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DATE: JUNE 23, 2017
TO: ALL PARTICIPANTS
ATTENTION: MANAGING PARTNER/OFFICER, OPERATIONS PARTNER/OFFICER,
COMPLIANCE OFFICER
FROM: GENERAL COUNSEL'S OFFICE
SUBJECT: NSCC PROPOSED RULE CHANGE – FURTHER DESCRIBE AND
CODIFY EXISTING PRACTICES RELATING TO THE BOND HAIRCUT
(SR-NSCC-2017-009)

On June 23, 2017, National Securities Clearing Corporation (“NSCC”) filed a proposed rule change (SR-NSCC-2017-009) (“Rule Filing”) for immediate effectiveness with the Securities and Exchange Commission (“Commission”) pursuant to Section 19(b)(3)(A) of the Securities Exchange Act of 1934, as amended. The Rule Filing proposed (1) provide additional transparency in the NSCC Rules and Procedures with respect to the existing methodology for calculating margin on Members’ Net Unsettled Positions and Net Balance Order Unsettled Positions in corporate and municipal bonds (“Bond Haircut”), which are excluded from the parametric volatility component of the margin calculation; and (2) codify NSCC’s existing practice of applying the Bond Haircut to all corporate and municipal bonds without discretion, as described therein.

The full text of the Rule Filing may be obtained by visiting the DTCC website at www.dtcc.com. Written comments on the filings may be addressed to Jacqueline Chezar, Executive Director and Associate General Counsel, 55 Water Street, New York, New York 10041, and your comments will be forwarded to the SEC. You may also address your written comments to the Secretary of the Commission, Securities and Exchange Commission, 100 F Street NE, Washington DC 20549-1090. We request that you provide NSCC with a copy of your comments.

Questions regarding these filings or this Important Notice may be addressed to Jacqueline Chezar, Executive Director and Associate General Counsel, at 212-855-3216.

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