

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 23

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 Form 19b-4

File No.* SR - 2020 - * 015

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 checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Security-Based Swap Submission pursuant
 to the Securities Exchange Act of 1934

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐

Section 3C(b)(2) *

☐

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 *).

Modify Fees for the Subscription-Based Portfolio Composition File Reporting Service

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 * Rosa Last Name * Chang
 Title * Executive Director and Associate General Counsel
 E-mail * rchang1@dtcc.com
 Telephone * (212) 855-4985 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 07/21/2020

By Nikki Poulos

(Name *)

Managing Director and Deputy General Counsel

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.

npoulos@dtcc.com

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 *

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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

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Exhibit Sent As Paper Document

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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

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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

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 of National Securities Clearing Corporation (“NSCC”) is attached hereto as Exhibit 5. The proposed rule change would amend Addendum A (Fee Structure) of the NSCC Rules & Procedures (“Rules”)¹ with respect to fees for the subscription-based portfolio composition file reporting service as well as make other changes, as described in greater detail below.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by a Deputy General Counsel of NSCC on June 26, 2020 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 purpose of this proposed rule change is to amend Addendum A (Fee Structure) of the Rules with respect to fees for the subscription-based portfolio composition file reporting service in order to better align fees with the costs of services provided by NSCC. Based on the current subscription volume, NSCC anticipates that the proposed rule change would increase NSCC’s annual revenue from the portfolio composition file reporting service by approximately \$108,000. The proposed rule change would also make technical and conforming changes.

(i) BACKGROUND

NSCC provides an exchange-traded fund (“ETF”) portfolio composition file reporting service whereby NSCC makes available to each subscribing Member reports which contain information on ETF portfolios that such Member requests. These reports are available as machine readable output files, as well as through a web-based interface from which Members may download and print reports. This reporting service is covered in Procedure II (Trade Comparison and Reporting Service), Section F, of the Rules.

Members are assessed fees in accordance with Addendum A (Fee Structure) of the Rules based on their activities and the services utilized. With respect to the ETF portfolio composition file reporting service, the current Fee Structure provides that each Member that subscribes to such service is charged a fee based on the number of portfolios subscribed by the Member on an average daily basis per billing month (referred to as “units” in the Fee Structure). Fees are calculated by applying a tiered fee structure to the average daily number of units subscribed by

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

the Member in the billing month, subject to a maximum and a minimum monthly fee. The minimum monthly fee is designed to offset the costs to NSCC of providing this service to Members on an on-going basis while the maximum monthly fee is designed to cap subscribing Members' fees for this service to enable such Members to benefit from the economies of scale that NSCC realizes as the number of units being reported increases.

Currently, Members are charged \$3.00 per unit per month for the first zero to 200 average daily units, \$2.00 per unit per month for the next 300 average daily units (201st to 500th units), \$1.00 per unit per month for all average daily units above 500 (501st and above), subject to a monthly minimum charge of \$600 and a monthly maximum charge of \$1,550. The current fees have not been changed for more than five years and are no longer aligned with NSCC's costs of providing the ETF portfolio composition file reporting service.² As such, the revenue from these fees does not cover the costs of such service. Accordingly, the proposed changes would adjust fees for the subscription-based portfolio composition file reporting service so that revenue for NSCC would better align with the costs of providing such service.

(ii) PROPOSED FEE CHANGES

NSCC is proposing to modify the Fee Structure to better align fees for the subscription-based portfolio composition file reporting service with NSCC's costs of providing such service. Specifically, in Section V.B. of the Fee Structure, NSCC is proposing to increase the fees for the subscription-based portfolio composition file reporting service so that Members would be charged \$4.00 (instead of \$3.00) per unit per month for the first zero to 200 average daily units, \$3.00 (instead of \$2.00) per unit per month for the next 300 average daily units (201st to 500th units), \$2.00 (instead of \$1.00) per unit per month for all average daily units above 500 (501st and above), subject to a monthly minimum charge of \$800 (instead of \$600) and a monthly maximum charge of \$1,800 (instead of \$1,550). NSCC has not modified these fees since 2014.³

NSCC is also proposing technical and conforming changes. Specifically, NSCC is proposing to delete an outdated footnote from Section V.B. of the Fee Structure. Footnote 20 in Section V.B. of the Fee Structure refers to the minimum monthly charge being \$300 until December 31, 2015 and that it will increase to \$600 per month thereafter and footnote 20 will be deleted then; however, due to a technical oversight, footnote 20 has not yet been deleted. As such, NSCC is proposing a technical change to delete footnote 20 from Section V.B. of the Fee Structure, and a conforming change to renumber footnote 21 as footnote 20 in Section V.C. of the Fee Structure.

² NSCC made a number of enhancements to the ETF portfolio composition file reporting service during 2018 and 2019. These enhancements increased NSCC's costs of providing the ETF portfolio composition file reporting service.

³ See Securities Exchange Act Release No. 72307 (June 4, 2014), 79 FR 33250 (June 10, 2014) (SR-NSCC-2014-06).

(iii) **IMPLEMENTATION TIMEFRAME**

NSCC would implement this proposal by September 1, 2020. As proposed, a legend would be added to the Fee Structure stating there are changes that became effective upon filing with the Securities and Exchange Commission (“Commission”) but have not yet been implemented. The proposed legend also would include a date by which such changes would be implemented and the file number of this proposal, and state that, once this proposal is implemented, the legend would automatically be removed from the Fee Structure.

(b) **Statutory Basis**

NSCC believes this proposal is consistent with the requirements of the Securities Exchange Act of 1934 (the “Act”), and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, NSCC believes this proposal is consistent with Sections 17A(b)(3)(D)⁴ and 17A(b)(3)(F)⁵ of the Act and Rule 17Ad-22(e)(23)(ii),⁶ as promulgated under the Act, for the reasons described below.

Section 17A(b)(3)(D) of the Act requires that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.⁷ NSCC believes the proposed rule changes to the Fee Structure to better align pricing with costs of services would provide for the equitable allocation of reasonable fees. The proposed changes would increase the fees assessed for the subscription-based portfolio composition file reporting service in order to better align with the costs of providing such service. NSCC believes the proposed changes to the fees are equitable because they would apply uniformly to all Members that utilize the services. NSCC believes the proposed changes are reasonable because they would be commensurate with the increased costs of resources allocated by NSCC in providing such services. Therefore, NSCC believes the proposed rule changes to the Fee Structure to better align pricing with costs of services are consistent with Section 17A(b)(3)(D) of the Act.

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.⁸ The proposed rule changes to make technical and conforming changes would help ensure that the Rules, including the Fee Structure, remain accurate and clear to Members. Having accurate and clear Rules would help Members to better understand their rights and obligations regarding NSCC’s clearance and settlement services. NSCC believes that when Members better understand their rights and obligations regarding NSCC’s clearance and settlement services, they can act in

⁴ 15 U.S.C. 78q-1(b)(3)(D).

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 17 CFR 240.17Ad-22(e)(23)(ii).

⁷ 15 U.S.C. 78q-1(b)(3)(D).

⁸ 15 U.S.C. 78q-1(b)(3)(F).

accordance with the Rules. NSCC believes that better enabling Members to comply with the Rules would promote the prompt and accurate clearance and settlement of securities transactions by NSCC. As such, NSCC believes the proposed rule changes to make technical and conforming changes are consistent with Section 17A(b)(3)(F) of the Act.

Rule 17Ad-22(e)(23)(ii) under the Act requires NSCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.⁹ NSCC believes that the proposed rule changes to make technical and conforming changes would help ensure that the Fee Structure is transparent and clear to Members. Having a transparent and clear Fee Structure would help Members, NSCC believes, to better understand NSCC's fees and help provide Members with increased predictability and certainty regarding the fees they incur by participating in NSCC. As such, NSCC believes the proposed rule changes to make technical and conforming changes are consistent with Rule 17Ad-22(e)(23)(ii) under the Act.

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

NSCC believes the proposed rule changes to increase the fees for the subscription-based portfolio composition file reporting service may have an impact on competition, because these changes would likely increase the fees of those Members that utilize such service when compared to their fees under the current Fee Structure. NSCC believes these proposed rule changes could burden competition by negatively affecting such Members' operating costs. While these Members may experience increases in their fees when compared to their fees under the current Fee Structure, NSCC does not believe such change in fees would in and of itself mean that the burden on competition is significant. This is because even though the amount of the fee increase may seem significant in some instances (e.g., going from \$1 to \$2 per unit per month for all average daily units above 500), NSCC believes the increase in fees would similarly affect all Members that utilize the subscription-based portfolio composition file reporting service, and therefore the burden on competition would not be significant.

Regardless of whether the burden on competition is deemed significant, NSCC believes any burden on competition that is created by these proposed rule changes would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.¹⁰

The proposed rule changes to increase the fees for the subscription-based portfolio composition file reporting service would be necessary in furtherance of the purposes of the Act, because the Rules must provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.¹¹ As described above, NSCC believes that the proposed rule

⁹ 17 CFR 240.17Ad-22(e)(23)(ii).

¹⁰ 15 U.S.C. 78q-1(b)(3)(I).

¹¹ 15 U.S.C. 78q-1(b)(3)(D).

changes would result in fees that are equitably allocated (by applying uniformly to all Members that use the applicable service) and would result in reasonable fees (by better aligning with the costs of the service). As such, NSCC believes these proposed rule changes would be necessary in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.¹²

NSCC believes any burden on competition that is created by the proposed rule changes to increase the fees for the subscription-based portfolio composition file reporting service would also be appropriate in furtherance of the purposes of the Act. The proposed rule changes would allow NSCC to assess fees that are better aligned with its costs of providing the service. Having the ability to assess fees that are better aligned with NSCC's costs of providing the services would help NSCC to continue providing dependable and stable clearance and settlement services to its Members. As such, NSCC believes these proposed rule changes would be appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.¹³

NSCC does not believe the proposed rule changes to make technical and conforming changes would impact competition.¹⁴ These changes would apply equally to all Members and would not affect Members' rights and obligations. As such, NSCC believes these proposed rule changes would not have any impact on competition.

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

Written comments relating to this proposed rule change have not been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

6. Extension of Time Period for Commission Action

Not applicable.

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

(a) The proposed rule changes are to take effect immediately upon filing pursuant to paragraph A of Section 19(b)(3)¹⁵ of the Act.

(b) The proposed rule changes establish or change a due, fee, or other charge.¹⁶

¹² 15 U.S.C. 78q-1(b)(3)(I).

¹³ Id.

¹⁴ Id.

¹⁵ 15 U.S.C 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(2).

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

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

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act of 2010

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 – Confidential Supporting Information. *Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 3 is being requested pursuant to 17 CFR 240.24b-2.*

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[____]; File No. SR-NSCC-2020-015)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify Fees for the Subscription-Based Portfolio Composition File Reporting Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on July __, 2020, 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 the clearing agency. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(2) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change consists of amendments to Addendum A (Fee Structure) of the NSCC Rules & Procedures (“Rules”)⁵ with respect to fees for 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)(2).

⁵ Capitalized terms not defined herein are defined in the Rules, available at http://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

subscription-based portfolio composition file reporting service as well as make other changes, as described in greater detail below.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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. The clearing agency 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 purpose of this proposed rule change is to amend Addendum A (Fee Structure) of the Rules with respect to fees for the subscription-based portfolio composition file reporting service in order to better align fees with the costs of services provided by NSCC. Based on the current subscription volume, NSCC anticipates that the proposed rule change would increase NSCC's annual revenue from the portfolio composition file reporting service by approximately \$108,000. The proposed rule change would also make technical and conforming changes.

(i) **BACKGROUND**

NSCC provides an exchange-traded fund ("ETF") portfolio composition file reporting service whereby NSCC makes available to each subscribing Member reports which contain information on ETF portfolios that such Member requests. These reports are available as machine readable output files, as well as through a web-based interface

from which Members may download and print reports. This reporting service is covered in Procedure II (Trade Comparison and Reporting Service), Section F, of the Rules.

Members are assessed fees in accordance with Addendum A (Fee Structure) of the Rules based on their activities and the services utilized. With respect to the ETF portfolio composition file reporting service, the current Fee Structure provides that each Member that subscribes to such service is charged a fee based on the number of portfolios subscribed by the Member on an average daily basis per billing month (referred to as “units” in the Fee Structure). Fees are calculated by applying a tiered fee structure to the average daily number of units subscribed by the Member in the billing month, subject to a maximum and a minimum monthly fee. The minimum monthly fee is designed to offset the costs to NSCC of providing this service to Members on an on-going basis while the maximum monthly fee is designed to cap subscribing Members’ fees for this service to enable such Members to benefit from the economies of scale that NSCC realizes as the number of units being reported increases.

Currently, Members are charged \$3.00 per unit per month for the first zero to 200 average daily units, \$2.00 per unit per month for the next 300 average daily units (201st to 500th units), \$1.00 per unit per month for all average daily units above 500 (501st and above), subject to a monthly minimum charge of \$600 and a monthly maximum charge of \$1,550. The current fees have not been changed for more than five years and are no longer aligned with NSCC’s costs of providing the ETF portfolio composition file reporting service.⁶ As such, the revenue from these fees does not cover the costs of such

⁶ NSCC made a number of enhancements to the ETF portfolio composition file reporting service during 2018 and 2019. These enhancements increased NSCC’s costs of providing the ETF portfolio composition file reporting service.

service. Accordingly, the proposed changes would adjust fees for the subscription-based portfolio composition file reporting service so that revenue for NSCC would better align with the costs of providing such service.

(ii) PROPOSED FEE CHANGES

NSCC is proposing to modify the Fee Structure to better align fees for the subscription-based portfolio composition file reporting service with NSCC's costs of providing such service. Specifically, in Section V.B. of the Fee Structure, NSCC is proposing to increase the fees for the subscription-based portfolio composition file reporting service so that Members would be charged \$4.00 (instead of \$3.00) per unit per month for the first zero to 200 average daily units, \$3.00 (instead of \$2.00) per unit per month for the next 300 average daily units (201st to 500th units), \$2.00 (instead of \$1.00) per unit per month for all average daily units above 500 (501st and above), subject to a monthly minimum charge of \$800 (instead of \$600) and a monthly maximum charge of \$1,800 (instead of \$1,550). NSCC has not modified these fees since 2014.⁷

NSCC is also proposing technical and conforming changes. Specifically, NSCC is proposing to delete an outdated footnote from Section V.B. of the Fee Structure. Footnote 20 in Section V.B. of the Fee Structure refers to the minimum monthly charge being \$300 until December 31, 2015 and that it will increase to \$600 per month thereafter and footnote 20 will be deleted then; however, due to a technical oversight, footnote 20 has not yet been deleted. As such, NSCC is proposing a technical change to delete

⁷ See Securities Exchange Act Release No. 72307 (June 4, 2014), 79 FR 33250 (June 10, 2014) (SR-NSCC-2014-06).

footnote 20 from Section V.B. of the Fee Structure, and a conforming change to renumber footnote 21 as footnote 20 in Section V.C. of the Fee Structure.

(iii) **IMPLEMENTATION TIMEFRAME**

NSCC would implement this proposal by September 1, 2020. As proposed, a legend would be added to the Fee Structure stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include a date by which such changes would be implemented and the file number of this proposal, and state that, once this proposal is implemented, the legend would automatically be removed from the Fee Structure.

2. Statutory Basis

NSCC believes this proposal is consistent with the requirements of the Act, and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, NSCC believes this proposal is consistent with Sections 17A(b)(3)(D)⁸ and 17A(b)(3)(F)⁹ of the Act and Rule 17Ad-22(e)(23)(ii),¹⁰ as promulgated under the Act, for the reasons described below.

Section 17A(b)(3)(D) of the Act requires that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.¹¹ NSCC believes the proposed rule changes to the Fee Structure to better align pricing with costs of services would provide for the equitable allocation of reasonable fees. The proposed

⁸ 15 U.S.C. 78q-1(b)(3)(D).

⁹ 15 U.S.C. 78q-1(b)(3)(F).

¹⁰ 17 CFR 240.17Ad-22(e)(23)(ii).

¹¹ 15 U.S.C. 78q-1(b)(3)(D).

changes would increase the fees assessed for the subscription-based portfolio composition file reporting service in order to better align with the costs of providing such service. NSCC believes the proposed changes to the fees are equitable because they would apply uniformly to all Members that utilize the services. NSCC believes the proposed changes are reasonable because they would be commensurate with the increased costs of resources allocated by NSCC in providing such services. Therefore, NSCC believes the proposed rule changes to the Fee Structure to better align pricing with costs of services are consistent with Section 17A(b)(3)(D) of the Act.

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.¹² The proposed rule changes to make technical and conforming changes would help ensure that the Rules, including the Fee Structure, remain accurate and clear to Members. Having accurate and clear Rules would help Members to better understand their rights and obligations regarding NSCC's clearance and settlement services. NSCC believes that when Members better understand their rights and obligations regarding NSCC's clearance and settlement services, they can act in accordance with the Rules. NSCC believes that better enabling Members to comply with the Rules would promote the prompt and accurate clearance and settlement of securities transactions by NSCC. As such, NSCC believes the proposed rule changes to make technical and conforming changes are consistent with Section 17A(b)(3)(F) of the Act.

Rule 17Ad-22(e)(23)(ii) under the Act requires NSCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide

¹² 15 U.S.C. 78q-1(b)(3)(F).

sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.¹³ NSCC believes that the proposed rule changes to make technical and conforming changes would help ensure that the Fee Structure is transparent and clear to Members. Having a transparent and clear Fee Structure would help Members, NSCC believes, to better understand NSCC's fees and help provide Members with increased predictability and certainty regarding the fees they incur by participating in NSCC. As such, NSCC believes the proposed rule changes to make technical and conforming changes are consistent with Rule 17Ad-22(e)(23)(ii) under the Act.

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

NSCC believes the proposed rule changes to increase the fees for the subscription-based portfolio composition file reporting service may have an impact on competition, because these changes would likely increase the fees of those Members that utilize such service when compared to their fees under the current Fee Structure. NSCC believes these proposed rule changes could burden competition by negatively affecting such Members' operating costs. While these Members may experience increases in their fees when compared to their fees under the current Fee Structure, NSCC does not believe such change in fees would in and of itself mean that the burden on competition is significant. This is because even though the amount of the fee increase may seem significant in some instances (e.g., going from \$1 to \$2 per unit per month for all average daily units above 500), NSCC believes the increase in fees would similarly affect all Members that utilize

¹³ 17 CFR 240.17Ad-22(e)(23)(ii).

the subscription-based portfolio composition file reporting service, and therefore the burden on competition would not be significant.

Regardless of whether the burden on competition is deemed significant, NSCC believes any burden on competition that is created by these proposed rule changes would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.¹⁴

The proposed rule changes to increase the fees for the subscription-based portfolio composition file reporting service would be necessary in furtherance of the purposes of the Act, because the Rules must provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.¹⁵ As described above, NSCC believes that the proposed rule changes would result in fees that are equitably allocated (by applying uniformly to all Members that use the applicable service) and would result in reasonable fees (by better aligning with the costs of the service). As such, NSCC believes these proposed rule changes would be necessary in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.¹⁶

NSCC believes any burden on competition that is created by the proposed rule changes to increase the fees for the subscription-based portfolio composition file reporting service would also be appropriate in furtherance of the purposes of the Act. The proposed rule changes would allow NSCC to assess fees that are better aligned with its costs of providing the service. Having the ability to assess fees that are better aligned

¹⁴ 15 U.S.C. 78q-1(b)(3)(I).

¹⁵ 15 U.S.C. 78q-1(b)(3)(D).

¹⁶ 15 U.S.C. 78q-1(b)(3)(I).

with NSCC's costs of providing the services would help NSCC to continue providing dependable and stable clearance and settlement services to its Members. As such, NSCC believes these proposed rule changes would be appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.¹⁷

NSCC does not believe the proposed rule changes to make technical and conforming changes would impact competition.¹⁸ These changes would apply equally to all Members and would not affect Members' rights and obligations. As such, NSCC believes these proposed rule changes would not have any impact on competition.

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

Written comments relating to this proposed rule change have not been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁹ and paragraph (f) of Rule 19b-4 thereunder.²⁰ 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

¹⁷ Id.

¹⁸ Id.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f).

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-2020-015 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-NSCC-2020-015. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for

website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NSCC-2020-015 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.²¹

Secretary

²¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 3

CONFIDENTIAL SUPPORTING INFORMATION FOR
PROPOSED RULE CHANGE SR-NSCC-2020-015

REMAINDER OF PAGE REDACTED IN ITS ENTIRETY

EXHIBIT 5



**NATIONAL
SECURITIES
CLEARING
CORPORATION**

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Bold and underlined text indicates proposed added language.

~~Bold and strikethrough text~~ indicates proposed deleted language.

ADDENDUM A

[Changes to this Addendum A, as amended by File No. SR-NSCC-2020-015, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-015.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-015.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. By no later than September 1, 2020, these changes will be implemented and this legend will automatically be removed from this Addendum A.]

NATIONAL SECURITIES CLEARING CORPORATION

FEE STRUCTURE

V. PASS-THROUGH AND OTHER FEES

B. Special Service Fees:

6.	Subscription-based Portfolio Composition File Reporting	\$ 3.00 <u>4.00</u> per unit per month for the first zero to 200 average daily units ¹⁹
		\$ 2.00 <u>3.00</u> per unit per month for the next 300 average daily units (201st to 500th units)
		\$ 1.00 <u>2.00</u> per unit per month for all average daily units above 500 (501 st and above)
		\$ 600 <u>800</u> minimum; ²⁰ \$1,550 <u>1,800</u> maximum per month

¹⁹ "Units" refers to the number of portfolio subscriptions for each billing month. Unit charges are calculated by applying the tiered fee structure to the average daily number of units subscribed for by the Members in the billing month.

²⁰ ~~From June 2, 2014 until December 31, 2015, the minimum will be \$300 per month and, thereafter the minimum will increase to \$600 per month and this footnote will be deleted.~~

C. Pass-Through Expenses:

1. Communications

- | | |
|---|----------------------|
| a. Communications Access | Cost |
| b. Telephone toll calls | Cost |
| c. Failure to migrate from legacy networks to SMART and/or SFTI | Cost ²⁴²⁰ |

²⁴²⁰ The entire cost of supporting the legacy network connections will be allocated among the remaining users pro rata.