

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 24		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2023 - * 013 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"/>	
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 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 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>			Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div>Modify Addendum A (Fee Structure)</div>					
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 * <div></div> Last Name * <div></div> Title * <div></div> E-mail * <div>RuleFilingAdmin@dtcc.com</div> Telephone * <div></div> Fax <div></div>					
Signature Pursuant to the requirements of the Securities Exchange of 1934, National Securities Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date <div>12/15/2023</div> By <div></div> <div>(Name *)</div> <div></div> <div>(Title *)</div> <div></div> 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. <div>Date: 2023.12.15 12:46:28 -05'00'</div>					

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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Narrative - NSCC Fee Change - Final.docx

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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Exh 1A - NSCC Fee Change - Final.docx

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 *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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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.

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Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Exh 3 (Redacted) - NSCC Fee Change - Final.docx

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.

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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

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Exh 5 - NSCC Fee Change - Final.docx

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

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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) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² National Securities Clearing Corporation (“NSCC”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to modify Addendum A (Fee Structure) (“Addendum A”) of NSCC’s Rules & Procedures (“Rules”) to increase its Clearing Fund Maintenance Fee, as described below. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(2)⁴ thereunder so that the proposal was effective upon filing with the Commission. The proposed modifications to the Rules are annexed hereto as Exhibit 5.⁵

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Businesses, Technology and Operations Committee of the Board of Directors of NSCC on September 12, 2023.

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 to modify NSCC’s Clearing Fund Maintenance Fee effective January 1, 2024. The proposed fee change is discussed in detail below.

Background

NSCC’s Clearing Fund Maintenance Fee was implemented in 2016 in order to (i) diversify NSCC’s revenue sources, mitigating NSCC’s dependence on revenues driven by trading volumes and (ii) add a stable revenue source that would contribute to NSCC’s operating

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 used herein and not otherwise defined shall have the meaning assigned to such terms in the Rules, available at www.dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

margin by offsetting increasing costs and expenses.⁶ The fee is charged to all NSCC Members that are required to make deposits to the NSCC Clearing Fund in proportion to the Member's average monthly cash deposit to the Clearing Fund.

As part of the annual budgeting process, NSCC reviews price levels against its cost of operations and evaluates potential expense reductions and/or fee changes to correct any misalignment of costs and fees. NSCC's fees are cost-based plus a markup as approved by the Board of Directors or management (pursuant to authority delegated by the Board), as applicable. This markup is applied to recover development costs and operating expenses and to accumulate capital sufficient to meet regulatory and economic requirements.⁷

During the 2024 budgeting process, NSCC identified opportunities to better align fees and costs for NSCC, which were approved by the Businesses, Technology and Operations Committee of the Board of Directors. NSCC anticipates an increase in the cost of funding NSCC's default liquidity resources due to the rising interest rate environment, which would constitute the significant majority of the projected increase in NSCC's overall operating expenses. Specifically, two tranches of senior notes issued in 2020 with lower coupon rates are maturing in 2023, and these notes need to be refinanced with new issuances at significantly higher prevailing market rates. As a result, the weighted average rate of NSCC's senior notes portfolio and its related interest expense would increase. NSCC is therefore proposing to increase the Clearing Fund Maintenance Fee to partially offset its increasing cost of default liquidity resources.

Proposed Fee Changes

Pursuant to Section V.F of Addendum A, NSCC charges a Clearing Fund Maintenance Fee, which is a monthly fee calculated, in arrears, as the product of (A) 0.25% and (B) the average of each Member's (or Limited Member's, if applicable) cash deposit balance in the Clearing Fund, as of the end of each day, for the month, multiplied by the number of days for that month and divided by 360. Based on its annual budgeting review, NSCC proposes to increase the rate used to calculate the Clearing Fund Maintenance Fee by 10 basis points from 0.25% to 0.35%. To effectuate the proposed fee change, NSCC would amend Section V.F. of Addendum A concerning the Clearing Fund Maintenance Fee to reflect the new calculation rate of 0.35%. NSCC would also remove the reference to Limited Members in the Clearing Fund Maintenance Fee description because Limited Members are no longer required to maintain Clearing Fund

⁶ See Securities Exchange Act Release No. 78525 (Aug. 9, 2016), 81 FR 54146 (Aug. 15, 2016) (SR-NSCC-2016-002).

⁷ NSCC maintains procedures to control costs and regularly review pricing levels against costs of operation. See NSCC Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures, available at www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/NSCC_Disclosure_Framework.pdf, at 124.

deposits at NSCC and therefore the Clearing Fund Maintenance Fee no longer applies to Limited Members.⁸

Expected Member Impact

The proposed rule change would result in increased Clearing Fund Maintenance Fees for NSCC Members, the impact of which would vary based on each Member's average monthly cash deposit to the Clearing Fund. Taken alone, the proposed rule change could be expected to result in an increase of approximately \$9 million in fee revenue. However, NSCC notes that while the Clearing Fund Maintenance Fee is being increased, NSCC also anticipates that average Clearing Fund balances would be reduced following the implementation of the T+1 settlement cycle in May 2024.⁹ As a result, the proposed fee change is expected to increase NSCC's overall annual fee revenue by approximately \$3 million. NSCC projects that over half of its Members would see an increase of less than \$25,000, approximately 29 Members would see increases ranging from \$25,000 - \$100,000, and approximately 20 Members would see an increase of over \$100,000.

Member Outreach

NSCC has conducted ongoing outreach to Members in order to provide them with notice of the proposed changes and the anticipated impact for the Member. As of the date of this filing, no written comments relating to the proposed changes have been received in response to this outreach. The Commission will be notified of any written comments received.

Implementation Timeframe

NSCC would implement this proposal on January 1, 2024. As proposed, a legend would be added to Addendum A stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include the

⁸ In December 2021, NSCC adopted a proposed rule change to (i) remove the requirement that Members and Mutual Fund/Insurance Services Members pay a Mutual Fund Deposit into the Clearing Fund relating to Mutual Fund Services, (ii) remove provisions relating to the Mutual Fund Deposit and the Insurance Deposit and (iii) remove a provision relating to establishing a Clearing Fund requirement for NSCC Members that currently do not have a Clearing Fund requirement. See Securities Exchange Act Release No. 93722 (Dec. 6, 2021), 86 FR 70548 (Dec. 10, 2021) (SR-NSCC-2021-015).

⁹ See Securities Exchange Act Release No. 96930 (Feb. 15, 2023), 88 FR 13872 (Mar. 6, 2023) (S7-05-22) (Shortening the Securities Transaction Settlement Cycle). For example, NSCC analysis suggests that the aggregate volatility component of NSCC's margin calculation could potentially be reduced by 41% by a move to a T+1 settlement cycle. See DTCC White Paper, *Advancing Together: Leading the Industry to Accelerated Settlement* (February 2021), available at www.dtcc.com/-/media/Files/PDFs/White%20Paper/DTCC-Accelerated-Settle-WP-2021.pdf.

date on 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.

(b) Statutory Basis

NSCC believes the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, NSCC believes the proposed rule change is consistent with Section 17A(b)(3)(D) of the Act¹⁰ and Rule 17Ad-22(e)(23)(ii)¹¹ thereunder for the reasons set forth below.

Section 17A(b)(3)(D) of the Act¹² requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. NSCC believes the proposed fee is reasonable and would be allocated equitably among its full-service Members. Because the proposed changes do not alter how the Clearing Fund Maintenance Fee is currently allocated (i.e., charged) to Members, NSCC believes the fee would continue to be equitably allocated. More specifically, as mentioned above, the Clearing Fund Maintenance Fee is and would continue to be charged to all Members in proportion to the Member's average monthly cash deposit to the Clearing Fund. As such, and as is currently the case, Members that make greater use of NSCC's guaranteed services or which have activity in those services that present greater risk to NSCC would generally be subject to a larger Clearing Fund Maintenance Fee because such Members would typically be required to maintain larger Clearing Fund deposits pursuant to the Rules.¹³

NSCC also believes that the Clearing Fund Maintenance Fee would continue to be a reasonable fee under the described changes. As described above, the Clearing Fund Maintenance Fee was implemented in 2016 in order to (i) diversify NSCC's revenue sources, mitigating NSCC's dependence on revenues driven by trading volumes and (ii) add a stable revenue source that would contribute to NSCC's operating margin by offsetting increasing costs and expenses. NSCC proposes to adopt a 10 basis point increase in the fee to help offset increased costs funding NSCC's default liquidity resources due to the rising interest rate environment. As noted above, the net interest carry on NSCC's medium term notes is projected to decline next year as legacy senior notes mature and are refinanced at higher prevailing market rates. For this reason, NSCC believes the proposed changes to the Clearing Fund Maintenance Fee are reasonable.

Rule 17Ad-22(e)(23)(ii) under the Act¹⁴ requires NSCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient

¹⁰ 15 U.S.C. 78q-1(b)(3)(D).

¹¹ 17 CFR 240.17Ad-22(e)(23)(ii).

¹² 15 U.S.C. 78q-1(b)(3)(D).

¹³ See Rule 4 and Procedure XV, supra note 5.

¹⁴ 17 CFR 240.17Ad-22(e)(23)(ii).

information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency. The proposed fees would be clearly and transparently published in Addendum A of the Rules, which are available on a public website,¹⁵ thereby enabling Members to identify the fees and costs associated with participating in NSCC. As such, NSCC believes the proposed rule change is consistent with Rule 17Ad-22(e)(23)(ii) under the Act.¹⁶

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

NSCC does not believe that the changes to the Clearing Fund Maintenance Fee would impose any burden on competition. The Clearing Fund Maintenance Fee is charged ratably based on each Members' use of NSCC's guaranteed services, as reflected in Members' cash deposits to the Clearing Fund. Thus, the fee is designed to be reflective of each Member's individual activity at NSCC. While Member's may experience some impact from the increase in fees, NSCC notes that average Clearing Fund balances would also be reduced following the implementation of the T+1 settlement cycle in May 2024, offsetting some of this impact.¹⁷ NSCC believes the proposed fee change would not unfairly inhibit access to NSCC's services by any Member. NSCC therefore believes the proposed rule change would have a minimal impact on Members and would not impose any burden on competition.

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

NSCC has conducted outreach to Members to provide them with notice of the proposed fees.

NSCC has not received or solicited any written comments relating to this proposal. If any written comments are received, NSCC will amend this filing to publicly file such comments 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 www.sec.gov/regulatory-actions/how-to-submit-comments. General questions regarding the rule filing process or logistical questions regarding this filing

¹⁵ See supra note 5.

¹⁶ 17 CFR 240.17Ad-22(e)(23)(ii).

¹⁷ See supra note 9.

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)

(a) The proposed rule change is to take effect immediately upon filing pursuant to paragraph A of Section 19(b)(3)¹⁸ of the Act.

(b) The proposed rule change establishes or changes a due, fee, or other charge.¹⁹

(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 Notice 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.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(2).

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-2023-013)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify Addendum A (Fee Structure)

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 December __, 2023, 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.

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).

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

NSCC is filing the proposed rule change to modify Addendum A (Fee Structure) ("Addendum A") of NSCC's Rules & Procedures ("Rules") to increase its Clearing Fund Maintenance Fee, as described below.⁵

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

In its filing with the Commission, 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 to modify NSCC's Clearing Fund Maintenance Fee effective January 1, 2024. The proposed fee change is discussed in detail below.

Background

NSCC's Clearing Fund Maintenance Fee was implemented in 2016 in order to (i) diversify NSCC's revenue sources, mitigating NSCC's dependence on revenues driven

⁵ Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the Rules, available at www.dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

by trading volumes and (ii) add a stable revenue source that would contribute to NSCC's operating margin by offsetting increasing costs and expenses.⁶ The fee is charged to all NSCC Members that are required to make deposits to the NSCC Clearing Fund in proportion to the Member's average monthly cash deposit to the Clearing Fund.

As part of the annual budgeting process, NSCC reviews price levels against its cost of operations and evaluates potential expense reductions and/or fee changes to correct any misalignment of costs and fees. NSCC's fees are cost-based plus a markup as approved by the Board of Directors or management (pursuant to authority delegated by the Board), as applicable. This markup is applied to recover development costs and operating expenses and to accumulate capital sufficient to meet regulatory and economic requirements.⁷

During the 2024 budgeting process, NSCC identified opportunities to better align fees and costs for NSCC, which were approved by the Businesses, Technology and Operations Committee of the Board of Directors. NSCC anticipates an increase in the cost of funding NSCC's default liquidity resources due to the rising interest rate environment, which would constitute the significant majority of the projected increase in NSCC's overall operating expenses. Specifically, two tranches of senior notes issued in 2020 with lower coupon rates are maturing in 2023, and these notes need to be refinanced

⁶ See Securities Exchange Act Release No. 78525 (Aug. 9, 2016), 81 FR 54146 (Aug. 15, 2016) (SR-NSCC-2016-002).

⁷ NSCC maintains procedures to control costs and regularly review pricing levels against costs of operation. See NSCC Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures, available at www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/NSCC_Disclosure_Framework.pdf, at 124.

with new issuances at significantly higher prevailing market rates. As a result, the weighted average rate of NSCC's senior notes portfolio and its related interest expense would increase. NSCC is therefore proposing to increase the Clearing Fund Maintenance Fee to partially offset its increasing cost of default liquidity resources.

Proposed Fee Changes

Pursuant to Section V.F of Addendum A, NSCC charges a Clearing Fund Maintenance Fee, which is a monthly fee calculated, in arrears, as the product of (A) 0.25% and (B) the average of each Member's (or Limited Member's, if applicable) cash deposit balance in the Clearing Fund, as of the end of each day, for the month, multiplied by the number of days for that month and divided by 360. Based on its annual budgeting review, NSCC proposes to increase the rate used to calculate the Clearing Fund Maintenance Fee by 10 basis points from 0.25% to 0.35%. To effectuate the proposed fee change, NSCC would amend Section V.F. of Addendum A concerning the Clearing Fund Maintenance Fee to reflect the new calculation rate of 0.35%. NSCC would also remove the reference to Limited Members in the Clearing Fund Maintenance Fee description because Limited Members are no longer required to maintain Clearing Fund deposits at NSCC and therefore the Clearing Fund Maintenance Fee no longer applies to Limited Members.⁸

⁸ In December 2021, NSCC adopted a proposed rule change to (i) remove the requirement that Members and Mutual Fund/Insurance Services Members pay a Mutual Fund Deposit into the Clearing Fund relating to Mutual Fund Services, (ii) remove provisions relating to the Mutual Fund Deposit and the Insurance Deposit and (iii) remove a provision relating to establishing a Clearing Fund requirement for NSCC Members that currently do not have a Clearing Fund requirement. See Securities Exchange Act Release No. 93722 (Dec. 6, 2021), 86 FR 70548 (Dec. 10, 2021) (SR-NSCC-2021-015).

Expected Member Impact

The proposed rule change would result in increased Clearing Fund Maintenance Fees for NSCC Members, the impact of which would vary based on each Member's average monthly cash deposit to the Clearing Fund. Taken alone, the proposed rule change could be expected to result in an increase of approximately \$9 million in fee revenue. However, NSCC notes that while the Clearing Fund Maintenance Fee is being increased, NSCC also anticipates that average Clearing Fund balances would be reduced following the implementation of the T+1 settlement cycle in May 2024.⁹ As a result, the proposed fee change is expected to increase NSCC's overall annual fee revenue by approximately \$3 million. NSCC projects that over half of its Members would see an increase of less than \$25,000, approximately 29 Members would see increases ranging from \$25,000 - \$100,000, and approximately 20 Members would see an increase of over \$100,000.

Member Outreach

NSCC has conducted ongoing outreach to Members in order to provide them with notice of the proposed changes and the anticipated impact for the Member. As of the date of this filing, no written comments relating to the proposed changes have been

⁹ See Securities Exchange Act Release No. 96930 (Feb. 15, 2023), 88 FR 13872 (Mar. 6, 2023) (S7-05-22) (Shortening the Securities Transaction Settlement Cycle). For example, NSCC analysis suggests that the aggregate volatility component of NSCC's margin calculation could potentially be reduced by 41% by a move to a T+1 settlement cycle. See DTCC White Paper, *Advancing Together: Leading the Industry to Accelerated Settlement* (February 2021), available at www.dtcc.com/-/media/Files/PDFs/White%20Paper/DTCC-Accelerated-Settle-WP-2021.pdf.

received in response to this outreach. The Commission will be notified of any written comments received.

Implementation Timeframe

NSCC would implement this proposal on January 1, 2024. As proposed, a legend would be added to Addendum A stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include the date on 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.

2. Statutory Basis

NSCC believes the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, NSCC believes the proposed rule change is consistent with Section 17A(b)(3)(D) of the Act¹⁰ and Rule 17Ad-22(e)(23)(ii)¹¹ thereunder for the reasons set forth below.

Section 17A(b)(3)(D) of the Act¹² requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. NSCC believes the proposed fee is reasonable and would be allocated equitably among its full-service Members. Because the proposed changes do not alter how the Clearing Fund Maintenance Fee is currently allocated (i.e., charged) to

¹⁰ 15 U.S.C. 78q-1(b)(3)(D).

¹¹ 17 CFR 240.17Ad-22(e)(23)(ii).

¹² 15 U.S.C. 78q-1(b)(3)(D).

Members, NSCC believes the fee would continue to be equitably allocated. More specifically, as mentioned above, the Clearing Fund Maintenance Fee is and would continue to be charged to all Members in proportion to the Member's average monthly cash deposit to the Clearing Fund. As such, and as is currently the case, Members that make greater use of NSCC's guaranteed services or which have activity in those services that present greater risk to NSCC would generally be subject to a larger Clearing Fund Maintenance Fee because such Members would typically be required to maintain larger Clearing Fund deposits pursuant to the Rules.¹³

NSCC also believes that the Clearing Fund Maintenance Fee would continue to be a reasonable fee under the described changes. As described above, the Clearing Fund Maintenance Fee was implemented in 2016 in order to (i) diversify NSCC's revenue sources, mitigating NSCC's dependence on revenues driven by trading volumes and (ii) add a stable revenue source that would contribute to NSCC's operating margin by offsetting increasing costs and expenses. NSCC proposes to adopt a 10 basis point increase in the fee to help offset increased costs funding NSCC's default liquidity resources due to the rising interest rate environment. As noted above, the net interest carry on NSCC's medium term notes is projected to decline next year as legacy senior notes mature and are refinanced at higher prevailing market rates. For this reason, NSCC believes the proposed changes to the Clearing Fund Maintenance Fee are reasonable.

Rule 17Ad-22(e)(23)(ii) under the Act¹⁴ requires NSCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide

¹³ See Rule 4 and Procedure XV, supra note 5.

¹⁴ 17 CFR 240.17Ad-22(e)(23)(ii).

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. The proposed fees would be clearly and transparently published in Addendum A of the Rules, which are available on a public website,¹⁵ thereby enabling Members to identify the fees and costs associated with participating in NSCC. As such, NSCC believes the proposed rule change is consistent with Rule 17Ad-22(e)(23)(ii) under the Act.¹⁶

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

NSCC does not believe that the changes to the Clearing Fund Maintenance Fee would impose any burden on competition. The Clearing Fund Maintenance Fee is charged ratably based on each Members' use of NSCC's guaranteed services, as reflected in Members' cash deposits to the Clearing Fund. Thus, the fee is designed to be reflective of each Member's individual activity at NSCC. While Member's may experience some impact from the increase in fees, NSCC notes that average Clearing Fund balances would also be reduced following the implementation of the T+1 settlement cycle in May 2024, offsetting some of this impact.¹⁷ NSCC believes the proposed fee change would not unfairly inhibit access to NSCC's services by any Member. NSCC therefore believes the proposed rule change would have a minimal impact on Members and would not impose any burden on competition.

¹⁵ See supra note 5.

¹⁶ 17 CFR 240.17Ad-22(e)(23)(ii).

¹⁷ See supra note 9.

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

NSCC has conducted outreach to Members to provide them with notice of the proposed fees.

NSCC has not received or solicited any written comments relating to this proposal. If any written comments are received, NSCC will amend this filing to publicly file such comments 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 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)¹⁸ of the Act and paragraph (f)¹⁹ 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.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f).

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-2023-013 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-2023-013. 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>). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-NSCC-2023-013 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.²⁰

Secretary

²⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 3

The information contained in this Exhibit 3 is subject to exemption from mandatory disclosure under Exemption #4 of the Freedom of Information Act because the information concerns commercial or financial information which could harm the competitive posture or business interests of National Securities Clearing Corporation (“NSCC”). This Exhibit 3 contains information that is not intended for public disclosure. Accordingly, this Exhibit 3 has been redacted and confidential treatment requested pursuant to 17 CFR 240.24b-2. An unredacted version of this Exhibit 3 was filed separately and confidentially with the Securities and Exchange Commission. Notwithstanding the request for confidential treatment, NSCC believes the substance of this Exhibit 3 is clearly and adequately described in the accompanying Exhibit 1A and Form 19b-4 narrative to the proposed rule change filing, thus allowing for meaningful public comment.

Embedded Files:

- Confidential Supporting Information; 5 pages; proposed amendments to NSCC’s Clearing Fund Maintenance Fee.

PAGE REDACTED IN ITS ENTIRETY

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, as amended by File No. SR-NSCC-2023-013, are available at [dtcc.com/legal/sec-rule-filings](https://www.dtcc.com/legal/sec-rule-filings). These changes became effective upon filing with the SEC but have not yet been implemented. On January 1, 2024, these changes will be implemented and this legend will be automatically removed from this Addendum.]

NATIONAL SECURITIES CLEARING CORPORATION

FEE STRUCTURE

V. PASS-THROUGH AND OTHER FEES

- | | |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| F. Clearing Fund Maintenance Fee | A monthly fee calculated, in arrears, as the product of (A) 0. 25 35 % and (B) the average of each Member's (or Limited Member's, if applicable) cash deposit balance in the Clearing Fund, as of the end of each day, for the month, multiplied by the number of days for that month and divided by 360. |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
