Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 39

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

File No. * SR 2024 - * 006
Amendment No. (req. for Amendments *)

Filing by National Securities Clearing Corporation

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☑ Section 19(b)(3)(A) * ☐ Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

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 *).

Adopt the Clearing Agency Framework for Certain Requirements on Governance and Conflicts of Interest

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 * [redacted] Last Name * [redacted]

Title * [redacted]

E-mail * RuleFilingAdmin@dtcc.com

Telephone * [redacted] Fax

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 08/15/2024

By [redacted]
(Name *)

(Title *) [redacted]

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: 2024.08.15 13:24:03 -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 EFFS website.

Form 19b-4 Information *

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Narrative (NSCC) - Governance Fram

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) - Governance Framev

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.

☐ Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Exh 3 (Redacted) - Governance Frame

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

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Exh 5 (Redacted) - Governance Frame

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) The proposed rule change of National Securities Clearing Corporation ("NSCC") is provided hereto as Exhibit 5 and constitutes a new framework entitled the "Clearing Agency Framework for Certain Requirements on Governance and Conflicts of Interest" ("Framework") of NSCC and its affiliates, Fixed Income Clearing Corporation ("FICC") and The Depository Trust Company ("DTC," and together with NSCC and FICC, the "Clearing Agencies"). The Framework would outline the way in which the Clearing Agencies and their Boards of Directors ("Boards"), as applicable, comply with certain sections of Rule 17ad-25.[1]

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Boards of Directors of the Clearing Agencies at a meeting duly called and held on June 25, 2024.

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

(a) Purpose

Recently, the Securities and Exchange Commission ("Commission") adopted a new rule on governance and conflicts of interest for registered clearing agencies, Rule 17ad-25.[2] The proposed rule changes would establish the Framework, which would outline the way in which the Clearing Agencies and their Boards, as applicable, comply with sections (g), (h), (i) and (j) of the new rule.[3] The proposed rule changes are discussed in more detail below.

(i) Proposed Section 1 and Section 2 of the Framework

Proposed Section 1 of the Framework would constitute the executive summary of the Framework. Section 1 notes, among other things, that the Framework provides an outline for the way in which the Clearing Agencies and their Boards comply with the requirements of Rule 17ad-25(g), (h), (i) and (j)[4] and that the Clearing Agencies may develop policies, procedures and other supplemental documentation to support execution of the Framework. The Framework states that individuals elected to the DTCC Board of Directors are also elected to the Boards of

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1 See 17 CFR 240.17ad-25 ("Rule 17ad-25").

2 See id.

3 See 17 CFR 240.17ad-25(g), (h), (i) and (j).

4 See id.

each of the Clearing Agencies, and that the Framework is applicable to the directors of each of the Clearing Agencies and DTCC separately with respect to their role on each Board.

Section 1 also notes that references in the Framework to the Clearing Agencies and governance bodies should be read in the singular or the plural as the context requires, and references to individual officers or employees, management, or functional areas generally refer to employees or functions of DTCC,[5] acting on behalf of the relevant Clearing Agencies.

Proposed Section 2 of the Framework would cover Framework ownership and change management. The Framework would be owned and managed by an officer, within the General Counsel's Office of DTCC, on behalf of each Clearing Agency. Regarding change management, Section 2 would state that changes to the Framework would be approved by either (1) the Boards, (2) such Board committees as may be delegated authority by the Boards from time to time pursuant to their charters, or (3) with respect to certain changes, the General Counsel or Deputy General Counsels of the Clearing Agencies, pursuant to authority delegated by the Boards and with the advice and direction of the Framework owner. Section 2 also states that the Framework would be reviewed and approved annually by the Boards, or duly authorized committees of the Boards.

(ii) Proposed Section 3 on Rules 17ad-25(g) and (h)

Proposed Section 3 of the Framework would describe how the Clearing Agencies comply with sections (g) and (h) of Rule 17ad-25.[6] The Clearing Agencies would maintain applicable policies and procedures applicable to Board directors and management of the Clearing Agencies, respectively. Such policies and procedures would provide that the Clearing Agencies identify and document existing or potential conflicts of interest in the decision-making process of the Clearing Agencies involving directors or senior managers of the Clearing Agencies, and mitigate or eliminate and document the mitigation or elimination of such conflicts of interest.

Regarding the directors, the Framework would describe that directors are required to exercise their powers in good faith and in the best interests of the Clearing Agencies, rather than their own interests or the interests of another entity or person. Directors have a duty to each Clearing Agency that applies separately. A conflict of interest is present whenever the interests of the Clearing Agencies compete with the interests of a director, the director's employer, or any other party with which a director is associated, or otherwise whenever a director's corporate or personal interests could be viewed as affecting his or her objectivity or independent judgment in fulfilling the director's duties to the Clearing Agencies.

The Framework would state that directors are required to document and inform the Corporate Secretary of the Clearing Agencies promptly of the existence of any relationship or interest that reasonably could affect the independent judgment or decision-making of the director. The Framework would provide that the Corporate Secretary would escalate any

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5 The Depository Trust & Clearing Corporation ("DTCC") is the parent company of the Clearing Agencies.

6 See 17 CFR 240.17ad-25(g) and (h).

disclosure to the General Counsel for evaluation. If such disclosure is deemed to be an actual conflict of interest, the General Counsel would notify the Non-Executive Chairman of the Board and discuss how such conflict can be mitigated or eliminated. In certain cases, it may be advisable for the involved director to recuse himself/herself from any discussion or vote related to the matter. In other cases, where the conflict is limited or indirect, the Non-Executive Chairman in consultation with the General Counsel may determine that the conflict should be disclosed to the full Board of Directors, but in light of such disclosure to the Board, recusal of the director is unnecessary. Further, there may be cases where a conflict is so significant or pervasive that the director would be unable to continue to serve on the Boards. In such instances, the Non-Executive Chairman and General Counsel would discuss with the Governance Committee. Any measures taken to address a conflict of interest would be documented by the Corporate Secretary's Office.

Regarding senior management, the Framework would state that all staff, including senior managers, must avoid activities or relationships that might affect objectivity in business decisions throughout employment with the Clearing Agencies. Staff, including senior managers, are required to disclose a relationship or interest that reasonably could affect objectivity in business decisions for review and determination on the appropriate course of action. A course of action for a conflict of interest could include actions such as recusal of the staff member from the particular matter, such as a vendor selection process or disallowing a staff member from being on the board of directors of a Clearing Agency vendor or client. The course of action will be documented.

(iii) Proposed Section 4 on Rule 17ad-25(i)

Proposed Section 4 of the Framework would describe how the Clearing Agencies comply with section (i) of Rule 17ad-25.[7] The Clearing Agencies would adopt the definition of "service provider for core services" from Rule 17ad-25(a),[8] which is "any person that, through a written service provider agreement for services provided to or on behalf of the registered clearing agency, on an ongoing basis, directly supports the delivery of clearance or settlement functionality or any other purposes material to the business of the registered clearing agency." Additionally, the Clearing Agencies would identify service providers for core services and manage risks related to agreements with such service providers. Specifically, senior management would be required to: (1) evaluate and document the risks related to agreements with service providers for core services, including under changes to circumstances and potential disruptions, and whether the risks can be managed in a manner consistent with the Clearing Agencies' risk management framework; and (2) perform ongoing monitoring of the relationship and report to the Boards for their evaluation of any action taken by senior management to remedy significant deterioration in performance or address changing risks or material issues identified through such monitoring, or if the risk or material issues identified cannot be

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7 See 17 CFR 240.17ad-25(i).

8 See 17 CFR 240.17ad-25(a).

remedied, assess and document weaknesses or deficiencies in the relationship with the service provider for core services for submission to the Board.

Further, the Boards of the Clearing Agencies would: (1) review and approve the procedures described in the previous paragraph; (2) review and approve any agreement that would establish a relationship with a service provider for core services along with the required risk evaluation prepared by senior management; and (3) evaluate any action taken by senior management to remedy significant deterioration in performance or address changing risks or material issues identified through senior management's monitoring of service providers for core services.

Importantly, consistent with the definition from Rule 17ad-25(a), service providers for core services to the Clearing Agencies can be external service providers or intercompany affiliates (i.e., DTCC or one of its subsidiaries). As a general matter, the Clearing Agencies employ a proportionate and risk-based approach adapted to the distinct characteristics and risks presented by these two different categories of service providers.[9] One core distinction is that the Clearing Agencies and their affiliate service providers are all held accountable via enterprise-wide risk management systems, processes, and controls administered under a common governance arrangement (i.e., one holding company). Moreover, this common governance arrangement and the related systems, processes, and controls are based upon and largely derived from the stringent legal and regulatory compliance standards applicable to the Clearing Agencies. Therefore, the Clearing Agencies and their affiliates are all held directly accountable by a common governance arrangement to a set of performance level and risk management standards based upon the Clearing Agencies' requirements, which is administered via enterprise-wide systems, processes, and internal controls. In contrast, because external service providers are not subject to the same governance arrangements and standards that ensure accountability for intercompany affiliates, the Clearing Agencies must use different mechanisms (e.g., negotiating and enforcing express contractual terms) to ensure a comparable degree of risk management and monitoring. Given this fundamental difference in accountability mechanisms, the Clearing Agencies therefore rely upon a dedicated third party risk management function to manage and monitor external relationship risks separately from the internal functions described above applied for affiliated service provider relationships.

(iv) Proposed Section 5 on Rule 17ad-25(j)

Proposed Section 5 of the Framework would state that in support of their compliance with Rule 17ad-25(j),[10] the Clearing Agencies have established various advisory councils ("Advisory Councils") made up of representatives of the Clearing Agencies' participants and

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9 The concept of proportional treatment of affiliated and unaffiliated third party service providers is well-documented in risk management guidance for financial institutions. See, for example, the Financial Stability Board's guidance on *Enhancing Third-Party Risk Management and Oversight: A toolkit for financial institutions and financial authorities* available at https://www.fsb.org/wp-content/uploads/P041223-1.pdf.

10 See 17 CFR 240.17ad-25(j).

other relevant stakeholders. In order to ensure appropriate stakeholders are consulted for different types of material developments at the Clearing Agencies, the Clearing Agencies have established a joint Advisory Council to consider material developments in risk management across the Clearing Agencies and separate business-line specific Advisory Councils to consider material developments in operations. The Clearing Agencies may also use other mechanisms, such as ad hoc group meetings of Clearing Agency participants and other relevant stakeholders, to assist the Boards of the Clearing Agencies in meeting their obligations under Rule 17ad-25(j).

The Framework would state further that the Advisory Councils and the ad hoc mechanisms assist the Boards of the Clearing Agencies in their obligation to solicit, consider, and document their consideration of the views of participants and other relevant stakeholders of the Clearing Agencies regarding material developments in their respective risk management and operations on a recurring basis. Specifically, senior management of the Clearing Agencies would bring material developments in the Clearing Agencies' risk management and operations to the Advisory Councils (or ad hoc mechanisms) for their consideration. Senior management would document the views of the stakeholders participating in these Advisory Councils and mechanisms on such developments. Senior management would then escalate the views on material developments in the Clearing Agencies risk management and operations to the Boards for their consideration.

The proposed rule changes also define "material developments" in the Clearing Agencies' risk management and operations as including developments that would significantly affect the risk and/or operational profile of a Clearing Agency and/or would significantly affect the rights and obligations of relevant stakeholders. Providing information on such material developments would enable stakeholders to identify and evaluate the risk, fees and other significant costs they incur by participating or otherwise interacting with a Clearing Agency. "Material developments" in the Clearing Agencies' risk management and operations would cover areas such as financial risk management, margin methodologies, cyber and operational resiliency, default management, fee structures, the introduction of new cleared products and services, access models, and the design and functioning of the processes and technology systems that support the infrastructure of the Clearing Agencies and the way that participants and other relevant stakeholders connect to such systems.

(v) Implementation Timeframe

Subject to approval by the Commission, the Clearing Agencies would implement the proposed rule changes on December 5, 2024.

(b) Statutory Basis

The Clearing Agencies believe that the proposed changes are consistent with Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 ("Act")[11] for the reasons described below. Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a registered clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, safeguard the securities and funds which are in the custody or control of the clearing agency or

[11] 15 U.S.C. 78q-1(b)(3)(F).

for which it is responsible, and foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.[12]

The proposed rule changes would address potential conflicts of interest, as described more fully in Item 3(a)(ii) above. The proposed rule changes would help ensure that the Clearing Agencies are able to identify potential conflicts of interest at the senior management and Board level and subject such conflicts to a uniform process of review, mitigation or elimination, and documentation. In addition, the proposed changes would address the situation where the Clearing Agencies may not have access to information necessary to identify a potential conflict of interest by requiring that a director be required to document and inform the Clearing Agencies promptly of the existence of any relationship or interest that reasonably could affect the independent judgment or decision-making of the director. The Clearing Agencies believe that including the foregoing requirements in the Framework would help ensure the integrity of the governance processes of the Clearing Agencies and thereby promote the prompt and accurate clearance and settlement of securities transactions and safeguard the securities and funds which are in the custody or control of the Clearing Agencies or for which they are responsible, consistent with Section 17A(b)(3)(F) of the Act.[13]

The proposed rule changes would also address risks presented by service providers for core services, as described more fully in Item 3(a)(iii) above. The proposed rule changes in this regard would require senior management of the Clearing Agencies to manage the risks presented by evaluating and documenting such risks, including under changes to circumstances and potential disruptions, among other things. The proposed rule changes would also provide for Board oversight of senior management regarding the management of risks presented by service providers for core services. These requirements for both senior management and the Boards would help prevent situations where a service provider for core services does not perform its obligations and therefore help prevent undermining the Clearing Agencies' sound risk management and operational resiliency. The Clearing Agencies believe that by helping to maintain their sound risk management and operational resiliency, the proposed rule changes would promote the prompt and accurate clearance and settlement of securities transactions and safeguard the securities and funds which are in the custody or control of the Clearing Agencies or for which they are responsible, consistent with Section 17A(b)(3)(F) of the Act.[14]

The proposed changes would also address the obligation of the Boards to solicit and consider viewpoints of participants and other relevant stakeholders, as described more fully in Item 3(a)(iv) above. The proposed rule changes in this regard would require the Boards to solicit, consider and document their consideration of participant and relevant stakeholder viewpoints regarding material developments in their risk management and operations on a recurring basis. Obtaining viewpoints from participants and relevant stakeholders on material developments in the Clearing Agencies' risk management and operations would help optimize

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12 Id.

13 Id.

14 Id.

the Clearing Agencies' decisions, rules and procedures because it could provide the Clearing Agencies with a wider breadth of useful information as they make developments in these key areas. The Clearing Agencies believe that because the proposed rule changes could lead to better decisions, rules and procedures in these key areas, the proposed rule changes would promote the prompt and accurate clearance and settlement of securities transactions and foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, consistent with the requirements of Section 17A(b)(3)(F) of the Act.[15]

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

The Clearing Agencies believe that the proposed rule changes could promote competition. Specifically, the Clearing Agencies believe, as the Commission noted in its adopting release regarding the adoption of Rule 17ad-25(g) and Rule 17ad-25(h),[16] that the changes on conflicts of interest described in Item 3(a)(ii) above would help promote the integrity of the Clearing Agencies' governance arrangements by helping to ensure the Clearing Agencies are capable of both identifying potential conflicts and subjecting such conflicts to a uniform process of review, mitigation or elimination and documentation. In addition, the proposed changes would address the situation where the Clearing Agencies may not have access to information necessary to identify a potential conflict of interest by requiring that a director be required to document and inform the Clearing Agencies promptly of the existence of any relationship or interest that reasonably could affect the independent judgment or decision-making of the director. The Clearing Agencies believe that these changes taken as a whole serve to ensure the equitable treatment of clearing members or other market participants by the Clearing Agencies and therefore could promote competition.

The Clearing Agencies also believe that the proposed rule changes on the management of risks presented by service providers for core services described in Item 3(a)(iii) above could also promote competition. The proposed rule changes in this regard would require senior management of the Clearing Agencies to manage the risks presented by evaluating and documenting such risks, including under changes to circumstances and potential disruptions, among other things. The proposed rule changes would also provide for Board oversight of senior management regarding the management of risks presented by service providers for core services. These requirements for both senior management and the Boards would help prevent situations where a service provider for core services does not perform its obligations, and therefore help prevent undermining the Clearing Agencies' sound risk management and operational resiliency, which could also be costly for members of the Clearing Agencies. The Clearing Agencies believe that by implementing the proposed changes described in Item 3(a)(iii) above and thereby helping to avoid costs that members may incur if a service provider for core services does not meet its obligations, the proposed rule changes could promote competition.

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15 Id.

16 See Securities Exchange Act Release No. 98959 (Nov. 16, 2023), 88 FR 84454 (Dec. 5, 2023), at 84474.

The Clearing Agencies also believe that the proposed changes on the obligation of the Boards to solicit and consider viewpoints of participants and other relevant stakeholders described in Item 3(a)(iv) above could also promote competition. The proposed rule changes in this regard would require the Boards to solicit, consider and document their consideration of participant and relevant stakeholder viewpoints regarding material developments in their risk management and operations on a recurring basis. The Clearing Agencies believe that the proposed rule changes could promote competition because they would formalize a process by which multiple interested parties (that is, participants and relevant stakeholders) would have their viewpoints on material developments in risk management and operations considered by the Boards, and the Boards could have useful information on how emerging topics in these areas might impact participants and stakeholders.

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

The Clearing Agencies have 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-submitcomments. 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.

The Clearing Agencies reserve the right not to respond to any comments received.

6. Extension of Time Period for Commission Action

The Clearing Agencies do not consent to an extension of the time period specified in Section 19(b)(2) of the Act[17] for Commission action.

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

(a) Not applicable.

(b) Not applicable.

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17 15 U.S.C. 78s(b)(2).

(c) Not applicable.

(d) Not applicable.

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

While the proposed rule change is not based on the rules of another self-regulatory organization or of the Commission, the Framework is applicable to each of the Clearing Agencies, and each of the Clearing Agencies has filed similar proposed rule changes concurrently with this filing.

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.

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

Exhibit 4 – Not applicable.

Exhibit 5 – Clearing Agency Framework for Certain Requirements on Governance and Conflicts of Interest (marked). ***Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 5 being requested pursuant to 17 CFR 240.24b-2.***

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-NSCC-2024-006)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change to Adopt the Clearing Agency Framework for Certain Requirements on Governance and Conflicts of Interest

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 August __, 2024, 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. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change would adopt a new framework entitled the "Clearing Agency Framework for Certain Requirements on Governance and Conflicts of Interest" ("Framework") of NSCC and its affiliates, Fixed Income Clearing Corporation ("FICC") and The Depository Trust Company ("DTC," and together with NSCC and FICC, the "Clearing Agencies"). The Framework would outline the way in which the Clearing

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

Agencies and their Boards of Directors ("Boards"), as applicable, comply with certain sections of Rule 17ad-25,[3] as described 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

Recently, the Commission adopted a new rule on governance and conflicts of interest for registered clearing agencies, Rule 17ad-25.[4] The proposed rule changes would establish the Framework, which would outline the way in which the Clearing Agencies and their Boards, as applicable, comply with sections (g), (h), (i) and (j) of the new rule.[5] The proposed rule changes are discussed in more detail below.

(i) Proposed Section 1 and Section 2 of the Framework

Proposed Section 1 of the Framework would constitute the executive summary of the Framework. Section 1 notes, among other things, that the Framework provides an

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3 See 17 CFR 240.17ad-25 ("Rule 17ad-25").

4 See id.

5 See 17 CFR 240.17ad-25(g), (h), (i) and (j).

outline for the way in which the Clearing Agencies and their Boards comply with the requirements of Rule 17ad-25(g), (h), (i) and (j)[6] and that the Clearing Agencies may develop policies, procedures and other supplemental documentation to support execution of the Framework. The Framework states that individuals elected to the DTCC Board of Directors are also elected to the Boards of each of the Clearing Agencies, and that the Framework is applicable to the directors of each of the Clearing Agencies and DTCC separately with respect to their role on each Board.

Section 1 also notes that references in the Framework to the Clearing Agencies and governance bodies should be read in the singular or the plural as the context requires, and references to individual officers or employees, management, or functional areas generally refer to employees or functions of DTCC,[7] acting on behalf of the relevant Clearing Agencies.

Proposed Section 2 of the Framework would cover Framework ownership and change management. The Framework would be owned and managed by an officer, within the General Counsel's Office of DTCC, on behalf of each Clearing Agency. Regarding change management, Section 2 would state that changes to the Framework would be approved by either (1) the Boards, (2) such Board committees as may be delegated authority by the Boards from time to time pursuant to their charters, or (3) with respect to certain changes, the General Counsel or Deputy General Counsels of the Clearing Agencies, pursuant to authority delegated by the Boards and with the advice and

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6 See id.

7 The Depository Trust & Clearing Corporation ("DTCC") is the parent company of the Clearing Agencies.

direction of the Framework owner. Section 2 also states that the Framework would be reviewed and approved annually by the Boards, or duly authorized committees of the Boards.

(ii) Proposed Section 3 on Rules 17ad-25(g) and (h)

Proposed Section 3 of the Framework would describe how the Clearing Agencies comply with sections (g) and (h) of Rule 17ad-25.[8] The Clearing Agencies would maintain applicable policies and procedures applicable to Board directors and management of the Clearing Agencies, respectively. Such policies and procedures would provide that the Clearing Agencies identify and document existing or potential conflicts of interest in the decision-making process of the Clearing Agencies involving directors or senior managers of the Clearing Agencies, and mitigate or eliminate and document the mitigation or elimination of such conflicts of interest.

Regarding the directors, the Framework would describe that directors are required to exercise their powers in good faith and in the best interests of the Clearing Agencies, rather than their own interests or the interests of another entity or person. Directors have a duty to each Clearing Agency that applies separately. A conflict of interest is present whenever the interests of the Clearing Agencies compete with the interests of a director, the director's employer, or any other party with which a director is associated, or otherwise whenever a director's corporate or personal interests could be viewed as affecting his or her objectivity or independent judgment in fulfilling the director's duties to the Clearing Agencies.

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8 See 17 CFR 240.17ad-25(g) and (h).

The Framework would state that directors are required to document and inform the Corporate Secretary of the Clearing Agencies promptly of the existence of any relationship or interest that reasonably could affect the independent judgment or decision-making of the director. The Framework would provide that the Corporate Secretary would escalate any disclosure to the General Counsel for evaluation. If such disclosure is deemed to be an actual conflict of interest, the General Counsel would notify the Non-Executive Chairman of the Board and discuss how such conflict can be mitigated or eliminated. In certain cases, it may be advisable for the involved director to recuse himself/herself from any discussion or vote related to the matter. In other cases, where the conflict is limited or indirect, the Non-Executive Chairman in consultation with the General Counsel may determine that the conflict should be disclosed to the full Board of Directors, but in light of such disclosure to the Board, recusal of the director is unnecessary. Further, there may be cases where a conflict is so significant or pervasive that the director would be unable to continue to serve on the Boards. In such instances, the Non-Executive Chairman and General Counsel would discuss with the Governance Committee. Any measures taken to address a conflict of interest would be documented by the Corporate Secretary's Office.

Regarding senior management, the Framework would state that all staff, including senior managers, must avoid activities or relationships that might affect objectivity in business decisions throughout employment with the Clearing Agencies. Staff, including senior managers, are required to disclose a relationship or interest that reasonably could affect objectivity in business decisions for review and determination on the appropriate course of action. A course of action for a conflict of interest could include actions such

as recusal of the staff member from the particular matter, such as a vendor selection process or disallowing a staff member from being on the board of directors of a Clearing Agency vendor or client. The course of action will be documented.

(iii) Proposed Section 4 on Rule 17ad-25(i)

Proposed Section 4 of the Framework would describe how the Clearing Agencies comply with section (i) of Rule 17ad-25.[9] The Clearing Agencies would adopt the definition of "service provider for core services" from Rule 17ad-25(a),[10] which is "any person that, through a written service provider agreement for services provided to or on behalf of the registered clearing agency, on an ongoing basis, directly supports the delivery of clearance or settlement functionality or any other purposes material to the business of the registered clearing agency." Additionally, the Clearing Agencies would identify service providers for core services and manage risks related to agreements with such service providers. Specifically, senior management would be required to: (1) evaluate and document the risks related to agreements with service providers for core services, including under changes to circumstances and potential disruptions, and whether the risks can be managed in a manner consistent with the Clearing Agencies' risk management framework; and (2) perform ongoing monitoring of the relationship and report to the Boards for their evaluation of any action taken by senior management to remedy significant deterioration in performance or address changing risks or material issues identified through such monitoring, or if the risk or material issues identified

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9 See 17 CFR 240.17ad-25(i).

10 See 17 CFR 240.17ad-25(a).

cannot be remedied, assess and document weaknesses or deficiencies in the relationship with the service provider for core services for submission to the Board.

Further, the Boards of the Clearing Agencies would: (1) review and approve the procedures described in the previous paragraph; (2) review and approve any agreement that would establish a relationship with a service provider for core services along with the required risk evaluation prepared by senior management; and (3) evaluate any action taken by senior management to remedy significant deterioration in performance or address changing risks or material issues identified through senior management's monitoring of service providers for core services.

Importantly, consistent with the definition from Rule 17ad-25(a), service providers for core services to the Clearing Agencies can be external service providers or intercompany affiliates (i.e., DTCC or one of its subsidiaries). As a general matter, the Clearing Agencies employ a proportionate and risk-based approach adapted to the distinct characteristics and risks presented by these two different categories of service providers.[11] One core distinction is that the Clearing Agencies and their affiliate service providers are all held accountable via enterprise-wide risk management systems, processes, and controls administered under a common governance arrangement (i.e., one holding company). Moreover, this common governance arrangement and the related systems, processes, and controls are based upon and largely derived from the stringent

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11 The concept of proportional treatment of affiliated and unaffiliated third party service providers is well-documented in risk management guidance for financial institutions. See, for example, the Financial Stability Board's guidance on *Enhancing Third-Party Risk Management and Oversight: A toolkit for financial institutions and financial authorities* available at https://www.fsb.org/wp-content/uploads/P041223-1.pdf.

legal and regulatory compliance standards applicable to the Clearing Agencies. Therefore, the Clearing Agencies and their affiliates are all held directly accountable by a common governance arrangement to a set of performance level and risk management standards based upon the Clearing Agencies' requirements, which is administered via enterprise-wide systems, processes, and internal controls. In contrast, because external service providers are not subject to the same governance arrangements and standards that ensure accountability for intercompany affiliates, the Clearing Agencies must use different mechanisms (e.g., negotiating and enforcing express contractual terms) to ensure a comparable degree of risk management and monitoring. Given this fundamental difference in accountability mechanisms, the Clearing Agencies therefore rely upon a dedicated third party risk management function to manage and monitor external relationship risks separately from the internal functions described above applied for affiliated service provider relationships.

(iv) Proposed Section 5 on Rule 17ad-25(j)

Proposed Section 5 of the Framework would state that in support of their compliance with Rule 17ad-25(j),[12] the Clearing Agencies have established various advisory councils ("Advisory Councils") made up of representatives of the Clearing Agencies' participants and other relevant stakeholders. In order to ensure appropriate stakeholders are consulted for different types of material developments at the Clearing Agencies, the Clearing Agencies have established a joint Advisory Council to consider material developments in risk management across the Clearing Agencies and separate business-line specific Advisory Councils to consider material developments in

12 See 17 CFR 240.17ad-25(j).

operations. The Clearing Agencies may also use other mechanisms, such as ad hoc group meetings of Clearing Agency participants and other relevant stakeholders, to assist the Boards of the Clearing Agencies in meeting their obligations under Rule 17ad-25(j).

The Framework would state further that the Advisory Councils and the ad hoc mechanisms assist the Boards of the Clearing Agencies in their obligation to solicit, consider, and document their consideration of the views of participants and other relevant stakeholders of the Clearing Agencies regarding material developments in their respective risk management and operations on a recurring basis. Specifically, senior management of the Clearing Agencies would bring material developments in the Clearing Agencies' risk management and operations to the Advisory Councils (or ad hoc mechanisms) for their consideration. Senior management would document the views of the stakeholders participating in these Advisory Councils and mechanisms on such developments. Senior management would then escalate the views on material developments in the Clearing Agencies risk management and operations to the Boards for their consideration.

The proposed rule changes also define "material developments" in the Clearing Agencies' risk management and operations as including developments that would significantly affect the risk and/or operational profile of a Clearing Agency and/or would significantly affect the rights and obligations of relevant stakeholders. Providing information on such material developments would enable stakeholders to identify and evaluate the risk, fees and other significant costs they incur by participating or otherwise interacting with a Clearing Agency. "Material developments" in the Clearing Agencies' risk management and operations would cover areas such as financial risk management,

margin methodologies, cyber and operational resiliency, default management, fee structures, the introduction of new cleared products and services, access models, and the design and functioning of the processes and technology systems that support the infrastructure of the Clearing Agencies and the way that participants and other relevant stakeholders connect to such systems.

(v) Implementation Timeframe

Subject to approval by the Commission, the Clearing Agencies would implement the proposed rule changes on December 5, 2024.

2. Statutory Basis

The Clearing Agencies believe that the proposed changes are consistent with Section 17A(b)(3)(F) of the Act[13] for the reasons described below. Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a registered clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, safeguard the securities and funds which are in the custody or control of the clearing agency or for which it is responsible, and foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.[14]

The proposed rule changes would address potential conflicts of interest, as described more fully in Item II(A)1(ii) above. The proposed rule changes would help ensure that the Clearing Agencies are able to identify potential conflicts of interest at the senior management and Board level and subject such conflicts to a uniform process of review, mitigation or elimination, and documentation. In addition, the proposed changes

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13 15 U.S.C. 78q-1(b)(3)(F).

14 Id.

would address the situation where the Clearing Agencies may not have access to information necessary to identify a potential conflict of interest by requiring that a director be required to document and inform the Clearing Agencies promptly of the existence of any relationship or interest that reasonably could affect the independent judgment or decision-making of the director. The Clearing Agencies believe that including the foregoing requirements in the Framework would help ensure the integrity of the governance processes of the Clearing Agencies and thereby promote the prompt and accurate clearance and settlement of securities transactions and safeguard the securities and funds which are in the custody or control of the Clearing Agencies or for which they are responsible, consistent with Section 17A(b)(3)(F) of the Act.[15]

The proposed rule changes would also address risks presented by service providers for core services, as described more fully in Item II(A)1(iii) above. The proposed rule changes in this regard would require senior management of the Clearing Agencies to manage the risks presented by evaluating and documenting such risks, including under changes to circumstances and potential disruptions, among other things. The proposed rule changes would also provide for Board oversight of senior management regarding the management of risks presented by service providers for core services. These requirements for both senior management and the Boards would help prevent situations where a service provider for core services does not perform its obligations and therefore help prevent undermining the Clearing Agencies' sound risk management and operational resiliency. The Clearing Agencies believe that by helping to maintain their sound risk management and operational resiliency, the proposed rule changes would

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15 Id.

promote the prompt and accurate clearance and settlement of securities transactions and safeguard the securities and funds which are in the custody or control of the Clearing Agencies or for which they are responsible, consistent with Section 17A(b)(3)(F) of the Act.[16]

The proposed changes would also address the obligation of the Boards to solicit and consider viewpoints of participants and other relevant stakeholders, as described more fully in Item II(A)1(iv) above. The proposed rule changes in this regard would require the Boards to solicit, consider and document their consideration of participant and relevant stakeholder viewpoints regarding material developments in their risk management and operations on a recurring basis. Obtaining viewpoints from participants and relevant stakeholders on material developments in the Clearing Agencies' risk management and operations would help optimize the Clearing Agencies' decisions, rules and procedures because it could provide the Clearing Agencies with a wider breadth of useful information as they make developments in these key areas. The Clearing Agencies believe that because the proposed rule changes could lead to better decisions, rules and procedures in these key areas, the proposed rule changes would promote the prompt and accurate clearance and settlement of securities transactions and foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, consistent with the requirements of Section 17A(b)(3)(F) of the Act.[17]

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16 Id.

17 Id.

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

The Clearing Agencies believe that the proposed rule changes could promote competition. Specifically, the Clearing Agencies believe, as the Commission noted in its adopting release regarding the adoption of Rule 17ad-25(g) and Rule 17ad-25(h),[18] that the changes on conflicts of interest described in Item II(A)1(ii) above would help promote the integrity of the Clearing Agencies' governance arrangements by helping to ensure the Clearing Agencies are capable of both identifying potential conflicts and subjecting such conflicts to a uniform process of review, mitigation or elimination and documentation. In addition, the proposed changes would address the situation where the Clearing Agencies may not have access to information necessary to identify a potential conflict of interest by requiring that a director be required to document and inform the Clearing Agencies promptly of the existence of any relationship or interest that reasonably could affect the independent judgment or decision-making of the director. The Clearing Agencies believe that these changes taken as a whole serve to ensure the equitable treatment of clearing members or other market participants by the Clearing Agencies and therefore could promote competition.

The Clearing Agencies also believe that the proposed rule changes on the management of risks presented by service providers for core services described in Item II(A)1(iii) above could also promote competition. The proposed rule changes in this regard would require senior management of the Clearing Agencies to manage the risks presented by evaluating and documenting such risks, including under changes to

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18 See Securities Exchange Act Release No. 98959 (Nov. 16, 2023), 88 FR 84454 (Dec. 5, 2023), at 84474.

circumstances and potential disruptions, among other things. The proposed rule changes would also provide for Board oversight of senior management regarding the management of risks presented by service providers for core services. These requirements for both senior management and the Boards would help prevent situations where a service provider for core services does not perform its obligations, and therefore help prevent undermining the Clearing Agencies' sound risk management and operational resiliency, which could also be costly for members of the Clearing Agencies. The Clearing Agencies believe that by implementing the proposed changes described in Item II(A)1(iii) above and thereby helping to avoid costs that members may incur if a service provider for core services does not meet its obligations, the proposed rule changes could promote competition.

The Clearing Agencies also believe that the proposed changes on the obligation of the Boards to solicit and consider viewpoints of participants and other relevant stakeholders described in Item II(A)1(iv) above could also promote competition. The proposed rule changes in this regard would require the Boards to solicit, consider and document their consideration of participant and relevant stakeholder viewpoints regarding material developments in their risk management and operations on a recurring basis. The Clearing Agencies believe that the proposed rule changes could promote competition because they would formalize a process by which multiple interested parties (that is, participants and relevant stakeholders) would have their viewpoints on material developments in risk management and operations considered by the Boards, and the Boards could have useful information on how emerging topics in these areas might impact participants and stakeholders.

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

The Clearing Agencies have 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-submitcomments. 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.

The Clearing Agencies reserve the right not to respond to any comments received.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2024-006 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-2024-006. 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 (dtcc.com/legal/sec-rule-filings). 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-2024-006 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Secretary

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19 17 CFR 200.30-3(a)(12).

EXHIBIT 3

The information contained in this Exhibit 3 is subject to exemption from mandatory disclosure under Exemptions #4 and #8 of the Freedom of Information Act because the information concerns (i) trade secrets and commercial information that is privileged or confidential and (ii) the supervision of The Depository Trust Company, Fixed Income Clearing Corporation, and National Securities Clearing Corporation (collectively, the "Clearing Agencies"), which are financial institutions. This Exhibit 3 contains one or more electronic files embedded in a one-page document for filing efficiency, as listed below. The information contained in the embedded file or files 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 was filed separately and confidentially with the Securities and Exchange Commission.

Embedded File(s):

1. FICC Advisory Council Charter; 4 pages
2. NSCC and DTC Clearance and Settlement Advisory Council Charter; 5 pages
3. DTC Asset Services Advisory Council Charter; 4 pages
4. Risk Management Advisory Council Charter; 4 pages
5. Corporate Secretary's Office Procedures for DTCC/DTC/FICC/NSCC Director Conflicts of Interest and Independence Assessment; 15 pages
6. DTCC/DTC/FICC/NSCC Board Code of Ethics and Conflicts of Interest Policy; 12 pages
7. DTCC/DTC/FICC/NSCC Board Mission Statement and Charter; 16 pages
8. Excerpts of the DTCC Third party Risk Policy and the DTCC Third Party Risk Procedures; 10 pages
9. Excerpts of the DTCC Risk Tolerance procedures and the Intercompany Agreement Review and Storage Procedure; 4 pages
10. Excerpts of the following policies and procedures for managing conflicts of interest for DTCC senior management: DTCC Gifts Entertainment and Conflicts of Interest Policy and the DTCC Gifts Entertainment and Conflicts of Interest Procedures; 8 pages

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EXHIBIT 5

The information contained in this Exhibit 5 is subject to exemption from mandatory disclosure under Exemptions #4 and #8 of the Freedom of Information Act because the information concerns (i) trade secrets and commercial information that is privileged or confidential and (ii) the supervision of The Depository Trust Company, Fixed Income Clearing Corporation, and National Securities Clearing Corporation (collectively, the "Clearing Agencies"), which are financial institutions. This Exhibit 5 constitutes a new framework entitled the "Clearing Agency Framework for Certain Requirements on Governance and Conflicts of Interest," which is not intended for public disclosure. Accordingly, this Exhibit 5 has been redacted and confidential treatment requested pursuant to 17 CFR 240.24b-2. An unredacted version was filed separately and confidentially with the Securities and Exchange Commission. Notwithstanding the request for confidential treatment, the Clearing Agencies believe the substance of this Exhibit 5 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.

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