

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 32

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

File No. * SR 2022 - * 002

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"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input checked="" 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 type="checkbox"/> 19b-4(f)(6)		
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Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

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

Make Certain Changes to Rule 52 to Support Processing of Interval Fund Repurchase Orders, Remove Underwriting Tender Offer Provisions and Make Certain Other Clarifications

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 of 1934, National Securities Clearing Corporation has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date (Title *)

By (Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Date: 2022.03.24
11:29:48 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

Narrative - SR-NSCC-2022-002 (Inter

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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Exhibit 1A - SR-NSCC-2022-002 (Inte

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 Advanced 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 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

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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

Exhibit 5 - SR-NSCC-2022-002 (Interv

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 the Proposed Rule Change

(a) The proposed rule change of National Securities Clearing Corporation (“NSCC”) is annexed hereto as Exhibit 5 and consists of modifications to Rule 52 of the NSCC’s Rules & Procedures (the “Rules”)¹ to (i) make certain changes to support processing of interval fund repurchase orders, (ii) remove the underwriting/tender offer provisions which are no longer in use and (iii) re-number Rule 52 and make certain other clarifications. The proposed changes are 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 the Deputy General Counsel of NSCC on March 23, 2022 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 consists of modifications to Rule 52 of the Rules² to (i) make certain changes to support processing of interval fund repurchase orders, (ii) remove the underwriting/tender offer provisions which are no longer in use and (iii) re-number Rule 52 and make certain other clarifications. The proposed changes are described in greater detail below.

(i) *Interval Fund Repurchase Orders*

NSCC is proposing to enhance Rule 52 to support processing of future-dated interval fund repurchase orders by allowing NSCC Members³ to submit orders prior to the day the order is intended to take place (“Trade Date”).

Interval Funds

Interval funds are closed-end funds that periodically offer to repurchase shares from their

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

² Rule 52, id.

³ For purposes of this filing, “NSCC Members” shall mean Members and Limited Members.

shareholders in compliance with Rule 23c-3 under the Investment Company Act of 1940.⁴ Interval funds make periodic offers to buy back shares from shareholders as disclosed in the fund's prospectus and annual shareholder reports. Each offer will specify the repurchase period (start and end dates) during which the fund will accept shareholder repurchase requests to sell their shares back to the fund. The repurchase occurs on the last day of the repurchase period, or a later specified Trade Date.

Fund/SERV[®] order processing

NSCC Members can submit interval fund repurchase orders on behalf of shareholders to the Fund Members using Fund/SERV. Fund/SERV is an NSCC service described in Rule 52 that provides for processing and settling of Fund/SERV Eligible Funds,⁵ which include certain mutual fund, bank collective fund and other pooled investment product transactions between fund companies, including interval funds, and their distributors.⁶

Currently, Fund/SERV does not allow NSCC Members to submit interval fund repurchase orders prior to the Trade Date. Fund/SERV currently allows NSCC Members to submit repurchase orders for interval funds that are Fund/SERV Eligible Funds by submitting a repurchase order on the Trade Date, or to the extent established by each Fund Member, any day thereafter (referred to as "As-Of" orders).⁷

In 2018, the Broker Dealer Advisory Committee of the Investment Company Institute formed an Interval Funds Task Force ("IFTF")⁸ to explore opportunities to improve interval fund operational efficiencies and reduce operating risk. The IFTF memorialized the operational challenges of interval funds in a series of whitepapers.⁹ One of the challenges that the IFTF identified with respect to interval funds was the inability of funds to submit repurchase orders prior to the Trade Date through Fund/SERV.

⁴ 17 CFR 270.23c-3.

⁵ Fund/SERV Eligible Fund is defined as a fund or other pooled investment entity included in the list for which provision is made in Section 1.(c) of Rule 3. Definition of Fund/SERV Eligible Fund, Rule 1, supra note 1.

⁶ See Part A of Rule 52, supra note 1.

⁷ Part A, Section 2 of Rule 52, supra note 1.

⁸ The Investment Company Institute is a trade association representing mutual funds, exchange-traded funds, closed-end funds and unit investment trusts. See <https://www.ici.org>. The members of the IFTF include fund companies offering interval funds, intermediaries, services providers and The Depository Trust & Clearing Corporation, NSCC's holding company.

⁹ See [Interval Funds: Operational Challenges and the Industry's Way Forward \(ici.org\)](#) and [Consider This: Interval Fund Operational Practices \(ici.org\)](#).

Since NSCC Members are unable to submit the repurchase orders through Fund/SERV until the Trade Date, they must currently track all of the repurchase orders manually on their books until the applicable Trade Date. There is operational risk involved with holding these orders, rather than delivering them when received, including a risk that the NSCC Member holding the order fails to submit the order on the Trade Date. Likewise, interval fund providers would like to be informed of these orders as soon as possible, to help them understand liquidity demands and anticipate whether they may need to prorate repurchase activity and to provide more time to correct an order if it contains incorrect information. Therefore, there is an appreciable benefit to interval funds, shareholders, and intermediaries to improve the straight through processing capabilities for interval fund repurchases through Fund/SERV. NSCC is proposing to allow NSCC Members to submit orders prior to the Trade Date to support submission of interval fund repurchase orders. Such orders would be submitted prior to the Trade Date but dated as of the Trade Date.

NSCC is also proposing to amend the Rules to provide for an acknowledgment process by NSCC Members relating to interval fund repurchase orders. Currently, the Rules provide that NSCC Members may only confirm or reject orders¹⁰ or accept, confirm or reject corrections of orders.¹¹ In order to provide NSCC Members confidence that their repurchase orders have been received, NSCC is proposing to allow NSCC Members that receive interval fund repurchase orders to acknowledge orders and corrections relating to interval fund repurchase orders, in addition to confirming and rejecting such orders or corrections.

NSCC is also proposing to extend the confirmation deadline to accommodate interval fund repurchase orders that are submitted prior to the Trade Date. Currently NSCC provides that if any orders are not confirmed or rejected within a certain time period established by NSCC from time to time (“Confirmation Deadline”) such orders will be deleted from the system.¹² NSCC has established that the Confirmation Deadline is 10 business days after the submission date. Since the submission date is currently on or after the Trade Date, the Confirmation Deadline is always at least 10 business days after the Trade Date. To accommodate repurchase orders that are submitted prior to the Trade Date, the acknowledgement process will provide that if an interval fund repurchase order with a future Trade Date is acknowledged prior to the Confirmation Deadline, the Confirmation Deadline will be extended to 10 business days after the Trade Date and the order will remain in the system until the extended Confirmation Deadline, provided the order was not previously confirmed or rejected. Therefore, as with other orders, the Confirmation Deadline would remain at least 10 business days after the Trade Date for such interval fund repurchase orders.

(ii) Removal of Underwriting/Tender Offer Provisions

¹⁰ See Part A, Section 4 of Rule 52, supra note 1.

¹¹ See Part A, Section 8 of Rule 52, supra note 1.

¹² See Part A, Section 4 of Rule 52, supra note 1. Confirmation Deadline is not a defined term in the Rules and is being defined in this filing for ease of reference.

In 1990 NSCC added provisions to Fund/SERV intended to support the processing of orders relating to mutual fund underwritings and tender offers (the “Underwriting/Tender Offer Provisions”).¹³ The provisions were intended to provide for automated processing of certain processes that were specific to underwritings and tender offers.¹⁴ Previous to the addition, certain processes required manual intervention due to the extended settlement timeframe and ability to withdraw orders in underwritings and tender offers.¹⁵ Forms and system developments were made to support the use of Underwriting/Tender Offer Provisions, and certain NSCC Members used the underwriting/tender offer functionality after it was implemented.

Over the years, however, NSCC Members began using the underwriting/tender offer functionality less and less. NSCC believes that this is likely due to enhancements to the non-underwriting/tender offer order functionality of Fund/SERV that reduced the need for the underwriting/tender offer functionality, NSCC Members becoming more familiar with the non-underwriting/tender offer functionality of Fund/SERV and finding that the non-underwriting/tender offer functionality of Fund/SERV is sufficient to process the orders relating to underwritings and tender offers. NSCC Members have not used the underwriting/tender offer functionality for over a decade and NSCC no longer provides online forms to support the full functionality due to lack of NSCC Member use of the functionality and costs to maintain the functionality. Given that the interval fund repurchase process is similar in some respects to the offer process for underwritings and tender offers, NSCC considered updating the underwriting/tender offer functionality to support interval fund repurchase orders. NSCC decided, however, that it would be more efficient to update the non-underwriting/tender offer order functionality of Fund/SERV to support interval fund repurchases as proposed in this filing rather than to overhaul the Underwriting/Tender Offer Provisions and the underwriting/tender offer functionality.

Since the Underwriting/Tender Offer Provisions are no longer being used by NSCC Members and NSCC does not believe that the Underwriting/Tender Offer Provisions will be used by NSCC Members in the future, NSCC is proposing to remove the Underwriting/Tender Offer Provisions from the Rules.

(iii) Clarifications

In order to improve readability of Rule 52, NSCC is proposing to re-number and make certain other clarifications to Rule 52.

Certain section numbers in Rule 52 are reserved for future use and NSCC is proposing to remove those placeholders and renumber the existing sections.

¹³ See Securities Exchange Release No. 28456 (September 20, 1990) (SR-NSCC-90-14), 55 FR 40028 (October 1, 1990). See also Part A, Section 17 of Rule 52, *supra* note 1.

¹⁴ *Id.*

¹⁵ *Id.*

In addition, Part A, Section 11(a) of Rule 52 currently provides that certain orders and money only related charges will settle in accordance with the time frames as established by NSCC from time to time, or in such extended or shortened time frame as established by agreement of the submitting parties; provided, that such modified time frame shall be no shorter than T (the trade date) and longer than T+7.¹⁶ The provision relating to the time frame being no longer than T+7 is a legacy provision that is no longer applicable or necessary. Historically, NSCC's technology on its platform did not allow for the settlement timeframe to be longer than T+7. Such technology restriction no longer exists. As such, NSCC is proposing to delete the provision that the time frame as modified by the submitting parties may be no longer than T+7.

(iv) Proposed Rule Changes

NSCC is proposing to amend Part A, Section 2 of Rule 52 to provide that orders may be submitted prior to the Trade Date to support the processing of interval fund repurchase orders. NSCC is also proposing to amend Part A, Sections 4 and 8 of Rule 52 to provide for the acknowledgment of interval fund repurchase orders and corrections as described above.

NSCC is proposing to delete the Underwriting/Tender Offer Provisions in Part A, Section 17 of Rule 52 and delete a reference to Part A, Section 17 currently in Part A, Section 16 of Rule 52. NSCC is also proposing to delete a number of section number references in Rule 52 that are currently reserved for future use and renumber the existing section numbers to reflect the deletion of such section numbers and the deletion of the Underwriting/Tender Offer Provisions. NSCC is also proposing to delete the phrase "and no longer than T+7" in Part A, Section 11(a) of Rule 52 as such legacy phrase is no longer applicable or necessary.

(v) Implementation

NSCC expects to implement the proposed rule changes on March 28, 2022. As proposed, a legend would be added to Rule 52 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 would also indicate that the proposed rule change would be implemented on March 28, 2022, indicate the file number of this proposal, and indicate that once this proposal is implemented the legend would automatically be removed.

(b) Statutory Basis

NSCC believes that the proposal is consistent with the requirements of the Securities Exchange Act of 1934 ("Act") and the rules and regulations thereunder applicable to a registered clearing agency. In particular, NSCC believes that the proposed rule changes are consistent with Section 17A(b)(3)(F) of the Act¹⁷ and Rule 17Ad-22(e)(21) promulgated under the Act.¹⁸

¹⁶ See Part A, Section 11(a) of Rule 52, supra note 1.

¹⁷ 15 U.S.C. 78q-1(b)(3)(F).

¹⁸ 17 CFR 240.17Ad-22(e)(21).

Section 17A(b)(3)(F) of the Act,¹⁹ requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions. The proposed changes to support interval fund repurchase orders are consistent with this provision because such changes would enhance the ability of NSCC Members to process interval fund repurchase orders. Providing a more efficient and streamlined process with respect to placing, acknowledging and settling interval fund repurchase orders would promote the prompt and accurate clearance and settlement of securities transactions by NSCC consistent with Section 17A(b)(3)(F) of the Act.²⁰

The removal of the Underwriting/Tender Offer Provisions, the deletion of the section numbers in Rule 52 that are reserved for future use, the renumbering in Rule 52 described above and the removal of the phrase “and no longer than T+7” in Part A of Section 11(a) are also consistent with this provision because the proposed changes would enhance clarity and transparency for participants with respect to services offered by NSCC allowing NSCC Members to have a better understanding of the Rules relating to Mutual Fund Services. Having clear and accurate Rules would help NSCC Members to better understand their rights and obligations regarding NSCC’s services. NSCC believes that when NSCC Members better understand their rights and obligations regarding NSCC’s services, they can act in accordance with the Rules. NSCC believes that better enabling NSCC Members to comply with the Rules would promote the prompt and accurate clearance and settlement of securities transactions by NSCC consistent with Section 17A(b)(3)(F) of the Act.²¹

In addition, the proposed rule change is designed to comply with Rule 17Ad 22(e)(21) promulgated under the Act.²² Rule 17Ad-22(e)(21) under the Act requires NSCC to, inter alia, establish, implement, maintain and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves. The proposed rule change would enhance the ability of NSCC Members to process interval fund repurchase orders providing a more efficient and streamlined process with respect to placing, acknowledging and settling interval fund repurchase orders. Therefore, by establishing a more efficient and effective process for NSCC Members to process interval fund repurchase orders, NSCC believes that the proposed change is consistent with the requirements of Rule 17Ad-22(e)(21), promulgated under the Act.²³

¹⁹ 15 U.S.C. 78q-1(b)(3)(F).

²⁰ Id.

²¹ Id.

²² 17 CFR 240.17Ad-22(e)(21).

²³ Id.

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

NSCC does not believe that the proposed changes would have an adverse impact, or impose a burden, on competition. These proposed changes would improve the ability of NSCC Members to process interval fund repurchase orders and enhance the clarity and transparency of the Rules and would not be adding any obligations on NSCC Members that are using NSCC's services. As such, the proposed changes would not impede any NSCC Members from engaging in the services or have an adverse impact on any NSCC Members. Moreover, the proposed changes may promote competition because the proposed changes would provide NSCC Members a more efficient method of processing interval fund repurchase orders.

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

NSCC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

NSCC reserves the right not to respond to any comments received.

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) or Section 19(b)(7)(D)

(a) The proposed rule changes are to take effect immediately upon filing pursuant to paragraph A of Section 19(b)(3) of the Act.²⁴

(b) The proposed rule change effects a change in an existing service of a registered clearing agency that: (i) does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible, and (ii) does not

²⁴ 15 U.S.C 78s(b)(3)(A).

significantly affect the respective rights or obligations of the clearing agency or persons using the service. The proposed changes set forth above would provide a more efficient and effective method for processing interval fund repurchase orders and enhance the clarity and transparency of the Rules which would not significantly affect the rights or obligations of NSCC or NSCC participants.²⁵

(c) Not applicable.

(d) Not applicable.

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

The proposed rule change is not based on the rules of another self-regulatory organization or the Commission.

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

Not applicable.

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

Not applicable.

²⁵ 17 CFR 240.19b-4(f)(4).

11. Exhibits

Exhibit 1 – Not applicable.

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

Exhibit 2 – Not applicable.

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Rules.

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[____]; File No. SR-NSCC-2022-002)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Make Certain Changes to Rule 52 to Support Processing of Interval Fund Repurchase Orders, Remove Underwriting Tender Offer Provisions and Make Certain Other Clarifications

Pursuant to Section 19(b)(1) of the Act,¹ and Rule 19b-4 thereunder,² notice is hereby given that on March __, 2022, 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)³ of the Act and subparagraph (f)(4)⁴ of Rule 19b-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

(a) The proposed rule change of National Securities Clearing Corporation (“NSCC”) is annexed hereto as Exhibit 5 and consists of modifications to Rule 52 of 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)(4).

NSCC's Rules & Procedures (the "Rules")⁵ to (i) make certain changes to support processing of interval fund repurchase orders, (ii) remove the underwriting/tender offer provisions which are no longer in use and (iii) re-number Rule 52 and make certain other clarifications. The proposed changes are 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 proposed rule change consists of modifications to Rule 52 of the Rules⁶ to (i) make certain changes to support processing of interval fund repurchase orders, (ii) remove the underwriting/tender offer provisions which are no longer in use and (iii) re-number Rule 52 and make certain other clarifications. The proposed changes are described in greater detail below.

(i) Interval Fund Repurchase Orders

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

⁶ Rule 52, id.

NSCC is proposing to enhance Rule 52 to support processing of future-dated interval fund repurchase orders by allowing NSCC Members⁷ to submit orders prior to the day the order is intended to take place (“Trade Date”).

Interval Funds

Interval funds are closed-end funds that periodically offer to repurchase shares from their shareholders in compliance with Rule 23c-3 under the Investment Company Act of 1940.⁸ Interval funds make periodic offers to buy back shares from shareholders as disclosed in the fund’s prospectus and annual shareholder reports. Each offer will specify the repurchase period (start and end dates) during which the fund will accept shareholder repurchase requests to sell their shares back to the fund. The repurchase occurs on the last day of the repurchase period, or a later specified Trade Date.

Fund/SERV[®] order processing

NSCC Members can submit interval fund repurchase orders on behalf of shareholders to the Fund Members using Fund/SERV. Fund/SERV is an NSCC service described in Rule 52 that provides for processing and settling of Fund/SERV Eligible Funds,⁹ which include certain mutual fund, bank collective fund and other pooled investment product transactions between fund companies, including interval funds, and

⁷ For purposes of this filing, “NSCC Members” shall mean Members and Limited Members.

⁸ 17 CFR 270.23c-3.

⁹ Fund/SERV Eligible Fund is defined as a fund or other pooled investment entity included in the list for which provision is made in Section 1.(c) of Rule 3. Definition of Fund/SERV Eligible Fund, Rule 1, supra note 5.

their distributors.¹⁰

Currently, Fund/SERV does not allow NSCC Members to submit interval fund repurchase orders prior to the Trade Date. Fund/SERV currently allows NSCC Members to submit repurchase orders for interval funds that are Fund/SERV Eligible Funds by submitting a repurchase order on the Trade Date, or to the extent established by each Fund Member, any day thereafter (referred to as “As-Of” orders).¹¹

In 2018, the Broker Dealer Advisory Committee of the Investment Company Institute formed an Interval Funds Task Force (“IFTF”)¹² to explore opportunities to improve interval fund operational efficiencies and reduce operating risk. The IFTF memorialized the operational challenges of interval funds in a series of whitepapers.¹³ One of the challenges that the IFTF identified with respect to interval funds was the inability of funds to submit repurchase orders prior to the Trade Date through Fund/SERV.

Since NSCC Members are unable to submit the repurchase orders through Fund/SERV until the Trade Date, they must currently track all of the repurchase orders manually on their books until the applicable Trade Date. There is operational risk

¹⁰ See Part A of Rule 52, supra note 5

¹¹ Part A, Section 2 of Rule 52, supra note 5.

¹² The Investment Company Institute is a trade association representing mutual funds, exchange-traded funds, closed-end funds and unit investment trusts. See <https://www.ici.org>. The members of the IFTF include fund companies offering interval funds, intermediaries, services providers and The Depository Trust & Clearing Corporation, NSCC’s holding company.

¹³ See [Interval Funds: Operational Challenges and the Industry’s Way Forward \(ici.org\)](#) and [Consider This: Interval Fund Operational Practices \(ici.org\)](#).

involved with holding these orders, rather than delivering them when received, including a risk that the NSCC Member holding the order fails to submit the order on the Trade Date. Likewise, interval fund providers would like to be informed of these orders as soon as possible, to help them understand liquidity demands and anticipate whether they may need to prorate repurchase activity and to provide more time to correct an order if it contains incorrect information. Therefore, there is an appreciable benefit to interval funds, shareholders, and intermediaries to improve the straight through processing capabilities for interval fund repurchases through Fund/SERV. NSCC is proposing to allow NSCC Members to submit orders prior to the Trade Date to support submission of interval fund repurchase orders. Such orders would be submitted prior to the Trade Date but dated as of the Trade Date.

NSCC is also proposing to amend the Rules to provide for an acknowledgment process by NSCC Members relating to interval fund repurchase orders. Currently, the Rules provide that NSCC Members may only confirm or reject orders¹⁴ or accept, confirm or reject corrections of orders.¹⁵ In order to provide NSCC Members confidence that their repurchase orders have been received, NSCC is proposing to allow NSCC Members that receive interval fund repurchase orders to acknowledge orders and corrections relating to interval fund repurchase orders, in addition to confirming and rejecting such orders or corrections.

NSCC is also proposing to extend the confirmation deadline to accommodate interval fund repurchase orders that are submitted prior to the Trade Date. Currently

¹⁴ See Part A, Section 4 of Rule 52, supra note 5.

¹⁵ See Part A, Section 8 of Rule 52, supra note 5.

NSCC provides that if any orders are not confirmed or rejected within a certain time period established by NSCC from time to time (“Confirmation Deadline”) such orders will be deleted from the system.¹⁶ NSCC has established that the Confirmation Deadline is 10 business days after the submission date. Since the submission date is currently on or after the Trade Date, the Confirmation Deadline is always at least 10 business days after the Trade Date. To accommodate repurchase orders that are submitted prior to the Trade Date, the acknowledgement process will provide that if an interval fund repurchase order with a future Trade Date is acknowledged prior to the Confirmation Deadline, the Confirmation Deadline will be extended to 10 business days after the Trade Date and the order will remain in the system until the extended Confirmation Deadline, provided the order was not previously confirmed or rejected. Therefore, as with other orders, the Confirmation Deadline would remain at least 10 business days after the Trade Date for such interval fund repurchase orders.

(ii) Removal of Underwriting/Tender Offer Provisions

In 1990 NSCC added provisions to Fund/SERV intended to support the processing of orders relating to mutual fund underwritings and tender offers (the “Underwriting/Tender Offer Provisions”).¹⁷ The provisions were intended to provide for automated processing of certain processes that were specific to underwritings and tender

¹⁶ See Part A, Section 4 of Rule 52, supra note 5. Confirmation Deadline is not a defined term in the Rules and is being defined in this filing for ease of reference.

¹⁷ See Securities Exchange Release No. 28456 (September 20, 1990) (SR-NSCC-90-14), 55 FR 40028 (October 1, 1990). See also Part A, Section 17 of Rule 52, supra note 5.

offers.¹⁸ Previous to the addition, certain processes required manual intervention due to the extended settlement timeframe and ability to withdraw orders in underwritings and tender offers.¹⁹ Forms and system developments were made to support the use of Underwriting/Tender Offer Provisions, and certain NSCC Members used the underwriting/tender offer functionality after it was implemented.

Over the years, however, NSCC Members began using the underwriting/tender offer functionality less and less. NSCC believes that this is likely due to enhancements to the non-underwriting/tender offer order functionality of Fund/SERV that reduced the need for the underwriting/tender offer functionality, NSCC Members becoming more familiar with the non-underwriting/tender offer functionality of Fund/SERV and finding that the non-underwriting/tender offer functionality of Fund/SERV is sufficient to process the orders relating to underwritings and tender offers. NSCC Members have not used the underwriting/tender offer functionality for over a decade and NSCC no longer provides online forms to support the full functionality due to lack of NSCC Member use of the functionality and costs to maintain the functionality. Given that the interval fund repurchase process is similar in some respects to the offer process for underwritings and tender offers, NSCC considered updating the underwriting/tender offer functionality to support interval fund repurchase orders. NSCC decided, however, that it would be more efficient to update the non-underwriting/tender offer order functionality of Fund/SERV to support interval fund repurchases as proposed in this filing rather than to overhaul the Underwriting/Tender Offer Provisions and the underwriting/tender offer functionality.

¹⁸ Id.

¹⁹ Id.

Since the Underwriting/Tender Offer Provisions are no longer being used by NSCC Members and NSCC does not believe that the Underwriting/Tender Offer Provisions will be used by NSCC Members in the future, NSCC is proposing to remove the Underwriting/Tender Offer Provisions from the Rules.

(iii) Clarifications

In order to improve readability of Rule 52, NSCC is proposing to re-number and make certain other clarifications to Rule 52.

Certain section numbers in Rule 52 are reserved for future use and NSCC is proposing to remove those placeholders and renumber the existing sections.

In addition, Part A, Section 11(a) of Rule 52 currently provides that certain orders and money only related charges will settle in accordance with the time frames as established by NSCC from time to time, or in such extended or shortened time frame as established by agreement of the submitting parties; provided, that such modified time frame shall be no shorter than T (the trade date) and longer than T+7.²⁰ The provision relating to the time frame being no longer than T+7 is a legacy provision that is no longer applicable or necessary. Historically, NSCC's technology on its platform did not allow for the settlement timeframe to be longer than T+7. Such technology restriction no longer exists. As such, NSCC is proposing to delete the provision that the time frame as modified by the submitting parties may be no longer than T+7.

(iv) Proposed Rule Changes

NSCC is proposing to amend Part A, Section 2 of Rule 52 to provide that orders may be submitted prior to the Trade Date to support the processing of interval fund

²⁰ See Part A, Section 11(a) of Rule 52, supra note 5.

repurchase orders. NSCC is also proposing to amend Part A, Sections 4 and 8 of Rule 52 to provide for the acknowledgment of interval fund repurchase orders and corrections as described above.

NSCC is proposing to delete the Underwriting/Tender Offer Provisions in Part A, Section 17 of Rule 52 and delete a reference to Part A, Section 17 currently in Part A, Section 16 of Rule 52. NSCC is also proposing to delete a number of section number references in Rule 52 that are currently reserved for future use and renumber the existing section numbers to reflect the deletion of such section numbers and the deletion of the Underwriting/Tender Offer Provisions. NSCC is also proposing to delete the phrase “and no longer than T+7” in Part A, Section 11(a) of Rule 52 as such legacy phrase is no longer applicable or necessary.

(v) *Implementation*

NSCC expects to implement the proposed rule changes on March 28, 2022. As proposed, a legend would be added to Rule 52 stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend would also indicate that the proposed rule change would be implemented on March 28, 2022, indicate the file number of this proposal, and indicate that once this proposal is implemented the legend would automatically be removed.

2. Statutory Basis

NSCC believes that the proposal is consistent with the requirements of the Securities Exchange Act of 1934 (“Act”) and the rules and regulations thereunder applicable to a registered clearing agency. In particular, NSCC believes that the

proposed rule changes are consistent with Section 17A(b)(3)(F) of the Act²¹ and Rule 17Ad-22(e)(21) promulgated under the Act.²²

Section 17A(b)(3)(F) of the Act,²³ requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions. The proposed changes to support interval fund repurchase orders are consistent with this provision because such changes would enhance the ability of NSCC Members to process interval fund repurchase orders. Providing a more efficient and streamlined process with respect to placing, acknowledging and settling interval fund repurchase orders would promote the prompt and accurate clearance and settlement of securities transactions by NSCC consistent with Section 17A(b)(3)(F) of the Act.²⁴

The removal of the Underwriting/Tender Offer Provisions, the deletion of the section numbers in Rule 52 that are reserved for future use, the renumbering in Rule 52 described above and the removal of the phrase “and no longer than T+7” in Part A of Section 11(a) are also consistent with this provision because the proposed changes would enhance clarity and transparency for participants with respect to services offered by NSCC allowing NSCC Members to have a better understanding of the Rules relating to Mutual Fund Services. Having clear and accurate Rules would help NSCC Members to better understand their rights and obligations regarding NSCC’s services. NSCC believes that when NSCC Members better understand their rights and obligations regarding

²¹ 15 U.S.C. 78q-1(b)(3)(F).

²² 17 CFR 240.17Ad-22(e)(21).

²³ 15 U.S.C. 78q-1(b)(3)(F).

²⁴ Id.

NSCC's services, they can act in accordance with the Rules. NSCC believes that better enabling NSCC Members to comply with the Rules would promote the prompt and accurate clearance and settlement of securities transactions by NSCC consistent with Section 17A(b)(3)(F) of the Act.²⁵

In addition, the proposed rule change is designed to comply with Rule 17Ad-22(e)(21) promulgated under the Act.²⁶ Rule 17Ad-22(e)(21) under the Act requires NSCC to, inter alia, establish, implement, maintain and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves. The proposed rule change would enhance the ability of NSCC Members to process interval fund repurchase orders providing a more efficient and streamlined process with respect to placing, acknowledging and settling interval fund repurchase orders. Therefore, by establishing a more efficient and effective process for NSCC Members to process interval fund repurchase orders, NSCC believes that the proposed change is consistent with the requirements of Rule 17Ad-22(e)(21), promulgated under the Act.²⁷

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

NSCC does not believe that the proposed changes would have an adverse impact, or impose a burden, on competition. These proposed changes would improve the ability of NSCC Members to process interval fund repurchase orders and enhance the clarity and

²⁵ Id.

²⁶ 17 CFR 240.17Ad-22(e)(21).

²⁷ Id.

transparency of the Rules and would not be adding any obligations on NSCC Members that are using NSCC's services. As such, the proposed changes would not impede any NSCC Members from engaging in the services or have an adverse impact on any NSCC Members. Moreover, the proposed changes may promote competition because the proposed changes would provide NSCC Members a more efficient method of processing interval fund repurchase orders.

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

NSCC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

NSCC reserves the right not to respond to any comments received.

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)²⁸ of the Act and paragraph (f)²⁹ of Rule 19b-4 thereunder. 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-2022-002 on the subject line.

Paper Comments:

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

²⁸ 15 U.S.C 78s(b)(3)(A).

²⁹ 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-NSCC-2022-002. 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 (<https://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-2022-002 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.³⁰

Secretary

³⁰ 17 CFR 200.30-3(a)(12).



RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Bold and underlined text indicates proposed added language.

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

RULE 52. MUTUAL FUND SERVICES

[Changes to this Rule 52, as amended by File No. SR-NSCC-2022-002 are available at <https://www.dtcc.com/-/media/Files/Downloads/legal/rulefilings/2022/NSCC/SR-NSCC-2022-002.pdf>. These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. These changes will be implemented on March 28, 2022. Upon implementation, this legend will automatically be removed from this Rule 52.]

A. Fund/SERV®

* * *

SEC. 2. A Member, Mutual Fund/Insurance Services Member, TPA Member, TPP Member or Investment Manager/Agent Member who desires to submit a Fund/SERV Eligible Fund order (e.g. purchase, redemption, exchange) or transaction to another Member (referred to as a Mutual Fund Processor) or Fund Member may do so by submitting order data to the Corporation on the day the order is intended to take place (“Trade Date”) or, to the extent established by each Fund Member, any day thereafter (hereinafter referred to as “As-Of” orders) **or any day prior to the Trade Date**, in such form and by such times as established by the Corporation from time to time.¹ An order submitted by a Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or TPA Member that does not indicate otherwise shall be settled through the facilities of the Corporation. An order processed through Fund/SERV but not settled through the Corporation’s facilities is referred to hereinafter as a “Fund/SERV Processing Only Transaction,” and the settlement of such transactions is the responsibility of the parties thereto.

* * *

SEC. 4. A Mutual Fund Processor or Fund Member may **acknowledge (in the case of an interval fund repurchase order)**, confirm or reject an order received from a Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or a TPA Member by transmitting such **acknowledgement**, confirmation or rejection to the Corporation in such form and by such time as established by the Corporation from time to time. If the order was submitted by a TPP Member, TPA Member or Investment Manager/Agent Member, the corresponding TPP/TPA/IMA Settlement Entity will be notified of the action taken by the Mutual Fund Processor or Fund Member. All orders (except money market purchase orders) not **acknowledged**, confirmed or rejected within such time will be deleted from the Fund/SERV system. Upon receipt of a rejection from a Mutual Fund Processor or Fund

¹ A Fund Member or Mutual Fund Processor may indicate to the Corporation the parameters and types of orders it is willing to process through Fund/SERV.

Member, the Corporation will delete the unsettled order from Fund/SERV. Responsibility for adjusting any orders which are deleted from Fund/SERV is between the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or the TPA Member, as the case may be, and the Mutual Fund Processor or Fund Member. In addition to the foregoing, if a Mutual Fund Processor or Fund Member recognizes that he has incorrectly priced orders, other than exchange orders, that were confirmed through Fund/SERV, in order to adjust the price for all such orders (other than money market orders) he may, until the day prior to settlement day, submit a reconfirmation in such form and by such time as established by the Corporation from time to time and with respect to money market orders settling on a same day basis he may on settlement day submit a reconfirmation in such form and by such time as established by the Corporation from time to time; provided, however, that no reconfirmation may be submitted if a Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or a TPA Member has submitted a correction, as provided for in Section 7 of this Rule; instead, the procedures set forth in Section 7 of this Rule shall apply.

* * *

SEC. 8. A Mutual Fund Processor or Fund Member may either **acknowledge (in the case of an interval fund repurchase order)**, accept or reject a correction in such form and by such time as established by the Corporation from time to time. A Mutual Fund Processor or Fund Member must submit a correction confirmation in order to accept a correction. Corrections which are not confirmed or rejected within such time will be deleted from the Fund/SERV system. Upon receipt of a rejection, the Corporation will delete the order from Fund/SERV. Any orders which are deleted from Fund/SERV must be adjusted directly between the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or the TPA Member, as the case may be, and the Mutual Fund Processor or Fund Member.

* * *

SEC. 11. (a) All money market purchase orders and all other confirmed or reconfirmed orders and money only related charges for which settlement is to take place through the facilities of the Corporation, except for orders that have been deleted, rejected or exited, or for which releases to settlement have not been submitted by the Fund Member or Mutual Fund Processor, will settle in accordance with the time frames as established by the Corporation from time to time, or in such extended or shortened time frame as established by agreement of the submitting parties; provided however, that such modified time frame shall be no shorter than T-~~and no longer than T+7~~. On settlement date, the Corporation will debit and credit the appropriate Members', Mutual Fund/Insurance Services Members', Mutual Fund Processors' or Fund Members' account for the value of such orders and money only related charges.

* * *

~~SEC. 13 14. (Section numbers reserved for future use.)~~

SEC. **135**. A Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or a TPA Member may submit registration data for orders and transactions processed and/or settled through Fund/SERV by transmitting such data to the Corporation in such form and by such time as established by the Corporation from time to time. Upon receipt of the registration data, the Corporation will review the data for such information which the Corporation determines from time to time to be necessary (including applicable Fund Member or Mutual Fund Processor parameters). If such data does not contain the information required by the Corporation, the Corporation will reject the data and report such rejection to the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member and the TPA Member, as the case may be, in such form and by such time as established by the Corporation from time to time. A Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or a TPA Member who desires to resubmit registration data that has been rejected must resubmit the registration data as if it had never been submitted. If the registration data appears to contain the information required by the Corporation, the Corporation will transmit the data to the Mutual Fund Processor or Fund Member in such form and by such time as established by the Corporation from time to time. The Mutual Fund Processor or Fund Member must accept or reject the registration data in such form and by such time as established by the Corporation.

SEC. **146**. ACAT/TRANSFERS

(a) Within the time frame established by the Corporation, the Corporation may transmit, to a Mutual Fund Processor or Fund Member, Fund/SERV Eligible Fund customer account transfer data in such form and by such time as established by the Corporation from time to time. The Mutual Fund Processor or Fund Member must reject or confirm the transfer in such format and by such time as established by the Corporation. Transfers not confirmed or rejected within such time frame will be deleted from the Fund/SERV system by the Corporation.

(b) The Corporation may permit a Member to designate another Member or Mutual Fund/Insurance Services Member as its ACATS-Fund/SERV Agent with regard to the re-registration of eligible book share mutual fund assets. Members and ACATS-Fund/SERV Agents must notify the Corporation of such designation in such form and within such timeframe as determined by the Corporation from time to time.

If such designation is made, the ACATS-Fund/SERV Agent (and not the ACAT Receiving or Delivering Member, as the case may be) will be identified on reports and output transmitted to a Mutual Fund Processor or Fund Member. Notwithstanding such designation, the Member shall at all times be responsible for all provisions of these Rules.

~~The processing of orders during an underwriting or tender offer will be the same as specified in this Rule except as modified below in Section 17.~~

SEC. 17. Underwritings/Tender Offers

~~(a) A Mutual Fund Processor or Fund Member who desires orders to be processed as part of an underwriting or tender offer (hereinafter called "Event") shall, in such form and by such time as established by the Corporation from time to time, submit to the Corporation such details of the Event as the Corporation may require or permit, including but not limited to the Members, Mutual Fund/Insurance Services Members, Investment Manager/Agent Members, TPP Members or the TPA Members and corresponding TPP/TPA/IMA Settling Entities entitled to participate in the Event as established by the Mutual Fund Processor or Fund Member, duration of the Event (hereinafter called the "Acceptance Period"), the type of order data that may be accepted and, the settlement date of the Event. Order data received by the Corporation for Fund/SERV Eligible Funds undergoing an Event for which the Corporation has not received details of the Event will not be processed in accordance with this Section.~~

~~(b) Upon receipt of the details, the Corporation will review the details for such information as the Corporation determines from time to time to be necessary. If the details do not include the required data the Corporation will reject the details. If the settlement date provided is not a Business Day, the data shall not be rejected but the next valid Business Day will be assigned by the Corporation as the settlement date.~~

~~(c) It shall be the obligation of a Mutual Fund Processor or Fund Member to determine the appropriateness of any order submitted during an Event and to take such action necessary to reject any invalid orders.~~

~~(d) A Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member, TPA Member or TPP/TPA/IMA Settling Entity may submit, during the Acceptance Period, a deletion of an underwriting order in such form and by such time as established by the Corporation.~~

~~(e) A Mutual Fund Processor or Fund Member may submit a reconfirmation beginning two days after the first day of the Acceptance Period until three days prior to settlement date.~~

~~(f) Settlement will occur in accordance with the time frames as established by the Corporation from time to time based upon data provided by a Mutual Fund Processor or Fund Member provided, however, that in no event shall settlement occur earlier than three (3) Business Days after the date the Corporation receives notice of the settlement date from the Mutual Fund Processor or Fund Member.~~

~~(g) If notice of cancellation of an Event is not received by the Corporation in such form and by such time as established by the Corporation and in no event later than three (3) Business Days prior to settlement date, settlement shall occur as previously established and it shall be the responsibility of the Member, Mutual~~

~~Fund/Insurance Services Member or TPP/TPA/IMA Settling Entity and Mutual Fund Processor or Fund Member to adjust the item directly.~~

SEC. ~~158~~. Transfer of Registration

(a) The Corporation may provide a service to enable the transfer of instructions relating to the registration of Fund/SERV Eligible Fund Shares between a Member and a Fund Member or Mutual Fund Processor (each, a “participant”). For purposes of this Section ~~158~~, the participant to which the registration is to be transferred is referred to as the “Receiving Participant” and the participant that initially holds the registration that is subject to transfer is referred to as the “Delivering Participant”.

* * *

(e) Unless otherwise agreed between the participants that are a party to a transfer request transaction subject to this Section ~~158~~, each participant that submits a transfer request through the Corporation (the “Requesting Participant”) agrees as follows:

* * *

~~SEC. 19-20 (Section numbers reserved for future use.)~~

SEC. ~~1624~~. Transfers of Fund/SERV Eligible Fund Shares.

* * *

~~SEC. 22-45. (Section numbers reserved for future use.)~~

SEC. ~~1746~~. Notwithstanding the foregoing, the submission of a transaction or instruction through Fund/SERV and settlement, deletion, rejection and exit of such transaction or instruction from or through Fund/SERV shall not otherwise relinquish, extinguish or affect any legal rights, remedies or obligations of the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member, TPA Member, Mutual Fund Processor or Fund Member arising out of such transaction or instruction.

SEC. ~~1847~~. Each Business Day, the Corporation will make data available to Members, Mutual Fund/Insurance Services Member, Investment Manager/Agent Members, TPP Members, TPA Members, TPP/TPA/IMA Settling Entities, Mutual Fund Processors and Fund Members, indicating the status of all Fund/SERV transactions and instructions submitted to the Corporation. On a daily basis, Members, Mutual Fund/Insurance Services Members, Investment Manager/Agent Members, TPP Members, TPA Members, TPP/TPA/IMA Settling Entities, Mutual Fund Processors and Fund Members must compare the data against their records and any discrepancies must be immediately reported to the Corporation. To the extent necessary or appropriate, the Corporation may cause an adjustment to be made to the data within such time as the Corporation determines to be necessary.

SEC. ~~1948~~. At any time, the Corporation may prohibit one or more orders, money only related charges or transfer requests from settling through Fund/SERV if the Corporation, in its discretion, determines that such action is necessary for the protection of the Corporation, Members, Mutual Fund/Insurance Services Members, Fund Members, creditors or investors.

SEC. ~~2049~~. (a) The Corporation may delete from Fund/SERV any incompleated Fund/SERV items, with the exception of incompleated ACAT-Fund/SERV items, upon the withdrawal of a Member or Mutual Fund/Insurance Services Member from participation in Fund/SERV, but not earlier than five Business Days following notification to Members and Mutual Fund/Insurance Services Members of such Member's or Mutual Fund/Insurance Services Member's intention to withdraw from Fund/SERV, where such Member or Mutual Fund/Insurance Services Member continues as such or is merged into or acquired by another Member or Mutual Fund/Insurance Services Member which is not a participant in Fund/SERV.

(b) The Corporation may delete from Fund/SERV any incompleated Fund/SERV items upon the withdrawal of a TPP Member, TPA Member or Investment Manager/Agent Member from participation in Fund/SERV, but not earlier than five Business Days following notification to the TPP/TPA/IMA Settling Entity of such TPP Member's, TPA Member's or Investment Manager/Agent Member's intention to withdraw from Fund/SERV.

* * *

B. Networking

* * *

~~SEC. 649. (Section numbers reserved for future use.)~~

SEC. ~~650~~. The Corporation will not be responsible for the completeness or accuracy of any customer account or payment data received from or transmitted to a Member, Mutual Fund/Insurance Services Member, Fund Member, Data Services Only Member, Investment Manager/Agent Member, TPP Member or a TPA Member nor for any errors, omissions or delays which may occur in the absence of gross negligence on the Corporation's part, in the transmission of such customer account or payment data to or from a Member, Mutual Fund/Insurance Services Member, Fund Member, Data Services Only Member, Investment Manager/Agent Member, TPP Member or a TPA Member.

* * *