which applies to trades settling at NSCC on a shortened processing cycle.⁶ NSCC estimates that CMU trades

processing due to certain transfer restrictions (e.g., 144A securities) or due to the pendency of certain corporate actions.

⁴ The Balance Order Accounting Operation is described in Procedure V. Rules, supra note 1. CMU trades that are processed through the Balance Order Accounting Operation are processed on a trade-for-trade basis, as described in Section B of Procedure V, such that Receive and Deliver Orders, as defined in the Rules, are created instructing the counterparties to the transaction to deliver or receive a quantity of securities to or from their counterparty to that transaction. These transactions are not netted and are not subject to NSCC’s risk management measures, as NSCC’s central counterparty guarantee does not attach to these trades.

⁵ NSCC guarantees the completion of trades that settle through CNS pursuant to Addendum K of the Rules. Rules, supra note 1.

⁶ The components of NSCC’s Clearing Fund are described in Procedure XV, and the Specified Activity charge is described in Section I(A)(1)(g) for trades settling through CNS. Rules, supra note 1.

that are designated to settle on T+1 and would be eligible to settle through CNS represent less than half of a percent of all CMU trades processed at NSCC, and less than 2% of the total value of all CMU trades processed at NSCC.⁷

In order to implement this proposed rule change, NSCC would amend Procedure II (Trade Comparison and Recording Service), as marked on Exhibit 5 hereto. In particular, these amendments would provide that CMU T+1 transactions would be handled in the same manner as CMU T+2 trades and trades submitted for regular way (or T+3) settlement. Procedure II would also be amended to remove reference to CMU T+1 transactions from the section that identifies those trades that are accepted by NSCC for comparison-only processing.

Pending Commission approval of this proposed rule change, Members would be advised of the implementation date through issuance of an NSCC Important Notice.

(b) Statutory Basis

Section 17A(b)(3)(F) of the Securities Exchange Act of 1934, as amended (“Act”) requires, in part, that NSCC’s Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions and to protect investors and the public interest.⁸ By permitting additional, eligible transactions to settle through CNS or the Balance Order Accounting Operation, and receive the benefit of NSCC’s settlement services, including, in the case of CNS, the central counterparty trade guarantee, the proposal would offer protection to investors and the public interest by mitigating its Members’ settlement risk and counterparty risk with respect to those transactions. Therefore, NSCC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions by reducing these risks, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

4. Self-Regulatory Organization’s Statement on Burden on Competition

NSCC does not believe that the proposed rule changes would have any impact on competition because the proposal would apply equally to all NSCC Members that submit CMU trades through NSCC’s RTTM service.

⁷ Based on data from the first quarter of 2015, an approximate daily average of 45,000 CMU trades are processed at NSCC, with an approximate total daily value of an average of \$8.3 billion. Of the approximate daily average of 45,000 CMU trades processed at NSCC, an approximate daily average of 200 CMU trades are designated to settle on T+1 and are in securities that are eligible for settlement in CNS. Of the approximate daily value of an average of \$8.3 billion in CMU trades processed at NSCC, CMU trades that are designated to settle on T+1 and are in securities that are eligible for settlement in CNS have an approximate total daily value of an average of \$145 million. The average daily CMU transaction volume is less than 1% of NSCC’s overall daily volume.

⁸ 15 U.S.C. 78q-1(b)(3)(F).

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

NSCC has not received any written comments relating to this proposal. 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) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 - Not applicable.

Exhibit 1A - Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 - Not applicable.

Exhibit 3 - Not applicable.

Exhibit 4 - Not applicable.

Exhibit 5 - Proposed Changes to NSCC's Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-NSCC-2015-005)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change to Permit Trades in Eligible Fixed Income Securities Scheduled to Settle on Day After Trade Date To Be Processed for Settlement at National Securities Clearing Corporation

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4² thereunder, notice is hereby given that on October __, 2015, National Securities Clearing Corporation (“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. NSCC filed the proposed rule change pursuant to Section 19(b)(2)³ of the Act. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to NSCC’s Rules & Procedures (“Rules”) in order to permit trades in fixed income securities (corporate and municipal bonds, and unit investment trusts, collectively “CMU”) that are scheduled to settle on the day after trade date (“T+1”) to settle either through its Continuous Net Settlement (“CNS”) system, as described below, or through its Balance Order

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(2).

Accounting Operation on a trade-for-trade basis, as described below, when eligible for settlement through these services.⁴

II. Clearing Agency'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.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

CMU transactions that are effected in the over-the-counter markets and submitted to NSCC directly by Members on a bilateral basis are processed through NSCC's Real Time Trade Matching ("RTTM") platform. Within RTTM, the buy and sell sides of a transaction are validated and matched, resulting in a compared trade that is reported to Members. This process is called "trade comparison."

Today, with the exception of CMU trades that are submitted to NSCC to settle on a timeframe that is shorter than T+2,⁵ CMU trades submitted to NSCC through RTTM are first compared within RTTM, and then are processed into NSCC's Universal Trade

⁴ Terms not defined herein are defined in the Rules, available at http://dtcc.com/~media/Files/Downloads/legal/rules/nsccl_rules.pdf.

⁵ The settlement timeframe of a trade, i.e. when the trade will settle relative to the trade date, is determined by the counterparties to that trade, and is indicated on the trade record when the trade is submitted to NSCC.

Capture (“UTC”) system, where they are checked for eligibility for settlement either through NSCC’s CNS system⁶ or through its Balance Order Accounting Operation on a trade-for-trade basis.⁷ These CMU trades, those that are scheduled to settle on a T+2 or longer timeframe, are then processed for settlement through the settlement service for which they are eligible, i.e. either the CNS system or the Balance Order Accounting Operation on a trade-for-trade basis. If a CMU trade is not eligible for settlement through either CNS or the Balance Order Accounting Operation, or if it is marked as “comparison-only” when it is submitted to NSCC, it is only processed for trade comparison through RTTM and then it must settle away from NSCC.

Today, all CMU trades submitted to NSCC through RTTM that are scheduled to settle on T+1 are automatically processed as comparison-only in RTTM, and must settle away from NSCC. T+1 CMU trades are processed this way because, historically, NSCC’s systems were not able to adequately risk manage CMU trades that settled on this

⁶ CNS and its operation are described in Rule 11 and Procedure VII. Rules, supra note 4. To be eligible for CNS settlement, a transaction must be in a security that is eligible for book-entry transfer on the books of The Depository Trust Company, and must be capable of being processed in the CNS system; for example, securities may be ineligible for CNS processing due to certain transfer restrictions (e.g., 144A securities) or due to the pendency of certain corporate actions.

⁷ The Balance Order Accounting Operation is described in Procedure V. Rules, supra note 4. CMU trades that are processed through the Balance Order Accounting Operation are processed on a trade-for-trade basis, as described in Section B of Procedure V, such that Receive and Deliver Orders, as defined in the Rules, are created instructing the counterparties to the transaction to deliver or receive a quantity of securities to or from their counterparty to that transaction. These transactions are not netted and are not subject to NSCC’s risk management measures, as NSCC’s central counterparty guarantee does not attach to these trades.

shortened timeframe. NSCC is proposing to amend its Rules so that, following trade comparison through RTTM, T+1 CMU trades would be processed into UTC, where they would be checked for eligibility to settle through either CNS or the Balance Order Accounting Operation on a trade-for-trade basis. If eligible, these CMU trades would settle through the settlement service for which they are eligible, i.e. either the CNS system or the Balance Order Accounting Operation on a trade-for-trade basis.

Pursuant to Addendum K of the Rules, NSCC guarantees the completion of CNS settling trades that have reached the later of midnight of T+1 or midnight of the day they are reported to Members, and guarantees the completion of shortened process trades, such as same-day and next-day settling trades, upon comparison or trade recording processing.⁸ Therefore, for those T+1 CMU trades that are eligible for settlement through CNS, NSCC would guarantee the completion of these trades upon comparison or trade recording processing. T+1 CMU trades that settle through CNS would be subject to all appropriate risk management measures and margining, pursuant to the existing risk management methodology and policies and procedures, including the Specified Activity charge component of its Clearing Fund charges, which applies to trades settling at NSCC on a shortened processing cycle.⁹ NSCC estimates that CMU trades that are designated to settle on T+1 and would be eligible to settle through CNS represent less than half of a percent of all CMU trades processed at NSCC, and less than 2% of the total value of all

⁸ NSCC guarantees the completion of trades that settle through CNS pursuant to Addendum K of the Rules. Rules, supra note 4.

⁹ The components of NSCC's Clearing Fund are described in Procedure XV, and the Specified Activity charge is described in Section I(A)(1)(g) for trades settling through CNS. Rules, supra note 4.

CMU trades processed at NSCC.¹⁰ In order to implement this proposed rule change, NSCC would amend Procedure II (Trade Comparison and Recording Service). In particular, these amendments would provide that CMU T+1 transactions would be handled in the same manner as CMU T+2 trades and trades submitted for regular way (or T+3) settlement. Procedure II would also be amended to remove reference to CMU T+1 transactions from the section that identifies those trades that are accepted by NSCC for comparison-only processing.

Pending Commission approval of this proposed rule change, Members would be advised of the implementation date through issuance of an NSCC Important Notice

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that NSCC's Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions and to protect investors and the public interest.¹¹ By permitting additional, eligible transactions to settle through CNS or the Balance Order Accounting Operation, and receive the benefit of NSCC's settlement services, including, in the case of CNS, the central counterparty trade guarantee, the proposal would offer protection to investors and

¹⁰ Based on data from the first quarter of 2015, an approximate daily average of 45,000 CMU trades are processed at NSCC, with an approximate total daily value of an average of \$8.3 billion. Of the approximate daily average of 45,000 CMU trades processed at NSCC, an approximate daily average of 200 CMU trades are designated to settle on T+1 and are in securities that are eligible for settlement in CNS. Of the approximate daily value of an average of \$8.3 billion in CMU trades processed at NSCC, CMU trades that are designated to settle on T+1 and are in securities that are eligible for settlement in CNS have an approximate total daily value of an average of \$145 million. The average daily CMU transaction volume is less than 1% of NSCC's overall daily volume.

¹¹ 15 U.S.C. 78q-1(b)(3)(F).

the public interest by mitigating its Members' settlement risk and counterparty risk with respect to those transactions. Therefore, NSCC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions by reducing these risks, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

(B) Clearing Agency's Statement on Burden on Competition

NSCC does not believe that the proposed rule changes would have any impact on competition because the proposal would apply equally to all NSCC Members that submit CMU trades through NSCC's RTTM service.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

NSCC has not received any written comments relating to this proposal. 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 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate 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 or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

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. Please include File Number SR-NSCC-2015-005 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

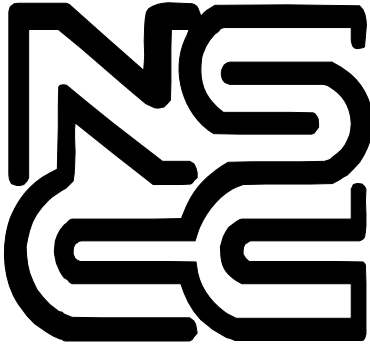
All submissions should refer to File Number SR-NSCC-2015-005. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and

3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of NSCC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-2015-005 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Brent J. Fields
Secretary

¹² 17 CFR 200.30-3(a)(12).



NATIONAL
SECURITIES
CLEARING
CORPORATION

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Underlined and boldface text indicates new text

~~Strikethrough and boldface~~ indicates deleted text

PROCEDURE II. TRADE COMPARISON AND RECORDING SERVICE

...

C. Debt Securities

1. Trade Input and Comparison

The Corporation provides the following procedures for trade input and comparison of transactions in regular way debt securities, including unit investments trusts, in any par value (excluding fractions and decimals), other than securities submitted through the correspondent clearing service and by regional exchanges/marketplaces or Qualified Securities Depositories:

(a) Trade data as submitted by Members and Municipal Comparison Only Members for comparison processing is converted, if necessary, validated and matched by the Corporation to insure that the details of each trade are in agreement between the purchaser and the seller.

(b) Trade data may be submitted during the timeframes specified by the Corporation from time to time, and shall include quantity, security identification, identification of the marketplace of execution, contra-broker, trade value, settlement date (which may be no greater than 50 business days beyond the trade date), trade date, unique reference number (x-ref), and other identifying details as the Corporation may require or permit and shall be in such formats as specified by the Corporation relative to the method utilized for trade submission.

(c) If the purchaser and seller have submitted trade data that matches in all required respects other than for trade value, the trades shall be deemed compared if one of the following tolerances apply:

(1) Trades that are submitted prior to the cut-off time for intraday comparison established by the Corporation from time to time shall be deemed compared using the seller's contract amount if the contract amounts are within (i) a net \$2 difference for trades of \$1 million or less and (ii) \$2 per million for trades greater than \$1 million.

(2) Trades that remain un-compared after the intraday comparison process shall be deemed compared during the end-of-day enhanced comparison process using the seller's contract amount if the contract amounts are within (i) a net \$10.00 difference for trades of \$250,000 or less and (ii) \$.04 per \$1,000 for trades greater than \$250,000.

(d) Trades that are submitted prior to the cut-off time for intraday comparison established by the Corporation from time to time shall be deemed compared if the purchaser and seller have submitted trade data that matches in all required respects, including contract amounts which were deemed matched pursuant to the money

tolerances in subsection (c), except for the trade date. In such case, the earlier of the two trade dates is used.

(e) Trades deemed compared pursuant to subsections (c) and/or (d) shall be identified on output made available by the Corporation in such format as determined by the Corporation from time to time. Trades that remain uncomparing after any end-of-day enhanced comparison process shall be treated as if they were submitted prior to the cut-off time for the next available comparison processing cycle.

(f) Trade input must indicate one of the following: OTC, municipal security transactions or unit trust fund transactions.

(g) Corporate bond trades in quantities of other than multiples of a thousand (round-lots) must be divided into separate trade submissions of the round lot quantity and the odd-lot quantity (multiples of less than one thousand). All compared corporate bond trades in odd-lot quantities will be processed on a trade-for-trade basis. Transactions in municipal securities must be in multiples of a thousand.

(h) Results of the comparison process shall be provided on intraday or end-of-day output, as applicable, and shall categorize trade data as:

(1) Compared/Matched - Items identified either as compared or matched on applicable output are those for which both a purchaser and a seller submitted mandatory trade details that were either identical or were compared pursuant to subsections (c) and/or (d) above and for which a comparison has been effected.

(2) Uncomparing/Unmatched - Items identified as uncomparing or unmatched on applicable output reflect trades submitted by the Member or the Municipal Comparison Only Member for which the opposite side either did not submit data or did not submit data which agreed in all required respects including the use of tolerances set forth in subsections (c) and (d) above.

(3) Advisory/Match Request – Items identified as advisory or match request on applicable output represent trades submitted by another party against the Member or Municipal Comparison Only Member, but which did not match any trade the Member or Municipal Comparison Only Member submitted.

Information made available to Members and Municipal Comparison Only Members shall identify each trade as being CNS-eligible, non-CNS-eligible or trade-for-trade/Special Trade through such designation as the Corporation shall determine from time to time.

Depending upon whether trade data is submitted on T or T+n and the format in which output is produced with respect to such data, the output may reflect totals. Information made available to Members and Municipal Comparison Only Members may reflect such other details as the Corporation may determine from time to time.

(i)(i) The Corporation provides Members with the ability to clear and settle any compared trade on a trade-for-trade basis. Such transaction is referred to as a Special Trade and may be classified as such, whether or not the security is a CNS security. In order for a transaction that is submitted for comparison processing to be classified as a Special Trade, each of the purchaser and seller must indicate the appropriate trade-for-trade indicator ("Trade-for-Trade Indicator") on its trade input and such Trade-for-Trade Indicator shall be part of the terms and conditions of the applicable contract. Unless both parties submit the identical Trade-for-Trade Indicator, the trade will not compare. In addition, the Corporation itself may determine that some or all transactions in a security shall settle on a trade-for-trade basis.

(ii) The Corporation provides Members and Municipal Comparison Only Members with the ability to submit trades for comparison-only processing. Trade input must indicate that the trade is being submitted for comparison-only processing and such trade will not be reflected on a Consolidated Trade Summary. Information made available with respect to such trades will not designate such trades as being CNS-eligible, non-CNS-eligible or trade-for-trade/Special Trades.

(j) Members and Municipal Comparison Only Members may override clearing agent designations by submitting trade input for comparison using the appropriate Trade-for-Trade Indicator.

(k)(i) All compared trades between Members in municipal securities which are not eligible for deposit in a Qualified Securities Depository will be processed on a trade-for-trade basis.

(ii) All compared trades in municipal securities between Members and Municipal Comparison Only Members and between two Municipal Comparison Only Members, whether or not eligible for deposit in a Qualified Securities Depository, will be processed on a trade-for-trade basis.

(l)(i) All compared trades in municipal securities which have been processed on a trade-for-trade basis will be listed on the applicable Consolidated Trade Summaries at the original contract price. Each such individual listing (including any such listing pursuant to Section D.2(A)(2)(a) below) will constitute a security order for all purposes of the Corporation's Rules and Procedures, including the National Securities Clearing Corporation Fee Structure. The Corporation may make additional information regarding such trades (e.g., any clearing agent indicated by the applicable contra-party) available to Members and Municipal Comparison Only Members by such means as the Corporation determines from time to time.

(ii) Compared trades between Members in municipal securities which are eligible for deposit in a Qualified Securities Depository will be entered into the CNS Accounting System or processed on a trade-for-trade basis, depending upon the Member's standing

instructions to the Corporation; provided, however, that if a Member has a CNS standing instruction and the contra side has a trade-for-trade standing instruction, the transaction will be processed on a trade-for-trade basis notwithstanding the CNS standing instruction, provided, further, that Members may override a CNS standing instruction by submitting trade input for comparison as a Special Trade.

(m) When the Corporation processes municipal securities transactions as Special Trades (with the exception of comparison-only trades), the resultant compared trades, as indicated on the applicable Consolidated Trade Summaries, are subject to the rules of the MSRB, including but not limited to the close-out provisions and delivery requirements and the transactions will not be included in the Balance Order Accounting Operation. Settlement of the resultant compared trades is the responsibility of the parties to the trades.

(n) The Corporation may accept locked-in trade data reported by Self-Regulatory Organizations, Qualified Special Representatives and Service Bureaus on behalf of Members and Municipal Comparison Only Members. Such trade data will be reflected on appropriate output as determined by the Corporation. Receipt of a locked-in trade that satisfies the Corporation's trade input requirements shall result in a compared trade. The status of such transaction as a compared trade shall not be affected by output indicating a status of "match request" or "unmatched".

Submission of any input or instruction by a Member or Municipal Comparison Only Member on behalf of whom locked-in trade data is being submitted shall have no legal effect notwithstanding output made available by the Corporation as a result of such submission.

Data submitted by a Qualified Special Representative which identifies a trade as a syndicate takedown shall be rejected.

(o) If a trade, other than a trade which the parties have identified as being submitted for comparison-only processing, is submitted with a settlement date of or prior to the date of submission after such cutoff time as the Corporation may designate, the Corporation will assign a delivery date of the next Settlement Date.

(p) Trade input and comparison of transactions submitted for T+2 **and T+1** settlement is handled in the same manner as set forth above with respect to transactions submitted for regular way settlement.

(q) The Corporation shall accept cash ~~and next day~~ transactions for comparison-only processing. Results of the comparison-only process for these items are reported by the Corporation as specified from time to time. Settlement of the resultant compared trades is the responsibility of the parties to the trades.

2. Resolution of Uncompared Trades in Regular Way Debt Securities

The Corporation provides the following procedures for resolution of uncompared trades in Regular Way Debt Securities:

(a) In order to accept a trade that is reported as advisory or match request, a Member or Municipal Comparison Only Member must submit the appropriate instruction within the timeframes specified by the Corporation from time to time.

(b) A Member or a Municipal Comparison Only Member with an advisory or match request that does not agree with the terms of the trade may respond with the appropriate instruction indicating the reason, if any, that the member disagrees with the terms of the trade. Submission of such instruction must be submitted within the timeframes specified by the Corporation from time to time and will cause the trade to be deleted from processing. The Member or Municipal Comparison Only Member may submit a subsequent instruction on the same day to return the trade to processing.

(c) Members and Municipal Comparison Only Members who, subsequent to their submission of trade data, find that such trade data is incorrect may delete uncompared trades by forwarding the appropriate instruction by the time specified by the Corporation from time to time.

(d) No partial deletions for transactions in debt securities will be permitted.

(e) Previously compared trades may be deleted through the submission of offsetting trade details by both parties to the transaction. Each of the purchaser and the seller must submit the trade details within the timeframes specified by the Corporation from time to time and they must match in all respects or match pursuant to subsections (c) and/or (d) of Section C.1 above ("Trade Input and Comparison").

(f) Transactions which are deleted and offsetting transactions which are submitted and matched will appear on the appropriate output. Unless otherwise specified herein, deletion of a trade will not extinguish the rights and obligations of either party with respect to such trade.

(g) The Corporation may permit uncompared trade details to be modified by the submitter on the submission date through the use of the appropriate instruction within the timeframes specified by the Corporation from time to time. After the submission date, only such fields as determined by the Corporation from time to time may be modified by the submitter.

(h) Transactions which compare for the first time after such cutoff time as the Corporation may designate on the date on which they were scheduled to settle or later will be assigned a new Settlement Date, which will be the next business day following the date the trade is compared by the Corporation. The assignment of a new

Settlement Date applies to both CNS, Balance Order Securities and Special Trades other than those submitted for comparison-only processing.

(i) Trade input which is not compared by such timeframes as determined by the Corporation from time to time shall be deleted from processing.

(j) The Corporation shall have no responsibility for determining whether any trade submission is duplicative of an earlier trade submission. Any such input shall be treated as a separate submission for all purposes of these Rules and Procedures.

(k) Only the submitter of a locked-in trade may submit subsequent processing instructions with respect to such trade and any action in this respect taken by the Member or Municipal Comparison Only Member on behalf of whom such trade has been submitted shall have no legal effect notwithstanding output made available by the Corporation as a result of such action.

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