

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2015 - * 008	Amendment No. (req. for Amendments *)
Filing by National Securities Clearing Corporation Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
			Rule	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" 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) * <input type="checkbox"/>		Section 806(e)(2) * <input type="checkbox"/>		Section 3C(b)(2) * <input type="checkbox"/>
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="To provide additional details regarding the requirement that Members participate in annual testing of business continuity and disaster recovery plans."/>				
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 *	<input type="text" value="Jacqueline"/>		Last Name *	<input type="text" value="Farinella"/>
Title *	<input type="text" value="Vice President, Assistant General Counsel"/>			
E-mail *	<input type="text" value="jfarinella@dtcc.com"/>			
Telephone *	<input type="text" value="(212) 855-3216"/>	Fax	<input type="text"/>	
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	<input type="text" value="10/23/2015"/>	<input type="text" value="Managing Director"/>		
By	<input type="text" value="Nikki Poulos"/>	<input type="text"/>		
(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.				
<input type="button" value="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 consists of a change to Rule 2B of the Rules and Procedures (“Rules”) of National Securities Clearing Corporation (“NSCC”) to provide additional details regarding the requirement that Members participate in annual testing of NSCC’s business continuity and disaster recovery plans (“BCP Testing”).¹

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change was approved by NSCC management pursuant to delegated authority from NSCC’s Board of Directors.

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

(a) Purpose

The proposed rule change would amend NSCC’s Rule 2B (Ongoing Membership Requirements and Monitoring) to provide additional details regarding the requirement that NSCC Members participate in NSCC’s annual BCP Testing. Currently, pursuant to Addendum B of the Rules, an applicant is qualified for membership with NSCC if it is “able to satisfactorily communication with the Corporation and fulfill anticipated commitments to and meet the operational requirements of the Corporation with necessary promptness and accuracy and to conform to any condition and requirement that the Corporation reasonably deems necessary for its protection.”² Once a firm becomes a Member of NSCC, NSCC Rule 2B provides that Members may be required to fulfill certain operational testing requirements that may be imposed by NSCC to test and monitor the continuing operational capability of the Members.³

Recently, the Commission promulgated Regulation Systems Compliance and Integrity (“Reg. SCI”), which requires NSCC to establish standards to designate members⁴ and requires

¹ Terms not otherwise defined herein have the meaning set forth in the rules of NSCC, available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

² Addendum B, Section 1(C) of NSCC’s Rules, supra, note 1.

³ NSCC Rule 2B, Section 3, supra, note 1.

⁴ 17 CFR 242.1004(a). In adopting Reg. SCI, the Commission determined not to require covered entities to notify the Commission of its designations or the standards that will be used in designating members, recognizing instead that each entity’s standards, designations, and updates, if applicable, would be part of its records and, therefore, available to the Commission and its staff upon request. See Securities and Exchange Act

participation by such designated members in scheduled BCP Testing with NSCC on an annual basis.⁵ Although NSCC already conducts annual BCP Testing with certain Members,⁶ NSCC is proposing to amend Rule 2B to further describe NSCC's requirement with respect to BCP Testing.

The proposed amendments to Rule 2B would increase transparency regarding BCP Testing, and ensure NSCC's practice with respect to such testing is consistent with Reg. SCI by setting forth NSCC's rights to: (i) designate Members required to participate in BCP Testing using established standards; (ii) determine the scope and reporting of such BCP Testing; and (iii) require Members to comply with such BCP Testing within specified timeframes. In connection with these proposed amendments, NSCC would refine the factors that it currently uses to designate Members for BCP Testing. For example, while NSCC would continue to rely on activity-based thresholds to mandate participation with annual BCP Testing, NSCC would also take into account additional factors when designating firms for BCP Testing, including, but not limited to: (i) significant operational issues of the Member during the past twelve months; and (ii) past performance of the Member with respect to BCP Testing. Members would be informed of the specific standards that would be used by NSCC, along with any updates or changes to these standards, which would be applied on a prospective basis, through established methods of communication between NSCC and its Members. Likewise, Members would be notified in advance that they have been designated to participate in BCP Testing for the upcoming year, and would be provided details concerning the nature of such testing as the particular test plans are determined.

NSCC believes the proposed rule change would have no impact on NSCC Members relative to what Members are currently required to do. As described above, NSCC already requires certain Members to participate in BCP Testing on an annual basis. The proposed rule change would provide further clarity with respect to these requirements for consistency with Reg. SCI.

(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.⁷

Rule 17Ad-22(d)(2), promulgated under the Act, requires NSCC to require that its Members have robust operational capacity to meet obligations arising from participation in the clearing agency, to monitor that its participation requirements are met on an ongoing basis, and

Release No. 73639 (November 19, 2014), 79 FR 72252 (December 5, 2014) (File No. S7-01-13).

⁵ 17 CFR 242.1004(a) and (b).

⁶ NSCC Rule 2B, Section 3, supra, note 1.

⁷ 15 U.S.C. 78q-1(b)(3)(F).

to have participation requirements that are objective and publicly disclosed.⁸ Rule 17Ad-22(d)(4), promulgated under the Act, requires NSCC to identify sources of operational risk and minimize them through the development of appropriate systems, controls, and procedures, and have business continuity plans that allow for timely recovery of operations and fulfillment of the clearing agency's obligations.⁹

Rule 1004(a) and (b) of Reg. SCI requires NSCC to establish standards for the designation of those Members that NSCC reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event of the activation of its business continuity and disaster recovery plans, and to designate Members pursuant to those standards and require participation by such designated Members in scheduled BCP Testing annually.¹⁰

By facilitating the testing of how business continuity and disaster recovery plans function between NSCC and its Members during an emergency, the proposed rule change would facilitate the prompt and accurate clearance and settlement of securities transactions and protect investors and the public interest consistent with of the Act. The proposed rule change would provide additional details to NSCC's Rules regarding the requirement for Members to take part in its BCP Testing annually, strengthening its compliance with Rule 17Ad-22(d)(2) and (4).¹¹ Further, the proposed rule change would foster the objectives of the Commission under Reg. SCI by helping to ensure resilient and available markets.¹²

As such, NSCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act, Rule 17Ad-22(d)(2) and (d)(4), promulgated under the Act, and Rule 1004(a) and (b) of Reg. SCI, cited above.

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

NSCC does not believe that the proposed rule change would impose any burden on competition because the proposed rule change would apply to all Members and only provides additional details regarding an existing requirement.

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

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

⁸ 17 CFR 240.17Ad-22(d)(2).

⁹ 17 CFR 240.17Ad-22(d)(4).

¹⁰ 17 CFR 242.1004(a) and (b).

¹¹ 17 CFR 240.17Ad-22(d)(2) and (4).

¹² 17 CFR 242.1004(a) and (b).

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.¹³

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A)¹⁴ and Rule 19b-4(f)(6),¹⁵ the proposed rule change is filed for immediate effectiveness because it does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) by its terms would not become operative for 30 days after the date of filing, or such shorter time as the Commission may designate.

Additionally, NSCC has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

As described above, Members currently participate in BCP Testing with NSCC on an annual basis in order to demonstrate the continuing maintenance of their operational capabilities as required by Rule 2B. The proposed change to Rule 2B would provide additional details regarding these requirements with respect to BCP Testing and would facilitate the testing of how business continuity and disaster recovery plans function between NSCC and its Members during an emergency. Furthermore, NSCC believes that the proposed rule change is either consistent with, or generally mandated by, Reg. SCI.¹⁶

For the foregoing reasons, this proposed rule change qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission.¹⁷ At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved. In addition, NSCC respectfully requests that the Commission waive the 30 day operative delay period after which a proposed rule change under

¹³ 15 U.S.C. 78s(b)(2).

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 17 CFR 242.1004(a) and (b).

¹⁷ 17 CFR 240.19b-4(f)(6).

Rule 19b-4(f)(6)¹⁸ becomes effective in order to allow operability of this filing prior to the November 3, 2015 compliance date of Reg. SCI.¹⁹

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 Rule changes

¹⁸ 15 U.S.C. 78s(b)(2).

¹⁹ See Securities and Exchange Act Release No. 73639 (November 19, 2014), 79 FR 72252 (December 5, 2014) (File No. S7-01-13).

EXHIBIT 1A

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

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Provide Additional Details Regarding the Requirement that Members Participate in Annual Testing of Business Continuity and Disaster Recovery Plans

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)(3)(A)³ of the Act and Rule 19b-4(f)(6)⁴ thereunder. 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 a change to NSCC’s Rule 2B of the Rules and Procedures (“Rules”) of NSCC to provide additional details regarding the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

requirement that Members participate in annual testing of NSCC's business continuity and disaster recovery plans ("BCP Testing"), as more fully described below.⁵

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

The proposed rule change would amend NSCC's Rule 2B (Ongoing Membership Requirements and Monitoring) to provide additional details regarding the requirement that NSCC Members participate in NSCC's annual BCP Testing. Currently, pursuant to Addendum B of the Rules, an applicant is qualified for membership with NSCC if it is "able to satisfactorily communication with the Corporation and fulfill anticipated commitments to and meet the operational requirements of the Corporation with necessary promptness and accuracy and to conform to any condition and requirement that the Corporation reasonably deems necessary for its protection."⁶ Once a firm becomes a Member of NSCC, NSCC Rule 2B provides that Members may be required to fulfill

⁵ Terms not otherwise defined herein have the meaning set forth in NSCC's Rules, available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

⁶ Addendum B, Section 1(C) of NSCC's Rules, supra, note 5.

certain operational testing requirements that may be imposed by NSCC to test and monitor the continuing operational capability of the Members.⁷

Recently, the Commission promulgated Regulation Systems Compliance and Integrity (“Reg. SCI”), which requires NSCC to establish standards to designate members⁸ and requires participation by such designated members in scheduled BCP Testing with NSCC on an annual basis.⁹ Although NSCC already conducts annual BCP Testing with certain Members,¹⁰ NSCC is proposing to amend Rule 2B to further describe NSCC’s requirement with respect to BCP Testing.

The proposed amendments to Rule 2B would increase transparency regarding BCP Testing, and ensure NSCC’s practice with respect to such testing is consistent with Reg. SCI by setting forth NSCC’s rights to: (i) designate Members required to participate in BCP Testing using established standards; (ii) determine the scope and reporting of such BCP Testing; and (iii) require Members to comply with such BCP Testing within specified timeframes. In connection with these proposed amendments, NSCC would refine the factors that it currently uses to designate Members for BCP Testing. For example, while NSCC would continue to rely on activity-based thresholds to mandate

⁷ NSCC Rule 2B, Section 3, supra, note 5.

⁸ 17 CFR 242.1004(a). In adopting Reg. SCI, the Commission determined not to require covered entities to notify the Commission of its designations or the standards that will be used in designating members, recognizing instead that each entity’s standards, designations, and updates, if applicable, would be part of its records and, therefore, available to the Commission and its staff upon request. See Securities and Exchange Act Release No. 73639 (November 19, 2014), 79 FR 72252 (December 5, 2014) (File No. S7-01-13).

⁹ 17 CFR 242.1004(a) and (b).

¹⁰ NSCC Rule 2B, Section 3, supra, note 5.

participation with annual BCP Testing, NSCC would also take into account additional factors when designating firms for BCP Testing, including, but not limited to: (i) significant operational issues of the Member during the past twelve months; and (ii) past performance of the Member with respect to BCP Testing. Members would be informed of the specific standards that would be used by NSCC, along with any updates or changes to these standards, which would be applied on a prospective basis, through established methods of communication between NSCC and its Members. Likewise, Members would be notified in advance that they have been designated to participate in BCP Testing for the upcoming year, and would be provided details concerning the nature of such testing as the particular test plans are determined.

NSCC believes the proposed rule change would have no impact on NSCC Members relative to what Members are currently required to do. As described above, NSCC already requires certain Members to participate in BCP Testing on an annual basis. The proposed rule change would provide further clarity with respect to these requirements for consistency with Reg. SCI.

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

Rule 17Ad-22(d)(2), promulgated under the Act, requires NSCC to require that its Members have robust operational capacity to meet obligations arising from participation in the clearing agency, to monitor that its participation requirements are met on an

¹¹ 15 U.S.C. 78q-1(b)(3)(F).

ongoing basis, and to have participation requirements that are objective and publicly disclosed.¹² Rule 17Ad-22(d)(4), promulgated under the Act, requires NSCC to identify sources of operational risk and minimize them through the development of appropriate systems, controls, and procedures, and have business continuity plans that allow for timely recovery of operations and fulfillment of the clearing agency's obligations.¹³

Rule 1004(a) and (b) of Reg. SCI requires NSCC to establish standards for the designation of those Members that NSCC reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event of the activation of its business continuity and disaster recovery plans, and to designate Members pursuant to those standards and require participation by such designated Members in scheduled BCP Testing annually.¹⁴

By facilitating the testing of how business continuity and disaster recovery plans function between NSCC and its Members during an emergency, the proposed rule change would facilitate the prompt and accurate clearance and settlement of securities transactions and protect investors and the public interest consistent with of the Act. The proposed rule change would provide additional details to NSCC's Rules regarding the requirement for Members to take part in its BCP Testing annually, strengthening its compliance with Rule 17Ad-22(d)(2) and (4).¹⁵ Further, the proposed rule change would

¹² 17 CFR 240.17Ad-22(d)(2).

¹³ 17 CFR 240.17Ad-22(d)(4).

¹⁴ 17 CFR 242.1004(a) and (b).

¹⁵ 17 CFR 240.17Ad-22(d)(2) and (4).

foster the objectives of the Commission under Reg. SCI by helping to ensure resilient and available markets.¹⁶

As such, NSCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act, Rule 17Ad-22(d)(2) and (d)(4), promulgated under the Act, and Rule 1004(a) and (b) of Reg. SCI, cited above.

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

NSCC does not believe that the proposed rule change would impose any burden on competition because the proposed rule change would apply to all Members and only provides additional details regarding an existing requirement.

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

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

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

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become

¹⁶ 17 CFR 242.1004(a) and (b).

effective pursuant to Section 19(b)(3)(A)¹⁷ of the Act and Rule 19b-4(f)(6) thereunder.¹⁸

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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-___ 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-___. 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

¹⁷ 15 U.S.C. 78s(b)(3)(A).

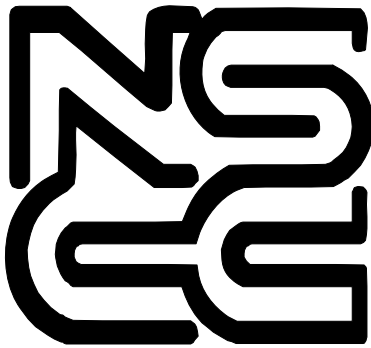
¹⁸ 17 CFR 240.19b-4(f)(6).

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-___ 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.¹⁹

Brent J. Fields
Secretary

¹⁹ 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

RULE 2B. ONGOING MEMBERSHIP REQUIREMENTS AND MONITORING

SEC. 1. REQUIREMENTS

The qualifications and standards provided for in Rule 2A¹ shall be continuing membership requirements. In addition, each Member, Fund Member, Insurance Carrier/Retirement Services Member, Municipal Comparison Only Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Settling Bank Only Member, Commission Billing Member, Third Party Administrator Member, Third Party Provider Member, Investment Manager/Agent Member and AIP Member shall comply with the ongoing informational and operational requirements set forth below.

SEC. 2. DATA TO BE FILED WITH THE CORPORATION

A. Reports and Information

Each Member, Mutual Fund/Insurance Services Member, Fund Member, and Insurance Carrier/Retirement Services Member (each hereinafter in this rule referred to collectively as “participants”) shall submit to the Corporation the following reports and information as applicable to such participant, together with all addenda and amendments applicable thereto, within the time periods prescribed by the Corporation from time to time. (Unless specifically set forth below, the time periods prescribed by the Corporation are set forth in the form of notices posted at the Corporation’s Website. Pursuant to Section 7 of Rule 45, it is the participant’s responsibility to retrieve all notices daily from the Website.):

(a) with respect to each such participant, a copy of the participant’s annual audited financial statements and, with respect to each such participant whose membership is contingent upon a guarantee of a third party, a copy of the annual audited financial statements of such guarantor. If annual audited financial statements of the entity that is the participant or its guarantor are not available, the Corporation in its sole discretion may accept consolidated financial statements or financial information prepared at the level of the parent of such entity. Financial statements submitted in respect of an Insurance Company shall be prepared substantially in the form adopted by the National Association of Insurance Commissioners (the “NAIC”);

(b) with respect to a participant that is a broker or dealer registered under Section 15 of the Exchange Act, a copy of its: (i) Form X-17-A-5 (Financial and Operational Combined Uniform Single (“FOCUS”) Report); (ii) report of its independent auditors on internal controls; and (iii) any supplemental report required to be filed with the SEC pursuant to SEC Rule 17a-11 or 17 C.F.R. Section 405.3, or any successor rules or regulations thereto;

¹ Including Addendum O to these Rules, as set forth in Section 1.B of Rule 2A.

(c) with respect to a participant that is a bank or a trust company, if the bank or trust company is required to file a Consolidated Report of Condition and Income ("Call Report"), a copy of its Call Report, and (to the extent not contained within such Call Reports) information containing each of its capital levels and ratios; if the bank or trust company is not required to file a Call Report, a copy of its unaudited quarterly financial statements as provided to the state regulatory authority having jurisdiction over the participant, containing each of its capital levels and ratios;

(d) with respect to a participant that is an SEC-registered investment adviser, copies of its Form ADV;

(e) with respect to a participant that is subject to capital or other financial requirements prescribed by its regulatory authority, copies of any regulatory notification required to be made when the participant's capital level or other financial requirement falls below the levels prescribed by the applicable regulator;

(f) with respect to a participant that has received from its regulators an extension of time by which one of the above-listed reports or submissions to the regulator is otherwise due, a copy of the extension letter or other regulatory communication granting such extension; and

(g) with respect to a participant that has provided to the SEC any notice required pursuant to paragraph (e) of the SEC's Rule 15c3-1 shall notify the Corporation of the provision of such notice, and shall furnish the Corporation with a copy of such notice, by the Close of Business on the day that it so provides such notice to the SEC.

The Corporation may from time to time require the submission of additional reports and other information as it may deem necessary or advisable. Reports and information provided to the Corporation pursuant to this Rule shall be provided in the form and to the persons or departments specified by the Corporation from time to time and the provisions of Rule 45 shall not apply thereto.

B. Notification of Changes in Condition

(a) Each Member, Mutual Fund/Insurance Services Member, Fund Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, TPP Member, Investment Manager/Agent Member, AIP Member and Data Services Only Member shall:

- (i) promptly inform the Corporation, within two business days, both orally and in writing, if it is no longer in compliance with any of the relevant qualifications and standards for membership set forth in these Rules as applicable to its type of membership (regardless of whether in effect at

the time the participant was admitted), or with respect to any additional qualifications as required by the Corporation in connection with approval of its admission to, or continued participation in, the Corporation, including in the event of the participant becoming subject to a Statutory Disqualification. Such notification must be given by the participant as soon as practicable and in any event must be received by the Corporation within two business days from the date on which the participant first learns of its non-compliance;

- (ii) submit to the Corporation written notice of material organization changes including mergers, acquisitions, changes in corporate form, name changes at least 90 calendar days prior to the effective date of such event unless the member demonstrates that it could not have reasonably given notice within such timeframe.

(b) Each Member shall submit to the Corporation written notice of any event that would effect a change in control of the participant or could have a material impact on such participant's business and/or financial condition, including but not limited to:

- (i) material changes in ownership, control or management;
- (ii) material changes in business lines, including but not limited to new business lines undertaken; or
- (iii) participation as a defendant in litigation which could reasonably be anticipated to have a direct negative impact on the participant's financial condition or ability to conduct business.

With respect to an event (such as a merger or a planned change in business) for which the participant has advance knowledge, written notification must be received by the Corporation as soon as practicable upon the participant's having knowledge that such event is scheduled to occur and, with respect to an event for which the participant does not have advance knowledge thereof, such written notification must be received by the Corporation as soon as practicable after such event has occurred.

(c) Beginning on the FATCA Compliance Date, each FFI Member shall inform the Corporation, both orally and in writing, if it (i) undergoes a change in circumstance that would affect its FATCA Certification or (ii) otherwise has reason to know that it is not, or will not be, FATCA Compliant, in each case, within two days of knowledge thereof.

(d) Notice provided to the Corporation pursuant to this Section shall be provided in the form and to the persons or departments specified by the Corporation from time to time and the provisions of Rule 45 shall not apply thereto.

(e) Failure to notify the Corporation under this Section may be deemed to be a violation of the Corporation's Rules and therefore may be subject to sanctions.

SEC. 3. OPERATIONAL TESTING

(a) The Corporation may, from time to time, determine those Members, Fund Members, Insurance Carrier/Retirement Services Members, Municipal Comparison Only Members, Mutual Fund/Insurance Services Members, Data Services Only Members, Settling Bank Only Members, Investment Manager/Agent Members, AIP Members, AIP Settling Bank Only Members, Third Party Provider Members and Third Party Administrator Members (collectively, "participants") who shall be required to fulfill, within the time frames established by the Corporation, certain operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the participant. The Corporation may assess a fine upon those participants that fail to fulfill any such operational testing and related reporting requirements within the time frames established by the Corporation.

(b) The Corporation has established standards for designating those participants who shall be required to participate in annual business continuity and disaster recovery testing that the Corporation reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event that business continuity and disaster recovery plans are required to be activated. The standards shall take into account factors such as: (1) activity-based thresholds; (2) significant operational issues of the participant during the twelve months prior to the designation; and (3) past performance of the participant with respect to operational testing. The specific standards adopted by the Corporation and any updates or modifications thereto shall be published to participants and applied on a prospective basis.

Upon notification that the participant has been designated to participate in the annual business continuity and disaster recovery testing, as described above, participants shall be required to fulfill, within the timeframes established by the Corporation, certain testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation.

SEC. 4. ONGOING MONITORING (SURVEILLANCE STATUS)

Based upon criteria as established by the Corporation from time to time (e.g. the "credit risk matrix"), a Member whose financial and/or operational condition has been determined to be such that it may increase, or potentially increase, operational and/or

financial risk to the Corporation and/or its participants, may be placed on the corporation's "watch list". Members included on the watch list are subject to closer monitoring by the Corporation, and the Corporation may take such actions with regard to such Member as permitted within these rules and procedures.

Unless the context otherwise requires, the parent bank holding company of a Member that has been admitted to membership in accordance with section 1.B.2.(a)(ii) of Addendum B, and any material banking subsidiary of such parent bank holding company, shall, for the purpose of applying the surveillance status rules, be treated as if it were also a Member, so that the Member, the parent bank holding company, and any affiliated material banking subsidiary shall be required individually to meet the standards for a Member not under surveillance, if the Member is not to be placed on surveillance status.

SEC. 5. VOLUNTARY RETIREMENT

A Member, Fund Member, Insurance Carrier/Retirement Services Member, Municipal Comparison Only Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, AIP Member, Third Party Provider Member or Third Party Administrator Member each may elect to voluntarily retire such membership by providing the Corporation with written notice of such termination. Such termination will not be effective until accepted by the Corporation. The Corporation's acceptance shall be evidenced by a notice to the Corporation's participants announcing the participant's retirement and the effective date of the retirement (the "Retirement Date"). A participant's voluntary termination of membership shall not affect its obligations to the Corporation, or the rights of the Corporation, with respect to transactions submitted to the Corporation before the Retirement Date (including, but not limited to, any pro-rata charge made by the Corporation pursuant to Section 8 of Rule 4).

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