

*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

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

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

Exhibit 2 Sent As Paper Document       Exhibit 3 Sent As Paper Document

**Description**

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

To amend and restate the Third Amended and Restated DTCC Shareholders Agreement.

**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 - 1387901582264,

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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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 \***

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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 \***

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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**

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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**

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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.

**Item 1. Text of Advance Notice**

(a) This is an advance notice of the amendment and restatement of the Third Amended and Restated Shareholders Agreement, dated as of December 7, 2005 (“Existing Shareholders Agreement”), by and among The Depository Trust & Clearing Corporation (“DTCC”), The Depository Trust Company (“DTC”), National Securities Clearing Corporation (“NSCC”), Fixed Income Clearing Corporation (“FICC,” together with DTC and NSCC, “Operating Subsidiaries”), and the other parties thereto (such Existing Shareholders Agreement as so proposed to be amended and restated, the “Revised Shareholders Agreement”).

(b) Not applicable.

(c) Not applicable.

**Item 2. Procedures of the Clearing Agency**

(a) The Revised Shareholders Agreement and the filing of this advance notice were approved by NSCC’s Board of Directors and the Board of Directors of its parent company, DTCC, on June 25, 2014.

**Item 3. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Advance Notice**

Not applicable.

**Item 4. Clearing Agency’s Statement on Burden on Competition**

Not applicable.

**Item 5. Clearing Agency’s Statement on Comments on the Advance Notice Received from Members, Participants, or Others**

Beginning in June 2014, DTCC has conducted outreach to users of the services and facilities of the Operating Subsidiaries in order to provide them with advance notice of the proposed changes and the impact on a firm-by-firm basis. The outreach efforts have included providing individual shareholder firms with statements of their projected potential impact. As of the date of this filing, no written comments relating to the proposed changes have been received in response to this outreach. The Commission will be notified of any written comments received.

**Item 6. Extension of Time Period for Commission Action**

Not applicable.

**Item 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.

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

Not applicable.

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

Not applicable.

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

*Description of Change*

The Existing Shareholders Agreement is proposed to be amended to: (1) update and simplify the formulas used to allocate shares of the common stock of DTCC (“Common Shares”) among users of the Operating Subsidiaries, which are DTCC’s registered clearing agency subsidiaries, and to determine the purchase price of Common Shares for purposes of such allocations and other transfers of Common Shares; (2) provide for the requirement to purchase newly-issued Common Shares by holders of Common Shares (“Common Share Holders”) that are required to purchase and own Common Shares (“Mandatory Share Holders”), subject to the approval of Mandatory Share Holders holding two-thirds of all Common Shares held by Mandatory Share Holders; (3) provide for the repurchase of Common Shares from Mandatory Share Holders by DTCC, in an aggregate amount up to the aggregate amount of all newly-issued Common Shares purchased by Mandatory Share Holders; and (4) make other conforming and technical changes as described below and as shown on Exhibit 3 to this filing. Common Share Holders which are permitted but not required to purchase and own Common Shares (“Voluntary Share Holders”) would not be required to purchase any newly-issued Common Shares or to sell any Common Shares to DTCC in connection with such a repurchase.

The proposed changes to the Existing Shareholders Agreement are the product of a comprehensive review by DTCC of its ownership, governance and capital structure, undertaken for the purposes of increasing the financial resources available to support the conduct of the businesses of the Operating Subsidiaries and enhancing regulatory risk management.<sup>1</sup> The

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<sup>1</sup> On July 18, 2012, the Financial Stability Oversight Council (“FSOC”) designated each of the Operating Subsidiaries a systemically important financial market utility under Title VIII of the Dodd–Frank Wall Street Reform and Consumer Protection Act (“Clearing Supervision Act”). See FSOC 2012 Annual Report, Appendix A, available at <http://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf>. Therefore, each of the Operating Subsidiaries is required to comply with the enhanced

proposed amendments are subject to the non-objection of the Securities and Exchange Commission (“Commission”) to this advance notice as well as the consent of the Common Share Holders.

*Existing Shareholders Agreement.* Pursuant to the Existing Shareholders Agreement and the rules of each of the Operating Subsidiaries,<sup>2</sup> certain members and participants are required to be Mandatory Share Holders and parties to the Existing Shareholders Agreement; certain members and participants are permitted, but not required, to be Voluntary Share Holders and parties to the Existing Shareholders Agreement; and certain members and participants are not permitted to purchase and own Common Shares or become parties to the Existing Shareholders Agreement.

Section 2.01 of the Existing Shareholders Agreement provides for the periodic reallocation of Common Shares in order to accommodate changes in the users of the Operating Subsidiaries and changes in the users’ use of the services and facilities of the Operating Subsidiaries. Entitlements to purchase and own Common Shares are reallocated no more frequently than once a year and no less frequently than once every three years. Such a reallocation is, in every case, based on relative use of the services and facilities of the Operating Subsidiaries over the period since the last reallocation.<sup>3</sup> In each reallocation, users (whether or not they are already Common Share Holders) that are permitted but not required to purchase and own Common Shares (“Voluntary Purchaser Participants”) may purchase Common Shares in amounts commensurate with their use of the services and facilities of the Operating Subsidiaries. Users (whether or not they are already Common Share Holders) that are required to purchase and own Common Shares (“Mandatory Purchaser Participants”) must purchase and own Common Shares in amounts (i) commensurate with their use of the services and facilities of the Operating Subsidiaries plus (ii) a pro-rata amount of any Common Shares that Voluntary Purchaser Participants have a right to purchase but do not elect to purchase. In each reallocation, each Common Share Holder (whether a Voluntary Purchaser Participant or a Mandatory Purchaser Participant) that owns more Common Shares than its share entitlement has the obligation to sell its excess Common Shares so that such Common Shares may be reallocated to Voluntary Purchaser Participants that elect to purchase Common Shares and Mandatory Purchaser Participants that are required to purchase Common Shares, in accordance with their entitlements.

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regulatory supervision and risk-management requirements under the Clearing Supervision Act.

<sup>2</sup> See DTC Rule 31 (DTCC Shareholders Agreement); NSCC Rule 64 (DTCC Shareholders Agreement); Mortgage-Backed Securities Division of FICC (“MBSD”) Rule 39 (DTCC Shareholders Agreement); and Government Securities Division of FICC (“GSD”) Rule 49 (DTCC Shareholders Agreement), available at <http://dtcc.com/legal/rules-and-procedures.aspx>.

<sup>3</sup> Additionally, and separately from the periodic reallocation, Common Shares are redistributed from time to time to Common Share Holders pursuant to Section 2.02 of the Existing Shareholders Agreement as a result of member retirements.

Under the Existing Shareholders Agreement, the formula used to calculate entitlements for this periodic reallocation of Common Shares takes into account fees paid to the Operating Subsidiaries, as well as the average market value of securities held in custody at DTC (referred to as “DTC long positions”) by the applicable user, in each case, over the relevant reallocation period. Additionally, the purchase price of each Common Share, which is calculated annually, is determined by a formula based on the book value of DTCC less a portion of the retained earnings of the Operating Subsidiaries.

The Existing Shareholders Agreement further provides that Common Share Holders have the right to elect all of the directors of DTCC (other than two directors elected by the holders of the shares of existing preferred stock of DTCC), and to vote on all other matters on which shareholders are entitled to vote. The Existing Shareholders Agreement further provides that a person elected as a director of DTCC also serves as a director of each of the Operating Subsidiaries, coordinating governance of DTC, NSCC, and FICC with their parent company, DTCC.

*Proposed Amendments to the Existing Shareholders Agreement.* The Revised Shareholders Agreement would: (1) remove the DTC long positions from the formula used to determine the allocation of entitlements to purchase Common Shares; (2) revise the formula for determining the purchase price of Common Shares to reflect the tangible book value of DTCC and eliminate any deduction of the retained earnings of the Operating Subsidiaries; (3) provide for the purchase of newly-issued Common Shares by Mandatory Share Holders, subject to the approval of Mandatory Share Holders holding two-thirds of all outstanding Common Shares held by Mandatory Share Holders; (4) provide for the repurchase of Common Shares from Mandatory Share Holders by DTCC, in an aggregate amount up to the aggregate amount of all newly-issued Common Shares purchased by Mandatory Share Holders; and (5) make other conforming and technical changes as described below and as shown on Exhibit 3 to this filing.

(1) Update Common Share Allocation Formula

The formula used to periodically reallocate entitlements to purchase Common Shares, defined in Section 1.01 of the Existing Shareholders Agreement as the “Common Share Amount,” is historical and, in the view of DTCC, no longer an appropriate measure of use of the Operating Subsidiaries.

The Common Share Amount calculation was based on the Shareholders Agreement of DTC, which was in effect before DTC became a subsidiary of DTCC in 1999. It was adopted to balance the interests of custodian banks with other types of users of DTC, including broker-dealers, that did not hold securities inventory at DTC but paid transactional fees for services. The current formula provides that (i) 80% of the entitlement to purchase Common Shares is based on the amount of fees paid by a user to the Operating Subsidiaries during the period starting on the first day of the calendar year in which the previous allocation was made and ending on the last day of the calendar year preceding the calendar year in which the allocation is to be made (“Allocation Period”), and (ii) the remaining 20% of the entitlement is based on the average market value of all securities credited to the DTC account of that user, *i.e.*, its DTC long positions, as of the end of the last business day of each month during the Allocation Period.

Today, all users of the three Operating Subsidiaries pay fees to one or more of the Operating Subsidiaries based on usage of the services and facilities of the Operating Subsidiaries, including fees for DTC long positions. Accordingly, DTCC has determined that it is no longer appropriate to factor into the calculation of share entitlements both the market value of DTC long positions and fees paid to DTC in respect of such DTC long positions. The Revised Shareholders Agreement would update the formula used to periodically reallocate entitlements to purchase Common Shares, defined in Section 1.01 of the Revised Shareholders Agreement as the “Common Share Allocation Amount,” to eliminate the market value of DTC long positions, so that the formula would be based solely on fees paid to the Operating Subsidiaries.

Both the composition of users of the Operating Subsidiaries as well as the users’ use of the services and facilities of the Operating Subsidiaries have changed over time, and today the consistent metric for measuring such use across the Operating Subsidiaries is fees paid. Therefore, and in order to ensure that the allocations of entitlements to purchase Common Shares continue to be proportionate to the use of the Operating Subsidiaries, DTCC is proposing to update the formula by removing the market value of DTC long positions, and basing the allocations entirely on fees paid to the Operating Subsidiaries. While custodian banks with securities holdings at DTC may be entitled (and required) to purchase fewer Common Shares as a result of this proposal, those Common Shares would be re-allocated to other Common Share Holders proportionally. The proposal would adjust the overall shareholding of Common Shares so that it is based on a uniform metric across the Operating Subsidiaries that is representative of the current use of the Operating Subsidiaries.

(2) Amendment of Common Share Price Formula

As described below, two amendments are proposed to the formula for the purchase price of Common Shares. First, the deduction of a portion of retained earnings, a vestige of the historical development of DTCC, would be eliminated. Second, instead of full book value, the basis of the revised formula would be the tangible book value of DTCC. With these changes, the value of Common Shares for purchases, sales, and transfers should more closely reflect the liquidation value of the enterprise.

Under Section 1.01 of the Existing Shareholders Agreement, the price of Common Shares, the “Common Share Price,” is defined by a formula that excludes a portion of the retained earnings of the Operating Subsidiaries from DTCC’s book value. The Common Share Price is the price used (i) in connection with purchases and sales of Common Shares among Voluntary Purchaser Participants and Mandatory Purchaser Participants in the periodic reallocation of Common Shares and (ii) in connection with the transfer of the Common Shares of retiring or disqualified Common Share Holders. The Revised Shareholders Agreement would replace the formula contained in the Existing Shareholders Agreement with a formula designed to reflect the tangible book value of DTCC, *i.e.*, the full book value of DTCC less intangible

items of book value (goodwill and intangible assets) and the liquidation preference of the preferred stock of DTCC.<sup>4</sup>

When DTC and NSCC became subsidiaries of DTCC, the DTC shareholders who were DTC participants exchanged their DTC shares for DTCC Common Shares and became Common Share Holders. At that time, no members of NSCC (“NSCC Members”) were NSCC shareholders, so no NSCC Members became Common Share Holders. NSCC Members were first given the opportunity to purchase Common Shares in the year 2000 share reallocation. It was considered unfair double-counting for NSCC Members to purchase DTCC Common Shares in that share reallocation at a price augmented by the retained earnings of NSCC. For this reason, the retained earnings of NSCC were deducted from DTCC’s book value in determining the price of Common Shares. When Government Securities Clearing Corporation and MBS Clearing Corporation (later merged to become FICC) became subsidiaries of DTCC in 2002, this construct was continued. Under the Existing Shareholders Agreement, the price of Common Shares is determined by deducting the aggregate amount of the retained earnings of each of the Operating Subsidiaries (although the deduction of DTC retained earnings is limited to \$24,007,000, an amount representing the retained earnings of DTC as of December 31, 2001) from the book value of the Common Shares as of December 31 of the preceding calendar year. The deduction of these retained earnings no longer serves any purpose for determining an appropriate purchase price for Common Shares.

In the Revised Shareholders Agreement, the formula for the purchase price of Common Shares would be based on the tangible book value of DTCC, a price that would more accurately represent the liquidation value of DTCC, and keep the price more stable and predictable over time. While the proposal may cause the purchase price of Common Shares to increase somewhat, it should not materially impair the ability of the members and participants of the Operating Subsidiaries to acquire Common Shares.

(3) Raise Capital through the Issue and Sale of Newly-Issued Common Shares to Mandatory Share Holders

In order to raise capital for business purposes, the Revised Shareholders Agreement would provide that DTCC may sell newly-issued Common Shares to Mandatory Share Holders on a mandatory basis. Proceeds of the sale of these newly-issued Common Shares would be contributed by DTCC to the Operating Subsidiaries as capital as needed so that the Operating Subsidiaries may continue to provide efficiently for the prompt and accurate clearance and settlement of securities transactions in U.S. securities markets. Each issuance and required purchase of Common Shares for this purpose would be subject to the approval of the Mandatory Share Holders holding two-thirds of all Common Shares held by Mandatory Share Holders. Voluntary Share Holders would not be required or permitted to purchase these newly-issued Common Shares.

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<sup>4</sup> Intangible items of book value used in this calculation, *i.e.*, goodwill and intangible assets, are shown on DTCC’s Consolidated Statement of Financial Condition, which is available on the DTCC website at <http://dtcc.com/legal/financial-statements.aspx>.



The Operating Subsidiaries require additional capital to support their business operations. Historically, they have operated on an *at-cost* or *near-cost* basis and rebated any excess revenues to users of their services. Recently, however, the Operating Subsidiaries have experienced a greater need to increase capital to meet higher operating costs and, as systemically important financial market utilities, to satisfy heightened risk management requirements. DTCC has performed extensive analyses to determine these needs, and has considered alternative means to address them. A principal objective is maintenance of sufficient, readily available, liquid net assets to allow the Operating Subsidiaries to meet current and projected operating requirements under a range of scenarios, including adverse market conditions. An increase in fees was deemed impractical because it would not necessarily generate sufficient resources in a reasonable time frame and depends on transactional volumes, which may be volatile. DTCC was also concerned with the financial burden that significant fee increases could place on users over an extended period.

As a user-owned and governed organization, DTCC does not have access to public markets to raise common equity. Accordingly, the Revised Shareholders Agreement would contain a mechanism to provide DTCC with the ability to raise capital by selling newly-issued Common Shares to Mandatory Share Holders on a mandatory basis, pro rata in accordance with their shareholdings at the time of such sale. As the principal users of the services and facilities of the Operating Subsidiaries, Mandatory Share Holders benefit directly from the critical clearance and settlement services provided by the Operating Subsidiaries. Importantly, the mechanism would only be exercised with the approval of Mandatory Share Holders holding two-thirds of all Common Shares held by Mandatory Share Holders. Therefore, the implementation of this mechanism for any particular amount of capital or number of Common Shares, at any time, would require a vote of the Mandatory Share Holders.

(4) Mandatory Repurchase of Common Shares

The Revised Shareholders Agreement would also provide a mechanism under which DTCC may repurchase Common Shares from Mandatory Share Holders on a mandatory basis in an aggregate amount up to the aggregate amount of all newly-issued Common Shares purchased by Mandatory Share Holders. This would be at the discretion of the DTCC Board (which includes all the same directors as the Boards of DTC, NSCC, and FICC), to allow flexibility to return funds to Mandatory Share Holders if the Operating Subsidiaries have capital in excess of their capital needs.

(5) Other Conforming and Technical Amendments to the Existing Shareholders Agreement

The Revised Shareholders Agreement would also include certain other technical amendments, including conforming and clarifying changes, as reflected on Exhibit 3 to this filing. Among those changes is an amendment to the definition of “Common Share Amount” in Section 1.01 of the Existing Shareholders Agreement (called the “Common Share Allocation Amount” in the Revised Shareholders Agreement), to clarify that the calculation does not include any fees that are pass-through fees, *i.e.*, amounts collected by an Operating Subsidiary for the account of a third party and paid by that Operating Subsidiary to a third party.

A further clarifying amendment would include members of MBSD, other than Cash-Settling Bank Members (as such term is defined in the Rules of MBSD), within the definition of “Mandatory Purchaser Participants.” As a result of the Commission’s approval in 2012 of FICC becoming a central counterparty for transactions processed and cleared at its mortgage-backed securities division, the change would apply to the users of MBSD the general rule that full service members, including users of guaranteed services, of an Operating Subsidiary are Mandatory Purchaser Participants.

The Revised Shareholders Agreement would also amend the definition of “Qualified Person,” which sets forth the types of entities that may hold Common Shares, to exclude: (1) Federal Reserve Banks, because it was never intended that such governmental authorities should be required to own shares in DTCC, notwithstanding that they may use certain services of the Operating Subsidiaries; (2) central counterparties or central securities depositories, because these link arrangements are for the purpose of extending clearing agency services across borders or among closely related activities and products but not for ownership purposes; and (3) any other financial market infrastructure or utility that the DTCC Board of Directors determines shall not be a “Qualified Person.”

The Revised Shareholders Agreement would also update the definition of “Deliver” to include more convenient and contemporary methods of delivering notices, for example, by electronic mail where appropriate. Finally, Section 2.02 is proposed to be updated regarding the transfer of Common Shares in the event that a Common Share Holder is no longer a Qualified Person, to provide that the pro-rata re-distribution of those Common Shares to all other Common Share Holders take place at the beginning of the following calendar year rather than contemporaneously with such Common Share Holder ceasing to be a Qualified Person, as provided in the Existing Shareholders Agreement. This change reflects current practice and is more practical, administratively.

#### *Anticipated Effect on and Management of Risk*

The Board of Directors of DTCC unanimously approved the proposed amendments described in this filing. In evaluating these proposals, the Board carefully considered the expectations and obligations that are imposed on the Operating Subsidiaries as systemically important financial market utilities in the national system for clearance and settlement of securities transactions. The proposed changes would reduce the risks presented by the Operating Subsidiaries. The proposed change to the formula used to reallocate entitlements to purchase Common Shares would bring this methodology up to date so that the allocation accurately reflects the use of the services and facilities of the Operating Subsidiaries. The proposal to update the formula used to determine the price of Common Shares would provide an updated pricing approach, eliminating historical adjustments that are no longer relevant and providing a price based on tangible book value. The proposal to provide for the issuance of additional Common Shares by DTCC, subject to shareholder approval, for required purchase by Mandatory Share Holders, would provide a necessary source of capital for the protection of the Operating Subsidiaries, their members, and the financial markets in which they operate.

Section 805(b) of the Clearing Supervision Act states that the objectives and principles for the risk management standards prescribed under Section 805(a) shall be to promote robust

risk management, promote safety and soundness, reduce systemic risks, and support the stability of the broader financial system.<sup>5</sup> The proposal represents a fair and appropriate apportionment of the business risks of the Operating Subsidiaries among their users, and would allow DTCC to raise capital for the Operating Subsidiaries in order to continue to carry on their businesses in an efficient and effective manner, thereby promoting safety and soundness of the operations of the Operating Subsidiaries, reducing their general business risks as well as systemic risk, and supporting stability in the U.S. securities markets and the broader financial system. Additionally, the provision for DTCC, subject to Mandatory Share Holder approval, to sell newly-issued Common Shares to Mandatory Share Holders is critical to the capitalization of the Operating Subsidiaries. Maintenance of adequate financial resources is a key element in reducing systemic risk, and serves to limit the contagion that could flow from an isolated disruption to the wider financial markets. In this way, the proposal to raise capital would also reduce systemic risk and serves to promote the prompt and accurate clearance and settlement of securities transactions and the protection of investors, particularly in times of market stress or crisis.

*Implementation Timeframe.* The Revised Shareholders Agreement would become effective (1) upon the approval of the Common Share Holders; and (2) if the Commission does not object to the advance notice, and similar filings being submitted by DTC and FICC, within 60 days of the later of (i) the date the Commission receives this advance notice, or (ii) the date the Commission receives any further information it requests for consideration of the advance notice.

#### **Item 11. Exhibits**

Exhibit 1 - N/A

Exhibit 1A - Notice of advance notice for publication in the Federal Register.

Exhibit 2 - N/A

Exhibit 3 – DTCC Shareholders Agreement (Marked). **Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 3 pursuant to 17 CFR 240.24b-2 being requested.**

Exhibit 4 – N/A

Exhibit 5 – N/A

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<sup>5</sup> 12 U.S.C. 5461(a), (b).

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_\_]; File No. SR-NSCC-2014-811

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Advance Notice to Amend and Restate the Third Amended and Restated Shareholders Agreement, dated as of December 7, 2005

Pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010<sup>1</sup> (“Clearing Supervision Act”) and Rule 19b-4(n)(1)(i)<sup>2</sup> of the Securities Exchange Act of 1934, notice is hereby given that on November \_\_, 2014, National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) the advance notice SR-NSCC-2014-811 (“Advance Notice”) as described in Items I, II and III below, which Items have been prepared by NSCC. The Commission is publishing this notice to solicit comments on the Advance Notice from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Advance Notice

This Advance Notice is filed by NSCC in connection with the amendment and restatement of the Third Amended and Restated Shareholders Agreement, dated as of December 7, 2005 (“Existing Shareholders Agreement”), by and among The Depository Trust & Clearing Corporation (“DTCC”), The Depository Trust Company (“DTC”), NSCC, Fixed Income Clearing Corporation (“FICC,” together with DTC and NSCC, “Operating Subsidiaries”) and the other parties thereto (such Existing Shareholders

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<sup>1</sup> 12 U.S.C. 5465(e)(1).

<sup>2</sup> 17 CFR 240.19b-4(n)(1)(i).

Agreement as so proposed to be amended and restated, “Revised Shareholders Agreement”), as more fully described below.

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, NSCC included statements concerning the purpose of and basis for the Advance Notice and discussed any comments it received on the Advance Notice. 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) and (B) below, of the most significant aspects of these statements.

III. (A) Clearing Agency’s Statement on Comments on the Advance Notice Received from Members, Participants, or Others

Beginning in June 2014, DTCC has conducted outreach to users of the services and facilities of the Operating Subsidiaries in order to provide them with advance notice of the proposed changes and the impact on a firm-by-firm basis. The outreach efforts have included providing individual shareholder firms with statements of their projected potential impact. As of the date of this filing, no written comments relating to the proposed changes have been received in response to this outreach. The Commission will be notified of any written comments received.

(B) Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Description of Change

The Existing Shareholders Agreement is proposed to be amended to: (1) update and simplify the formulas used to allocate shares of the common stock of DTCC (“Common Shares”) among users of the Operating Subsidiaries, which are DTCC’s

registered clearing agency subsidiaries, and to determine the purchase price of Common Shares for purposes of such allocations and other transfers of Common Shares; (2) provide for the requirement to purchase newly-issued Common Shares by holders of Common Shares (“Common Share Holders”) that are required to purchase and own Common Shares (“Mandatory Share Holders”), subject to the approval of Mandatory Share Holders holding two-thirds of all Common Shares held by Mandatory Share Holders; (3) provide for the repurchase of Common Shares from Mandatory Share Holders by DTCC, in an aggregate amount up to the aggregate amount of all newly-issued Common Shares purchased by Mandatory Share Holders; and (4) make other conforming and technical changes as described below and as shown on Exhibit 3 to this filing. Common Share Holders which are permitted but not required to purchase and own Common Shares (“Voluntary Share Holders”) would not be required to purchase any newly-issued Common Shares or to sell any Common Shares to DTCC in connection with such a repurchase.

The proposed changes to the Existing Shareholders Agreement are the product of a comprehensive review by DTCC of its ownership, governance and capital structure, undertaken for the purposes of increasing the financial resources available to support the conduct of the businesses of the Operating Subsidiaries and enhancing regulatory risk management.<sup>3</sup> The proposed amendments are subject to the non-objection of the Commission to this advance notice as well as the consent of the Common Share Holders.

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<sup>3</sup> On July 18, 2012, the Financial Stability Oversight Council (“FSOC”) designated each of the Operating Subsidiaries a systemically important financial market utility under Title VIII of the Clearing Supervision Act. See FSOC 2012 Annual Report, Appendix A, available at

*Existing Shareholders Agreement.* Pursuant to the Existing Shareholders Agreement and the rules of each of the Operating Subsidiaries,<sup>4</sup> certain members and participants are required to be Mandatory Share Holders and parties to the Existing Shareholders Agreement; certain members and participants are permitted, but not required, to be Voluntary Share Holders and parties to the Existing Shareholders Agreement; and certain members and participants are not permitted to purchase and own Common Shares or become parties to the Existing Shareholders Agreement.

Section 2.01 of the Existing Shareholders Agreement provides for the periodic reallocation of Common Shares in order to accommodate changes in the users of the Operating Subsidiaries and changes in the users' use of the services and facilities of the Operating Subsidiaries. Entitlements to purchase and own Common Shares are reallocated no more frequently than once a year and no less frequently than once every three years. Such a reallocation is, in every case, based on relative use of the services and facilities of the Operating Subsidiaries over the period since the last reallocation.<sup>5</sup> In each reallocation, users (whether or not they are already Common Share Holders) that are permitted but not required to purchase and own Common Shares ("Voluntary Purchaser

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<http://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf>  
Therefore, each of the Operating Subsidiaries is required to comply with the enhanced regulatory supervision and risk-management requirements under the Clearing Supervision Act.

<sup>4</sup> See DTC Rule 31 (DTCC Shareholders Agreement); NSCC Rule 64 (DTCC Shareholders Agreement); Mortgage-Backed Securities Division of FICC ("MBSD") Rule 39 (DTCC Shareholders Agreement); and Government Securities Division of FICC ("GSD") Rule 49 (DTCC Shareholders Agreement), available at <http://dtcc.com/legal/rules-and-procedures.aspx>.

<sup>5</sup> Additionally, and separately from the periodic reallocation, Common Shares are redistributed from time to time to Common Share Holders pursuant to Section 2.02 of the Existing Shareholders Agreement as a result of member retirements.

Participants”) may purchase Common Shares in amounts commensurate with their use of the services and facilities of the Operating Subsidiaries. Users (whether or not they are already Common Share Holders) that are required to purchase and own Common Shares (“Mandatory Purchaser Participants”) must purchase and own Common Shares in amounts (i) commensurate with their use of the services and facilities of the Operating Subsidiaries plus (ii) a pro-rata amount of any Common Shares that Voluntary Purchaser Participants have a right to purchase but do not elect to purchase. In each reallocation, each Common Share Holder (whether a Voluntary Purchaser Participant or a Mandatory Purchaser Participant) that owns more Common Shares than its share entitlement has the obligation to sell its excess Common Shares so that such Common Shares may be reallocated to Voluntary Purchaser Participants that elect to purchase Common Shares and Mandatory Purchaser Participants that are required to purchase Common Shares, in accordance with their entitlements.

Under the Existing Shareholders Agreement, the formula used to calculate entitlements for this periodic reallocation of Common Shares takes into account fees paid to the Operating Subsidiaries, as well as the average market value of securities held in custody at DTC (referred to as “DTC long positions”) by the applicable user, in each case, over the relevant reallocation period. Additionally, the purchase price of each Common Share, which is calculated annually, is determined by a formula based on the book value of DTCC less a portion of the retained earnings of the Operating Subsidiaries.

The Existing Shareholders Agreement further provides that Common Share Holders have the right to elect all of the directors of DTCC (other than two directors elected by the holders of the shares of existing preferred stock of DTCC), and to vote on



all other matters on which shareholders are entitled to vote. The Existing Shareholders Agreement further provides that a person elected as a director of DTCC also serves as a director of each of the Operating Subsidiaries, coordinating governance of DTC, NSCC, and FICC with their parent company, DTCC.

*Proposed Amendments to the Existing Shareholders Agreement.* The Revised Shareholders Agreement would: (1) remove the DTC long positions from the formula used to determine the allocation of entitlements to purchase Common Shares; (2) revise the formula for determining the purchase price of Common Shares to reflect the tangible book value of DTCC and eliminate any deduction of the retained earnings of the Operating Subsidiaries; (3) provide for the purchase of newly-issued Common Shares by Mandatory Share Holders, subject to the approval of Mandatory Share Holders holding two-thirds of all outstanding Common Shares held by Mandatory Share Holders; (4) provide for the repurchase of Common Shares from Mandatory Share Holders by DTCC, in an aggregate amount up to the aggregate amount of all newly-issued Common Shares purchased by Mandatory Share Holders; and (5) make other conforming and technical changes as described below and as shown on Exhibit 3 to this filing.

(1) Update Common Share Allocation Formula

The formula used to periodically reallocate entitlements to purchase Common Shares, defined in Section 1.01 of the Existing Shareholders Agreement as the “Common Share Amount,” is historical and, in the view of DTCC, no longer an appropriate measure of use of the Operating Subsidiaries.

The Common Share Amount calculation was based on the Shareholders Agreement of DTC, which was in effect before DTC became a subsidiary of DTCC in

1999. It was adopted to balance the interests of custodian banks with other types of users of DTC, including broker-dealers, that did not hold securities inventory at DTC but paid transactional fees for services. The current formula provides that (i) 80% of the entitlement to purchase Common Shares is based on the amount of fees paid by a user to the Operating Subsidiaries during the period starting on the first day of the calendar year in which the previous allocation was made and ending on the last day of the calendar year preceding the calendar year in which the allocation is to be made (“Allocation Period”), and (ii) the remaining 20% of the entitlement is based on the average market value of all securities credited to the DTC account of that user, *i.e.*, its DTC long positions, as of the end of the last business day of each month during the Allocation Period.

Today, all users of the three Operating Subsidiaries pay fees to one or more of the Operating Subsidiaries based on usage of the services and facilities of the Operating Subsidiaries, including fees for DTC long positions. Accordingly, DTCC has determined that it is no longer appropriate to factor into the calculation of share entitlements both the market value of DTC long positions and fees paid to DTC in respect of such DTC long positions. The Revised Shareholders Agreement would update the formula used to periodically reallocate entitlements to purchase Common Shares, defined in Section 1.01 of the Revised Shareholders Agreement as the “Common Share Allocation Amount,” to eliminate the market value of DTC long positions, so that the formula would be based solely on fees paid to the Operating Subsidiaries.

Both the composition of users of the Operating Subsidiaries as well as the users’ use of the services and facilities of the Operating Subsidiaries have changed over time, and today the consistent metric for measuring such use across the Operating Subsidiaries

is fees paid. Therefore, and in order to ensure that the allocations of entitlements to purchase Common Shares continue to be proportionate to the use of the Operating Subsidiaries, DTCC is proposing to update the formula by removing the market value of DTC long positions, and basing the allocations entirely on fees paid to the Operating Subsidiaries. While custodian banks with securities holdings at DTC may be entitled (and required) to purchase fewer Common Shares as a result of this proposal, those Common Shares would be re-allocated to other Common Share Holders proportionally. The proposal would adjust the overall shareholding of Common Shares so that it is based on a uniform metric across the Operating Subsidiaries that is representative of the current use of the Operating Subsidiaries.

(2) Amendment of Common Share Price Formula

As described below, two amendments are proposed to the formula for the purchase price of Common Shares. First, the deduction of a portion of retained earnings, a vestige of the historical development of DTCC, would be eliminated. Second, instead of full book value, the basis of the revised formula would be the tangible book value of DTCC. With these changes, the value of Common Shares for purchases, sales, and transfers should more closely reflect the liquidation value of the enterprise.

Under Section 1.01 of the Existing Shareholders Agreement, the price of Common Shares, the “Common Share Price,” is defined by a formula that excludes a portion of the retained earnings of the Operating Subsidiaries from DTCC’s book value. The Common Share Price is the price used (i) in connection with purchases and sales of Common Shares among Voluntary Purchaser Participants and Mandatory Purchaser Participants in the periodic reallocation of Common Shares and (ii) in connection with

the transfer of the Common Shares of retiring or disqualified Common Share Holders. The Revised Shareholders Agreement would replace the formula contained in the Existing Shareholders Agreement with a formula designed to reflect the tangible book value of DTCC, *i.e.*, the full book value of DTCC less intangible items of book value (goodwill and intangible assets) and the liquidation preference of the preferred stock of DTCC.<sup>6</sup>

When DTC and NSCC became subsidiaries of DTCC, the DTC shareholders who were DTC participants exchanged their DTC shares for DTCC Common Shares and became Common Share Holders. At that time, no members of NSCC (“NSCC Members”) were NSCC shareholders, so no NSCC Members became Common Share Holders. NSCC Members were first given the opportunity to purchase Common Shares in the year 2000 share reallocation. It was considered unfair double-counting for NSCC Members to purchase DTCC Common Shares in that share reallocation at a price augmented by the retained earnings of NSCC. For this reason, the retained earnings of NSCC were deducted from DTCC’s book value in determining the price of Common Shares. When Government Securities Clearing Corporation and MBS Clearing Corporation (later merged to become FICC) became subsidiaries of DTCC in 2002, this construct was continued. Under the Existing Shareholders Agreement, the price of Common Shares is determined by deducting the aggregate amount of the retained earnings of each of the Operating Subsidiaries (although the deduction of DTC retained earnings is limited to \$24,007,000, an amount representing the retained earnings of DTC

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<sup>6</sup> Intangible items of book value used in this calculation, *i.e.*, goodwill and intangible assets, are shown on DTCC’s Consolidated Statement of Financial Condition, which is available on the DTCC website at <http://dtcc.com/legal/financial-statements.aspx>.

as of December 31, 2001) from the book value of the Common Shares as of December 31 of the preceding calendar year. The deduction of these retained earnings no longer serves any purpose for determining an appropriate purchase price for Common Shares.

In the Revised Shareholders Agreement, the formula for the purchase price of Common Shares would be based on the tangible book value of DTCC, a price that would more accurately represent the liquidation value of DTCC, and keep the price more stable and predictable over time. While the proposal may cause the purchase price of Common Shares to increase somewhat, it should not materially impair the ability of the members and participants of the Operating Subsidiaries to acquire Common Shares.

(3) Raise Capital through the Issue and Sale of Newly-Issued Common Shares to Mandatory Share Holders

In order to raise capital for business purposes, the Revised Shareholders Agreement would provide that DTCC may sell newly-issued Common Shares to Mandatory Share Holders on a mandatory basis. Proceeds of the sale of these newly-issued Common Shares would be contributed by DTCC to the Operating Subsidiaries as capital as needed so that the Operating Subsidiaries may continue to provide efficiently for the prompt and accurate clearance and settlement of securities transactions in U.S. securities markets. Each issuance and required purchase of Common Shares for this purpose would be subject to the approval of the Mandatory Share Holders holding two-thirds of all Common Shares held by Mandatory Share Holders. Voluntary Share Holders would not be required or permitted to purchase these newly-issued Common Shares.

The Operating Subsidiaries require additional capital to support their business operations. Historically, they have operated on an *at-cost* or *near-cost* basis and rebated any excess revenues to users of their services. Recently, however, the Operating Subsidiaries have experienced a greater need to increase capital to meet higher operating costs and, as systemically important financial market utilities, to satisfy heightened risk management requirements. DTCC has performed extensive analyses to determine these needs, and has considered alternative means to address them. A principal objective is maintenance of sufficient, readily available, liquid net assets to allow the Operating Subsidiaries to meet current and projected operating requirements under a range of scenarios, including adverse market conditions. An increase in fees was deemed impractical because it would not necessarily generate sufficient resources in a reasonable time frame and depends on transactional volumes, which may be volatile. DTCC was also concerned with the financial burden that significant fee increases could place on users over an extended period.

As a user-owned and governed organization, DTCC does not have access to public markets to raise common equity. Accordingly, the Revised Shareholders Agreement would contain a mechanism to provide DTCC with the ability to raise capital by selling newly-issued Common Shares to Mandatory Share Holders on a mandatory basis, pro rata in accordance with their shareholdings at the time of such sale. As the principal users of the services and facilities of the Operating Subsidiaries, Mandatory Share Holders benefit directly from the critical clearance and settlement services provided by the Operating Subsidiaries. Importantly, the mechanism would only be exercised with the approval of Mandatory Share Holders holding two-thirds of all

Common Shares held by Mandatory Share Holders. Therefore, the implementation of this mechanism for any particular amount of capital or number of Common Shares, at any time, would require a vote of the Mandatory Share Holders.

(4) Mandatory Repurchase of Common Shares

The Revised Shareholders Agreement would also provide a mechanism under which DTCC may repurchase Common Shares from Mandatory Share Holders on a mandatory basis in an aggregate amount up to the aggregate amount of all newly-issued Common Shares purchased by Mandatory Share Holders. This would be at the discretion of the DTCC Board (which includes all the same directors as the Boards of DTC, NSCC, and FICC), to allow flexibility to return funds to Mandatory Share Holders if the Operating Subsidiaries have capital in excess of their capital needs.

(5) Other Conforming and Technical Amendments to the Existing Shareholders Agreement

The Revised Shareholders Agreement would also include certain other technical amendments, including conforming and clarifying changes, as reflected on Exhibit 3 to this filing. Among those changes is an amendment to the definition of “Common Share Amount” in Section 1.01 of the Existing Shareholders Agreement (called the “Common Share Allocation Amount” in the Revised Shareholders Agreement), to clarify that the calculation does not include any fees that are pass-through fees, *i.e.*, amounts collected by an Operating Subsidiary for the account of a third party and paid by that Operating Subsidiary to a third party.

A further clarifying amendment would include members of MBSD, other than Cash-Settling Bank Members (as such term is defined in the Rules of MBSD), within the

definition of “Mandatory Purchaser Participants.” As a result of the Commission’s approval in 2012 of FICC becoming a central counterparty for transactions processed and cleared at its mortgage-backed securities division, the change would apply to the users of MBSD the general rule that full service members, including users of guaranteed services, of an Operating Subsidiary are Mandatory Purchaser Participants.

The Revised Shareholders Agreement would also amend the definition of “Qualified Person,” which sets forth the types of entities that may hold Common Shares, to exclude: (1) Federal Reserve Banks, because it was never intended that such governmental authorities should be required to own shares in DTCC, notwithstanding that they may use certain services of the Operating Subsidiaries; (2) central counterparties or central securities depositories, because these link arrangements are for the purpose of extending clearing agency services across borders or among closely related activities and products but not for ownership purposes; and (3) any other financial market infrastructure or utility that the DTCC Board of Directors determines shall not be a “Qualified Person.”

The Revised Shareholders Agreement would also update the definition of “Deliver” to include more convenient and contemporary methods of delivering notices, for example, by electronic mail where appropriate. Finally, Section 2.02 is proposed to be updated regarding the transfer of Common Shares in the event that a Common Share Holder is no longer a Qualified Person, to provide that the pro-rata re-distribution of those Common Shares to all other Common Share Holders take place at the beginning of the following calendar year rather than contemporaneously with such Common Share Holder ceasing to be a Qualified Person, as provided in the Existing Shareholders Agreement. This change reflects current practice and is more practical, administratively.



*Anticipated Effect on and Management of Risk*

The Board of Directors of DTCC unanimously approved the proposed amendments described in this filing. In evaluating these proposals, the Board carefully considered the expectations and obligations that are imposed on the Operating Subsidiaries as systemically important financial market utilities in the national system for clearance and settlement of securities transactions. The proposed changes would reduce the risks presented by the Operating Subsidiaries. The proposed change to the formula used to reallocate entitlements to purchase Common Shares would bring this methodology up to date so that the allocation accurately reflects the use of the services and facilities of the Operating Subsidiaries. The proposal to update the formula used to determine the price of Common Shares would provide an updated pricing approach, eliminating historical adjustments that are no longer relevant and providing a price based on tangible book value. The proposal to provide for the issuance of additional Common Shares by DTCC, subject to shareholder approval, for required purchase by Mandatory Share Holders, would provide a necessary source of capital for the protection of the Operating Subsidiaries, their members, and the financial markets in which they operate.

Section 805(b) of the Clearing Supervision Act states that the objectives and principles for the risk management standards prescribed under Section 805(a) shall be to promote robust risk management, promote safety and soundness, reduce systemic risks, and support the stability of the broader financial system.<sup>7</sup> The proposal represents a fair and appropriate apportionment of the business risks of the Operating Subsidiaries among their users, and would allow DTCC to raise capital for the Operating Subsidiaries in order

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<sup>7</sup> 12 U.S.C. 5461(a), (b).

to continue to carry on their businesses in an efficient and effective manner, thereby promoting safety and soundness of the operations of the Operating Subsidiaries, reducing their general business risks as well as systemic risk, and supporting stability in the U.S. securities markets and the broader financial system. Additionally, the provision for DTCC, subject to Mandatory Share Holder approval, to sell newly-issued Common Shares to Mandatory Share Holders is critical to the capitalization of the Operating Subsidiaries. Maintenance of adequate financial resources is a key element in reducing systemic risk, and serves to limit the contagion that could flow from an isolated disruption to the wider financial markets. In this way, the proposal to raise capital would also reduce systemic risk and serves to promote the prompt and accurate clearance and settlement of securities transactions and the protection of investors, particularly in times of market stress or crisis.

*Implementation Timeframe.* The Revised Shareholders Agreement would become effective (1) upon the approval of the Common Share Holders; and (2) if the Commission does not object to the advance notice, and similar filings being submitted by DTC and FICC, within 60 days of the later of (i) the date the Commission receives this advance notice, or (ii) the date the Commission receives any further information it requests for consideration of the advance notice.

III. Date of Effectiveness of the Advance Notice, and Timing for Commission Action

The proposed change may be implemented if the Commission does not object to the proposed change within 60 days of the later of (i) the date that the Commission receives the notice of proposed change, or (ii) the date the Commission receives any further information it requests for consideration of the notice. NSCC shall not

implement the proposed change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission providing NSCC with prompt written notice of the extension. A proposed change may be implemented in less than 60 days from the date the Advance Notice is filed, or the date further information requested by the Commission is received, if the Commission notifies NSCC in writing that it does not object to the proposed change and authorizes NSCC to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.

NSCC shall post notice on DTCC's website of proposed changes that are implemented.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the Advance Notice is consistent with the Clearing and Supervision 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-2014-811 on the subject line.

Paper Comments:

- Send paper comments in triplicate to [Name of Secretary], Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NSCC-2014-811. 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 Advance Notice that are filed with the Commission, and all written communications relating to the Advance Notice 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-2014-811 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.<sup>8</sup>

Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(12).

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