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Page 1 of * 45		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 007 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 checked="" type="checkbox"/>		Section 19(b)(3)(A) * <input 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)	
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		<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>Amend the Recovery and Wind-down Plan to Satisfy the Requirements of Exchange Act Rule 17ad-26</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>04/16/2025</div> (Title *) By <div></div> <div></div> (Name *)					
NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed. <div>Date: 2025.04.16 09:58:24 -04'00'</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) - RWP 17ad-26 - Fi

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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Exhibit 1A (NSCC) - RWP 17ad-26 - F

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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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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Exhibit 5 (NSCC) - (Redacted) - RWP

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 in Exhibit 5.¹

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of NSCC (“Board”) at a meeting duly called and held on April 16, 2025.

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

(a) Purpose

Executive Summary

The R&W Plan was adopted in August 2018, has been amended over time to reflect changes since its adoption,² and is maintained by NSCC for compliance with Rule 17ad-22(e)(3)(ii) under the Securities Exchange Act of 1934 (“Exchange Act” or “Act”).³ Rule 17ad-22(e)(3)(ii) requires registered clearing agencies to, in short, establish, implement and maintain plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses. The Plan is intended to be used by the Board and NSCC management in the event NSCC encounters scenarios that could potentially prevent it from being able to provide its critical services to the marketplace as a going concern. The R&W Plan is managed by the Office of Recovery &

¹ Capitalized terms not defined herein are defined in the Rules and Procedures of NSCC (the “Rules”), available at www.dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf, or in the Recovery & Wind-down Plan of NSCC (the “R&W Plan” or “Plan”).

² See Securities Exchange Act Release Nos. 83974 (Aug. 28, 2018), 83 FR 44988 (Sept. 4, 2018) (SR-NSCC-2017-017); 83955 (Aug. 27, 2018), 83 FR 44340 (Aug. 30, 2018) (SR-NSCC-2017-805); 98328 (Sept. 8, 2023), 88 FR 63180 (Sept. 14, 2023) (SR-NSCC-2023-008); 91428 (Mar. 29, 2021), 86 FR 17440 (Apr. 2, 2021) (SR-NSCC-2021-004); and 102757 (Apr. 1, 2025), 90 FR 15026 (Apr. 7, 2025) (SR-NSCC-2025-004).

³ 17 CFR 240.17ad-22(e)(3)(ii). NSCC is a “covered clearing agency” as defined in Rule 17ad-22(a)(5) under the Act and must comply with paragraph (e) of Rule 17ad-22. In 2012, NSCC was designated a systemically important financial market utility (“SIFMU”) by the Financial Stability Oversight Council (“FSOC”).

Resolution Planning (referred to in the Plan as the “R&R Team”) of NSCC’s parent company, the Depository Trust & Clearing Corporation (“DTCC”),⁴ on behalf of NSCC, with review and oversight by the DTCC Executive Committee and the Board.

The R&W Plan is comprised of two primary sections: (i) the “Recovery Plan,” which sets out the tools and strategies to enable NSCC to recover, in the event it experiences losses that exceed its prefunded resources, and (ii) the “Wind-down Plan,” which describes the tools and strategies to be used to conduct an orderly wind-down of NSCC’s business in a manner designed to permit the continuation of NSCC’s critical services in the event that its recovery efforts are not successful.

The purpose of the rule proposal is to amend the R&W Plan to satisfy the requirements of new Exchange Act Rule 17ad-26⁵ (the “RWP Rule” or “Rule 17ad-26”), which codifies the definitions of “Recovery”⁶ and “Orderly wind-down,”⁷ and requires that plans for the recovery and orderly wind-down of a covered clearing agency, such as NSCC, identify and include certain

⁴ DTCC operates on a shared service model with respect to NSCC and its other affiliated clearing agencies, The Depository Trust Company (“DTC”) and Fixed Income Clearing Corporation (“FICC”). Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides relevant services to NSCC, DTC and FICC (collectively, the “Clearing Agencies”).

⁵ See Covered Clearing Agency Resilience and Recovery and Orderly Wind-down Plan, Exchange Act Release No. 101446 (October 25, 2024), 89 Fed. Reg. 91000 (November 18, 2024) (S7-10-23).

⁶ Id. Pursuant to Rule 17ad-26, “Recovery” means the actions of a covered clearing agency, consistent with its rules, procedures, and other *ex ante* contractual arrangements, to address any uncovered loss, liquidity shortfall, or capital inadequacy, whether arising from participant default or other causes (such as business, operational, or other structural weaknesses), including actions to replenish any depleted prefunded financial resources and liquidity arrangements, as necessary to maintain the covered clearing agency’s viability as a going concern and to continue its provision of core services, as identified by the covered clearing agency pursuant to (a)(1) of this section.”

⁷ Id. Pursuant to Rule 17ad-26, “Orderly wind-down” means the actions of a covered clearing agency to effect the permanent cessation, sale, or transfer of one or more of its core services, as identified by the covered clearing agency pursuant to paragraph (a)(1) of this section, in a manner that would not increase the risk of significant liquidity, credit, or operational problems spreading among financial institutions or markets and thereby threaten the stability of the U.S. financial system.”

specific elements.⁸ In addition to incorporating the required elements into the Plan, the rule proposal would also make other conforming updates and technical revisions consistent with the RWP Rule, including incorporating key terms as defined in Rule 17ad-26. NSCC believes that by helping to ensure that the R&W Plan meets the requirements of Rule 17ad-26 and making necessary amendments and technical revisions that provide additional clarity, the proposed rule change will help NSCC ensure that, in times of extreme market stress, the Plan can ensure continuity of NSCC's critical services and enable Members to maintain access to NSCC's services through the transfer of its membership in the event NSCC defaults or the Wind-down Plan is ever triggered by the Board.

Background

As stated above, the R&W Plan is managed by the R&R Team, with review and oversight by the DTCC Executive Committee and the Board. NSCC completed its most recent review of the Plan in 2024, prior to the SEC's adoption of Rule 17ad-26.⁹ The proposed rule change reflects amendments proposed to the Plan that are intended to address the requirements of Rule 17ad-26, which are described in greater detail below.

Proposed Amendments

A. Proposed Changes to Reflect the Requirements of Rule 17ad-26

NSCC is proposing changes to the Plan to reflect the requirements of Rule 17ad-26. Specifically, NSCC proposes to amend the Plan to incorporate a series of attachments to be added to the end of the Plan that address the requirements of Rule 17ad-26. The proposed attachments would address those requirements of the RWP Rule that are not otherwise covered by the current Plan. NSCC would also add a new section to the Plan, Section 9 (Compliance with SEC Rule 17ad-26: Recovery and Orderly Wind-down Plans of Covered Clearing Agencies) describing each of the attachments

The following are the required elements of Rule 17ad-26 with descriptions of the proposed new attachments to the Plan or, where applicable, the relevant section in which the element is already addressed in the Plan.

Rule 17ad-26(a)(1) (Core Services): This element of the RWP Rule requires, among other things, that the covered clearing agency identify and describe its core payment, clearing, and settlement services. NSCC's current Plan already includes the information necessary to satisfy this aspect of Rule 17ad-26. Therefore, other than the relevant name changes needed to

⁸ Id. Rule 17ad-26 identifies the elements that a covered clearing agency's RWP must contain, including: (i) elements related to planning, including the identification and use of scenarios, triggers, tools, staffing and services providers, and (ii) testing and board approval of the plans.

⁹ Supra note 2.

replace the term “Critical” with “Core,” consistent with the RWP Rule¹⁰ the rule proposal would not amend this portion of the Plan. Specifically, Section 3 (Critical Services) defines the criteria for classifying certain of NSCC’s services as “critical,”¹¹ and identifies such critical services and the rationale for their classification. There is a table (Table 3-B: NSCC Critical Services) that lists each of the services, functions or activities that NSCC has identified as “critical” based on the applicability of the criteria.¹²

Rule 17ad-26(a)(1)(i) (Staffing): Attachment A-1 of the Plan would address the requirements of Rule 17ad-26(a)(1)(i), which requires that NSCC include identification of the staffing roles necessary to support NSCC’s core services.¹³ Specifically, Attachment A-1 would be in the form of an Excel spreadsheet and would identify the staffing roles necessary to support the core services of NSCC as identified and described in the Plan, in the event of a recovery and during an orderly wind-down. Attachment A-1 would identify the core service and describe the necessary staffing roles, broken out by the number of managers and performers required within the relevant department (for example, Operations, IT). It would also include whether the number of roles is equal to the current business as usual staffing or less and provide a rationale as to why.

Rule 17ad-26(a)(1)(ii) (Staffing Analysis): Attachment A-2 of the Plan would address the requirement in Rule 17ad-26(a)(1)(ii)¹⁴ that NSCC analyze how the staffing roles necessary to support the core services identified and described in Attachment A-1 would continue in the event of a recovery and during an orderly wind-down. Specifically, Attachment A-2 would be an analysis that identifies the potential challenges of retaining staffing roles during a recovery or wind-down event and potential ways NSCC has identified to address those challenges so that the core services can continue uninterrupted. The analysis would acknowledge that retaining staff can be particularly challenging during recovery or orderly wind-down periods as uncertainties

¹⁰ Supra note 5.

¹¹ The criteria that is used to identify an NSCC service or function as critical includes consideration as to whether (1) there is a lack of alternative providers or products; (2) failure of the service could impact NSCC’s ability to perform its central counterparty services; (3) failure of the service could impact NSCC’s ability to perform its netting services, and, as such, the availability of market liquidity; and (4) the service is interconnected with other participants and processes within the U.S. financial system (for example, with other FMIs, settlement banks, broker-dealers, and exchanges).

¹² The following are NSCC’s critical services as set forth in Table 3-B: (NSCC Critical Services): (1) Trade Capture and Reporting (Universal Trade Capture), (2) Corporate, Municipals, and Unit Investment Trusts (CMU) Service, (3) Obligation Warehouse, (4) Correspondent Clearing, (5) ETPs, (6) ACATS, (7) Account Information Transmission, (8) Continuous Net Settlement (CNS), (9) WMS FundSERV, (10) WMS – Networking and (11) WMS – Mutual Funds Profile Service I (Price and Rate).

¹³ Supra note 5.

¹⁴ Id.

may lead to employee apprehension. It would also reflect the fact that DTCC cannot guarantee staff retention, but that DTCC has developed various tools to mitigate potential challenges, especially the risk of loss of employees with unique or highly specialized knowledge, skills, or relationships that are critical to functioning and viability of NSCC. The following are the key tools described in Attachment A-2 that NSCC would consider leveraging based on the unique circumstances of the recovery and orderly wind-down event or staffing roles, (i) succession planning, (ii) retention agreements, and (iii) cross-training.

Rule 17ad-26(a)(2)(i) (Service Providers for Core Services): Attachment B-1 of the Plan would address the requirements of Rule 17ad-26(a)(2)(i), which requires NSCC to identify and describe any service providers for core services (“CSPs”),¹⁵ specifying which core services each service provider supports. Specifically, Attachment B-1 would be in the form of a table with the following rows of information, (i) identification of the third-party service provider for core service(s) (“TCSP”), (ii) a description of service performed by the TCSP, and (iii) identification of the relevant NSCC core service(s) which the TCSP supports. With respect to the identification and description of NSCC’s affiliated service providers of core services, this element of Rule 17ad-26 is addressed in the current Plan in the section covering “Intercompany Arrangements.”¹⁶

Rule 17ad-26(a)(2)(ii) (Ensure Continued Performance of Service Providers for Core Services): Attachment B-2 of the Plan would cover the requirements of Rule 17ad-26(a)(2)(ii),¹⁷ which require covered clearing agencies to address how the covered clearing agency would ensure that CSPs would continue to perform in the event of a recovery and during an orderly wind-down, including consideration of its written agreements with such service providers and whether the obligations under those written agreements are subject to alteration or termination as a result of initiation of the recovery and orderly wind-down plan. Specifically, Attachment B-2 would be a summary describing, among other things, that by the compliance date of Rule 17ad-26,¹⁸ NSCC would review the written agreements with TCSPs that govern the services provided

¹⁵ Id. Pursuant to Rule 17ad-26 (b) (Definitions), “Service provider for core services” means any person, including an affiliate or a third party, that, through a written agreement for services provided to or on behalf of the covered clearing agency, on an ongoing basis, directly supports the delivery of core services, as identified by the covered clearing agency pursuant to paragraph (a)(1) of this section.”

¹⁶ Section 2.4 of the Plan (Intercompany Arrangements) describes how each of the DTCC SIFMUs receives the majority of its shared or corporate support services from DTCC through intercompany agreements. It describes that services are provided by DTCC, DTCC Europe Limited, DTCC Enterprise Services India Private Limited, and DTCC Singapore Pte. Ltd. The services generally cover enterprise-wide support, including human resources, finance, information technology, credit and quantitative risk, audit, legal, marketing and other services.

¹⁷ Supra note 5.

¹⁸ Id. The compliance date in which the proposed rule changes must be effective is by December 15, 2025.

to NSCC¹⁹ and evaluate the terms and conditions covering termination and alteration of performance in the event of initiation of the Plan, and the ability of NSCC to provide the services to a Transferee in the event of a wind-down.²⁰ Attachment B-2 would further provide that NSCC would endeavor to amend such written agreements, if necessary, to ensure that such TCSPs would continue to perform as required by Rule 17ad-26.

With respect to NSCC's affiliated CSPs, each of the relevant written agreements is designated in Table 2-A of the Plan (SIFMU Legal Entity Structure and Intercompany Agreements). In order to confirm DTCC's commitment to continue to provide services to NSCC in a recovery and to a Transferee in the event of an orderly wind-down, Attachment B-2 would describe that NSCC would work with internal stakeholders to amend the applicable intercompany agreements to include terms and conditions that address a recovery and orderly wind-down scenario similar to those described above covering TCSPs.

Rule 17ad-26(a)(3) (Scenarios): Attachment C of the Plan would address the requirements of Rule 17ad-26(a)(3) which are that NSCC identify and describe scenarios that may potentially prevent it from being able to provide its core services as identified in the Plan as a going concern. Specifically, Attachment C identifies three (3) scenarios that include uncovered credit losses, uncovered liquidity shortfalls and general business losses. For example, there is a multi-Member default scenario, a scenario involving a significant internal operational incident, and a third-party failure scenario. For each scenario, proposed Attachment C would describe, among other things, (i) the scenario type (e.g., uncovered credit loss, uncovered liquidity loss, general business loss), (ii) the scenario background in terms of the cause of the circumstances, and (iii) the severely adverse market conditions associated with or resulting from the scenario.

¹⁹ See supra note 4. As set forth in Section 8.4.2 of the Plan (Critical Services and Clearing Agency Link Arrangements), NSCC utilizes a shared service model in which services are centralized in DTCC, which provides enterprise-wide shared services, staffing, infrastructure and operational support. As a result, NSCC is not typically the party to the written agreements with TCSPs. Rather, these are primarily entered into by DTCC with the TCSP agreeing to provide services to DTCC and/or one or more of its affiliates, including the Clearing Agencies. Therefore, in general, the TCSP does not have a basis to terminate or suspend the performance under the written agreement based on a change in condition in respect of a Clearing Agency, especially when DTCC continues to satisfy its payment obligations for the services.

²⁰ See supra note 1. As described in Section 8.1 of the Plan (Introduction and Executive Summary) and in NSCC Rule 42 (Wind-down of the Corporation), in the event the Board determines that NSCC will initiate the orderly wind-down Plan, a "Transferee" means an entity to which the Business of the Corporation is transferred pursuant to the Wind-down Plan, and may include (i) a failover entity established by DTCC, (ii) a then-existing or newly-established third party entity or (iii) a bridge entity formed to operate the business on an interim basis.

Rule 17ad-26(a)(4) (Triggers): This element of the RWP Rule requires that NSCC identify and describe the criteria that could trigger NSCC's implementation of the Plan and the process that NSCC uses to monitor and determine whether the criteria have been met, including NSCC's governance arrangements applicable to such process.²¹ NSCC's current Plan already includes the information necessary to satisfy this aspect of Rule 17ad-26. Specifically, the rule proposal would take the existing language in the Plan that describes the criteria for NSCC's entry into the Recovery Phase²² and implementation of the Recovery Plan and move it into a new separate Section of the Plan, Section 5.3 (The Recovery Plan Trigger).²³ In addition, with respect to the trigger for an orderly wind-down of NSCC, current Section 8.4.3 (Triggers for Implementing Wind-down) as well as NSCC Rule 42 (Wind-down of the Corporation), Section 2 (Initiation of the Wind-down Plan) describe the trigger for implementation of the Wind-down Plan and the associated governance process by the Board.²⁴

Rule 17ad-26(a)(5) and Rule 17ad-26(a)(6) (Rules, Policies, Procedures, and Tools): Attachment D of the Plan would address the requirements of Rule 17ad-26(a)(5) and Rule 17ad-25(a)(6),²⁵ which require covered clearing agencies to (i) identify and describe the rules, policies, procedures and any other tools or resources on which the covered clearing agency would rely in a recovery or orderly wind-down, and (ii) address how such rules, policies, procedures and any other tools or resources would ensure timely implementation of the Plan. Specifically, Attachment D would be in the form of a two-part table that would include the following column headings: (i) "Tools and Resources," (ii) "Relevant Rules, Policies and Procedures," and (iii) "Responsible Body/Personnel" necessary for their governance and implementation. Each row of the table would include this information for each of NSCC's loss allocation waterfall tools (Part

²¹ Supra note 5.

²² Supra note 2. Pursuant to Section 5.2.4 of the Plan (Recovery Corridor and Recovery Phase), the "Recovery Phase" relates to the actions taken by NSCC to restore its financial resources and avoid wind-down.

²³ Section 5.3 (The Recovery Trigger) would state that the criteria that would trigger NSCC's entry into the Recovery Phase and thus the implementation of the Recovery Plan is the date that it issues the first Loss Allocation Notice of the second loss allocation round with respect to a given Event Period.

²⁴ Supra note 2. Pursuant to Section 8.4.3 of the Plan (Triggers for Implementing Wind-down) and as set forth in NSCC Rule 42 (Wind-down of the Corporation), Section 2 (Initiation of the Wind-down Plan), the trigger for the implementation of the Wind-down Plan is the Board's determination that the application of the tools set forth in the Plan to mitigate the adverse impact of credit losses, liquidity shortfalls, losses from general business risk or any other losses, have not restored NSCC to viability as a going concern, able to continue to provide its core services to Members in a safe and efficient manner, or will not likely restore NSCC to viability as a going concern able to continue to provide its core services to Participants and Pledges in a safe and efficient manner.

²⁵ Supra note 5.

1 of the table) and for each of NSCC's liquidity resources (Part 2 of the table).²⁶ Because the Plan already includes a table that describes NSCC's loss waterfall tools (Table 5-B)²⁷ and a table that describes the NSCC's liquidity tools (Table 5-C),²⁸ proposed Attachment D would expand upon the information included in Table 5-B and Table 5-C to incorporate the additional information set forth above.

Rule 17ad-26(a)(7) (Notification to the Commission): Attachment E would address the requirements of Rule 17ad-26(a)(7), which requires covered clearing agencies to inform the Commission as soon as practicable when the covered clearing agency is considering implementing a recovery or orderly wind-down.²⁹ Specifically, with respect to notification that NSCC is considering implementing a recovery, proposed Attachment E would state that as set forth in Section 5.2.4 of the Plan (Recovery Corridor and Recovery Phase), NSCC would monitor, during a "Recovery Corridor," the early warning indicators that could indicate that NSCC may transition into recovery.³⁰ NSCC would notify the SEC³¹ at the time a determination is made by the Executive Committee that NSCC has entered the Recovery Corridor, which means that either a market event, including a Member default or a non-default event, may result in uncovered losses, liquidity shortfalls or general business losses following end-of-day settlement. As further described in this section of the Plan, NSCC's entry into the Recovery Corridor indicates that NSCC is considering implementing the Recovery Plan. Therefore, the timing of this notification would provide the SEC with advance notice that NSCC is considering implementing its Recovery Plan and coincide with NSCC's monitoring of both the adequacy of its resources and the actual and expected timing of resource replenishment.

²⁶ NSCC's liquidity risk management strategy, including the manner in which NSCC would deploy liquidity tools as well as its intraday use of liquidity, is described in the Clearing Agency Liquidity Risk Management Framework. See Securities Exchange Act Release No. 102757 (Apr. 1, 2025), 90 FR 15026 (Apr. 7, 2025) (SR-NSCC-2025-004).

²⁷ See supra note 1. The Loss Waterfall tools set out in Table 5-B of the Plan are the "Corporate Contribution" and "Loss Allocation." See also, NSCC Rule 4, (Clearing Fund).

²⁸ Liquidity tools identified in Table 5-C of the Plan include (i) Utilize short-settling liquidating trades, (ii) Increase the speed of portfolio asset sales, (iii) Credit Facility, (iv) Unissued Commercial Paper, and (v) Non-Qualifying Liquid Resources.

²⁹ Supra note 5.

³⁰ Supra note 2.

³¹ Attachment E would state that NSCC would provide this notification to its regular supervisory contacts at the SEC, either verbally and/or in writing.

With respect to notification that NSCC is considering implementing an orderly wind-down, as set forth in Section 8.2.2 of the Plan (Wind-down Indicators),³² proposed Attachment E would state that NSCC would expect that a significant inability to replenish the Clearing Fund and/or other liquidity resources could lead NSCC to remain in the Recovery Phase³³ for an extended period or potentially consider wind-down. If the various options set forth in the Recovery Plan are not deemed feasible or readily available, NSCC would enter wind-down following a Runway Period.³⁴ NSCC would notify the SEC³⁵ at the time a determination is made by the Executive Committee that NSCC has entered the Runway Period. The length of the Runway Period would vary based on the severity of the market stress or other event and the ability of NSCC to replenish its resources in a timely manner. However, in all scenarios, a Runway Period would occur before NSCC would need to implement the Wind-down Plan. Thus, proposed Attachment E would state that the timing of this notification would provide the SEC with advance notice of the fact that NSCC is considering implementing the Wind-down Plan. It would note further that as a result of NSCC's prior notification to the SEC that it is considering implementing the Recovery Plan, the SEC would already be actively engaged with NSCC as it proceeds through each stage of the Crisis Continuum, including prior to NSCC's entry into the Runway Period.

Rule 17ad-26(a)(8) (Testing): Attachment F of the Plan would address the requirements of Rule 17ad-26(a)(8)³⁶ that procedures for testing the ability of a covered clearing agency to implement the recovery and orderly wind-down plan at least every 12 months be included in the Plan. Specifically, Attachment F would describe NSCC's procedures for testing its ability to implement the Plan at least every 12 months, including describing the requirement that certain NSCC Members participate in the testing based on specified criteria³⁷ and, when practicable, other stakeholders.

³² Supra note 2.

³³ Id. The Recovery Plan describes the recovery phase of the Crisis Continuum, which would begin on the date that NSCC issues the first Loss Allocation Notice of the second loss allocation round with respect to a given Event Period. See supra note 1. As provided for in Rule 4 (Clearing Fund).

³⁴ Id. The Wind-down Plan identifies the time period leading up to a decision to wind-down NSCC as the "Runway Period."

³⁵ Supra note 31.

³⁶ Supra note 5.

³⁷ Proposed Attachment F would state that the R&R Team would identify the Members required to participate in the simulation and that considerations for the Member selection may include, but are not limited to, (i) account structure, (ii) affiliated family structure, (iii) business model, (iv) operational details, and (v) Member size in terms of trading and settlement activity.

Rule 17ad-26(a)(9) (Board Approval): Attachment G to the Plan would address the requirements of Rule 17ad-26(a)(9), which is that the plans include procedures requiring review and approval of the plans by the board of directors at least every 12 months or following material changes to the covered clearing agency's operations that would significantly affect the viability or execution of the plans, with review informed, as appropriate, by the covered clearing agency's testing of the plans.³⁸ Specifically, Attachment G would describe that the R&R Team provides pertinent information and status updates to the Executive Committee and the Board of each SIFMU, including NSCC, with regard to changes and enhancements to the R&W Plan. It would state that approval of the Plan is required at least every 12 months or following material changes to NSCC's operations that would significantly affect the viability or execution of the Plan. The review by the board is informed, as appropriate, by the SIFMU's testing of the Plan as described in Attachment F (Testing) to the Plan. It would further describe that the board reviews the SIFMU R&W plans through formal and ad hoc board meetings, receiving any necessary interim updates as determined by the Executive Committee. It would identify that the policy and procedures that describe the process for the review and approval of the SIFMU R&W plans by the board are set forth in the following: (i) Office of Recovery and Resolution Planning Procedures and (ii) Office of Recovery and Resolution Planning Policy. In addition, it would provide that the Charter of the board would be amended to include the obligation that the board review and approve the Plan at least every 12 months or following material changes to the DTCC SIFMUs' operations that would significantly affect the viability or execution of the Plan(s).

B. Proposed Addition of Section 9 (Compliance with Rule 17ad-26)

For purposes of clarity and consolidation of each of the elements required by 17ad-26 in one section of the Plan, NSCC is proposing to amend the Plan to add a new Section 9 entitled "Compliance with Rule 17ad-26: Recovery and Orderly Wind-down Plans of Covered Clearing Agencies." This proposed new Section would set forth a description of each of the attachments that are incorporated into the Plan that address the required elements of Rule 17ad-26.

C. Other Conforming Updates and Technical Revisions

NSCC is also proposing to make other conforming updates and technical revisions to the Plan for consistency with Rule 17ad-26. For example, NSCC would include the following defined terms included in Rule 17ad-26 for "Recovery," "Orderly wind-down," and "Service provider for core services."³⁹ These technical revisions would also, for example, replace the name of the defined term "Critical Services" in the Plan to "Core Services," to align with the RWP Rule without changing the substantive statements being revised. NSCC believes the proposed updates and technical revisions would improve the clarity and accuracy of the Plan and, therefore, would help facilitate the execution of Plan, if necessary.

³⁸ Supra note 5.

³⁹ Supra note 5, 17ad-26(b) (Definitions).

D. Implementation Date

The proposed rule changes would become effective on the Compliance Date of Rule 17ad-26, December 15, 2025,⁴⁰ subject to Commission approval.

(b) Statutory Basis

NSCC believes that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, NSCC believes that the amendments to the R&W Plan are consistent with Section 17A(b)(3)(F) of the Act,⁴¹ Rule 17ad-22(e)(3)(ii) under the Act,⁴² and Rule 17ad-26 under the Act,⁴³ for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of NSCC be designed to promote the prompt and accurate clearance and settlement of securities transactions. As described above, the proposed rule change would update the R&W Plan to address the requirements of Rule 17ad-26 and make certain technical revisions. By helping to ensure that the R&W Plan reflects the information required by 17ad-26, and providing additional clarity through the technical revisions, NSCC believes that the proposed rule change would help it continue to maintain the Plan in a manner that supports the continuity of NSCC's core services and enables Members to maintain access to NSCC's services through the transfer of its membership in the event NSCC defaults or the Wind-down Plan is ever triggered by the Board. For example, by incorporating the staffing roles necessary to support NSCC's core services and the tools that NSCC could invoke to retain staff in the event of a recovery and during an orderly wind-down, the proposed rule change would assist NSCC in ensuring necessary staff is maintained to support access to and continuity of NSCC's core services. Similarly, the proposed rule change would identify the service providers supporting NSCC's core services and how NSCC would endeavor to ensure that such service providers for core services would continue to perform in the event of a recovery and during an orderly wind-down. This would assist NSCC in ensuring necessary core service providers continue to perform under their contractual arrangements and thus, supporting access to and continuity of NSCC's core services. By facilitating the continuity of its core clearance and settlement services, NSCC believes the Plan and the proposed rule change would continue to promote the prompt and accurate clearance and settlement of securities

⁴⁰ Id.

⁴¹ 15 U.S.C. 78q-1(b)(3)(F).

⁴² 17 CFR 240.17ad-22(e)(3)(ii).

⁴³ Id. NSCC is a "covered clearing agency" as defined in Rule 17ad-22(a)(5) under the Act and must comply with paragraph (e) of Rule 17ad-22. In 2012, NSCC was designated a systemically important financial market utility ("SIFMU") by the Financial Stability Oversight Council ("FSOC").

transactions. Therefore, NSCC believes the proposed amendments to the R&W Plan are consistent with the requirements of Section 17A(b)(3)(F) of the Act.

Rule 17ad-22(e)(3)(ii) under the Act requires NSCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by the covered clearing agency, which includes plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses.⁴⁴

Specifically, the Recovery Plan defines the risk management activities, stress conditions and indicators, and tools that NSCC may use to address stress scenarios that could eventually prevent it from being able to provide its core services as a going concern. Through the framework of the Crisis Continuum, the Recovery Plan addresses measures that NSCC may take to address risks of credit losses and liquidity shortfalls, and other losses that could arise from a Member default. The Recovery Plan also addresses the management of general business risks and other non-default risks that could lead to losses. The Wind-down Plan would be triggered by a determination by the Board that recovery efforts have not been, or are unlikely to be, successful in returning NSCC to viability as a going concern. Once triggered, the Wind-down Plan sets forth clear mechanisms for the transfer of NSCC's membership and business and is designed to facilitate continued access to NSCC's core services and to minimize market impact of the transfer. By establishing the framework and strategy for the execution of the transfer and orderly wind-down of NSCC in order to facilitate continuous access to its critical services, the Wind-down Plan establishes a plan for the orderly wind-down of NSCC.

As described above, the proposed rule change would update the R&W Plan to reflect information regarding the (i) staffing roles necessary to support NSCC's core services and the tools that NSCC could invoke to retain staff in the event of a recovery and during an orderly wind-down, (ii) Service providers of core services supporting NSCC's core services and how NSCC would endeavor to ensure that such service providers for core services would continue to perform in the event of a recovery and during an orderly wind-down, (iii) scenarios that may potentially prevent NSCC from being able to provide its core services as a going concern, (iv) criteria that could trigger NSCC's implementation of the Plan, (v) rules, policies, procedures, tools and resources on which NSCC would rely during a recovery or orderly wind-down and how these would ensure timely implementation of the Plan, (vi) NSCC's process for notification to the Commission as soon as practicable when NSCC is considering implementing a recovery or orderly wind-down, (vii) testing of NSCC's ability to invoke the Plan, and (viii) review and approval of the Plans by NSCC's Board of Directors. The proposed rule change would also make certain technical corrections to align with the RWP Rule. By including the above detailed information in the Plan and ensuring that material provisions of the Plan are current, clear, and technically correct, NSCC believes that the proposed amendments are designed to support the maintenance of the Plan for the recovery and orderly wind-down of the covered clearing agency

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Id.

necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses, and, as such, meets the requirements of Rule 17ad-22(e)(3)(ii) under the Act.⁴⁵ Therefore, the proposed changes would help NSCC to maintain the Plan in a way that continues to be consistent with the requirements of Rule 17ad-22(e)(3)(ii).

Rule 17ad-26 requires the plans for recovery and orderly wind-down of covered clearing agencies, such as NSCC, to identify and address certain information that is pertinent to the Plan.⁴⁶ The proposed rule change would add the various elements required by Rule 17ad-26 noted in the previous paragraph and described more fully above. By adding the various required elements, the Plan would contain the necessary information that would facilitate its implementation if it ever needed to be invoked. Therefore, the proposed rule changes would help NSCC maintain the Plan in a way that is consistent with Rule 17ad-26.

4. Clearing Agency's Statement on Burden on Competition

NSCC does not believe that the proposed rule change would have any impact, or impose any burden, on competition. NSCC does not anticipate that the proposal would affect its day-to-day operations under normal circumstances, or the management of a typical Member default scenario or non-default event. The R&W Plan was developed and documented in order to satisfy applicable regulatory requirements, as discussed above. The proposal is intended to enhance and update the Plan to ensure it is clear and remains current in accordance with applicable rules in the event it is ever necessary to be implemented. The proposed revisions would not affect any changes to the overall structure or operation of the Plan or NSCC's recovery and wind-down strategy as set forth under the current Plan. As such, NSCC believes the proposal would not have any impact, or 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 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 written comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Securities and Exchange Commission ("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.

⁴⁵ Id.

⁴⁶ Supra note 5.

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 to not respond to any comments received.

6. Extension of Time Period for Commission Action

NSCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act⁴⁷ 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.

(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.

⁴⁷ 15 U.S.C. 78s(b)(2).

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – R&W Plan (marked). **Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 5 is being requested pursuant to 17 CFR 240.24b-2.**

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[____]; File No. SR-NSCC-2025-007)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change to Amend the Recovery and Wind-down Plan to Satisfy the Requirements of Exchange Act Rule 17ad-26

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act” or “Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on April __, 2025, 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.³ 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 R&W Plan was adopted in August 2018, has been amended over time to reflect changes since its adoption,⁴ and is maintained by NSCC for compliance with Rule

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Capitalized terms not defined herein are defined in the Rules and Procedures of NSCC (the “Rules”), available at www.dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf, or in the Recovery & Wind-down Plan of NSCC (the “R&W Plan” or “Plan”).

⁴ See Securities Exchange Act Release Nos. 83974 (Aug. 28, 2018), 83 FR 44988 (Sept. 4, 2018) (SR-NSCC-2017-017); 83955 (Aug. 27, 2018), 83 FR 44340 (Aug. 30, 2018) (SR-NSCC-2017-805); 98328 (Sept. 8, 2023), 88 FR 63180 (Sept. 14, 2023) (SR-NSCC-2023-008); 91428 (Mar. 29, 2021), 86 FR 17440

17ad-22(e)(3)(ii) under the Act.⁵ Rule 17ad-22(e)(3)(ii) requires registered clearing agencies to, in short, establish, implement and maintain plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses. The Plan is intended to be used by the Board and NSCC management in the event NSCC encounters scenarios that could potentially prevent it from being able to provide its critical services to the marketplace as a going concern. The R&W Plan is managed by the Office of Recovery & Resolution Planning (referred to in the Plan as the “R&R Team”) of NSCC’s parent company, the Depository Trust & Clearing Corporation (“DTCC”),⁶ on behalf of NSCC, with review and oversight by the DTCC Executive Committee and the Board.

The R&W Plan is comprised of two primary sections: (i) the “Recovery Plan,” which sets out the tools and strategies to enable NSCC to recover, in the event it experiences losses that exceed its prefunded resources, and (ii) the “Wind-down Plan,” which describes the tools and strategies to be used to conduct an orderly wind-down of

(Apr. 2, 2021) (SR-NSCC-2021-004); and 102757 (Apr. 1, 2025), 90 FR 15026 (Apr. 7, 2025) (SR-NSCC-2025-004).

⁵ 17 CFR 240.17ad-22(e)(3)(ii). NSCC is a “covered clearing agency” as defined in Rule 17ad-22(a)(5) under the Act and must comply with paragraph (e) of Rule 17ad-22. In 2012, NSCC was designated a systemically important financial market utility (“SIFMU”) by the Financial Stability Oversight Council (“FSOC”).

⁶ DTCC operates on a shared service model with respect to NSCC and its other affiliated clearing agencies, The Depository Trust Company (“DTC”) and Fixed Income Clearing Corporation (“FICC”). Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides relevant services to NSCC, DTC and FICC (collectively, the “Clearing Agencies”).

NSCC's business in a manner designed to permit the continuation of NSCC's critical services in the event that its recovery efforts are not successful.

The purpose of the rule proposal is to amend the R&W Plan to satisfy the requirements of new Exchange Act Rule 17ad-26⁷ (the "RWP Rule" or "Rule 17ad-26"), which codifies the definitions of "Recovery"⁸ and "Orderly wind-down,"⁹ and requires that plans for the recovery and orderly wind-down of a covered clearing agency, such as NSCC, identify and include certain specific elements.¹⁰ In addition to incorporating the required elements into the Plan, the rule proposal would also make other conforming updates and technical revisions consistent with the RWP Rule, including incorporating

⁷ See Covered Clearing Agency Resilience and Recovery and Orderly Wind-down Plan, Exchange Act Release No. 101446 (October 25, 2024), 89 Fed. Reg. 91000 (November 18, 2024) (S7-10-23).

⁸ Id. Pursuant to Rule 17ad-26, "Recovery" means the actions of a covered clearing agency, consistent with its rules, procedures, and other *ex ante* contractual arrangements, to address any uncovered loss, liquidity shortfall, or capital inadequacy, whether arising from participant default or other causes (such as business, operational, or other structural weaknesses), including actions to replenish any depleted prefunded financial resources and liquidity arrangements, as necessary to maintain the covered clearing agency's viability as a going concern and to continue its provision of core services, as identified by the covered clearing agency pursuant to (a)(1) of this section."

⁹ Id. Pursuant to Rule 17ad-26, "Orderly wind-down" means the actions of a covered clearing agency to effect the permanent cessation, sale, or transfer of one or more of its core services, as identified by the covered clearing agency pursuant to paragraph (a)(1) of this section, in a manner that would not increase the risk of significant liquidity, credit, or operational problems spreading among financial institutions or markets and thereby threaten the stability of the U.S. financial system."

¹⁰ Id. Rule 17ad-26 identifies the elements that a covered clearing agency's RWP must contain, including: (i) elements related to planning, including the identification and use of scenarios, triggers, tools, staffing and services providers, and (ii) testing and board approval of the plans.

key terms as defined in Rule 17ad-26. NSCC believes that by helping to ensure that the R&W Plan meets the requirements of Rule 17ad-26 and making necessary amendments and technical revisions that provide additional clarity, the proposed rule change will help NSCC ensure that, in times of extreme market stress, the Plan can ensure continuity of NSCC's critical services and enable Members to maintain access to NSCC's services through the transfer of its membership in the event NSCC defaults or the Wind-down Plan is ever triggered by the Board.

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

Executive Summary

The R&W Plan was adopted in August 2018, has been amended over time to reflect changes since its adoption,¹¹ and is maintained by NSCC for compliance with Rule 17ad-22(e)(3)(ii) under the Act.¹² Rule 17ad-22(e)(3)(ii) requires registered clearing

¹¹ Supra note 4.

¹² Supra note 5.

agencies to, in short, establish, implement and maintain plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses. The Plan is intended to be used by the Board and NSCC management in the event NSCC encounters scenarios that could potentially prevent it from being able to provide its critical services to the marketplace as a going concern. The R&W Plan is managed by the R&R Team of NSCC's parent company, the DTCC,¹³ on behalf of NSCC, with review and oversight by the DTCC Executive Committee and the Board.

The R&W Plan is comprised of two primary sections: (i) the "Recovery Plan," which sets out the tools and strategies to enable NSCC to recover, in the event it experiences losses that exceed its prefunded resources, and (ii) the "Wind-down Plan," which describes the tools and strategies to be used to conduct an orderly wind-down of NSCC's business in a manner designed to permit the continuation of NSCC's critical services in the event that its recovery efforts are not successful.

The purpose of the rule proposal is to amend the R&W Plan to satisfy the requirements of new Exchange Act Rule 17ad-26,¹⁴ which codifies the definitions of "Recovery"¹⁵ and "Orderly wind-down,"¹⁶ and requires that plans for the recovery and orderly wind-down of a covered clearing agency, such as NSCC, identify and include

¹³ Supra note 6.

¹⁴ Supra note 7.

¹⁵ Supra note 8.

¹⁶ Supra note 9.

certain specific elements.¹⁷ In addition to incorporating the required elements into the Plan, the rule proposal would also make other conforming updates and technical revisions consistent with the RWP Rule, including incorporating key terms as defined in Rule 17ad-26. NSCC believes that by helping to ensure that the R&W Plan meets the requirements of Rule 17ad-26 and making necessary amendments and technical revisions that provide additional clarity, the proposed rule change will help NSCC ensure that, in times of extreme market stress, the Plan can ensure continuity of NSCC's critical services and enable Members to maintain access to NSCC's services through the transfer of its membership in the event NSCC defaults or the Wind-down Plan is ever triggered by the Board.

Background

As stated above, the R&W Plan is managed by the R&R Team, with review and oversight by the DTCC Executive Committee and the Board. NSCC completed its most recent review of the Plan in 2024, prior to the SEC's adoption of Rule 17ad-26.¹⁸ The proposed rule change reflects amendments proposed to the Plan that are intended to address the requirements of Rule 17ad-26, which are described in greater detail below.

Proposed Amendments

A. Proposed Changes to Reflect the Requirements of Rule 17ad-26

NSCC is proposing changes to the Plan to reflect the requirements of Rule 17ad-26. Specifically, NSCC proposes to amend the Plan to incorporate a series of attachments to be added to the end of the Plan that address the requirements of Rule 17ad-26. The

¹⁷ Supra note 10.

¹⁸ Supra note 4.

proposed attachments would address those requirements of the RWP Rule that are not otherwise covered by the current Plan. NSCC would also add a new section to the Plan, Section 9 (Compliance with SEC Rule 17ad-26: Recovery and Orderly Wind-down Plans of Covered Clearing Agencies) describing each of the attachments

The following are the required elements of Rule 17ad-26 with descriptions of the proposed new attachments to the Plan or, where applicable, the relevant section in which the element is already addressed in the Plan.

Rule 17ad-26(a)(1) (Core Services): This element of the RWP Rule requires, among other things, that the covered clearing agency identify and describe its core payment, clearing, and settlement services. NSCC's current Plan already includes the information necessary to satisfy this aspect of Rule 17ad-26. Therefore, other than the relevant name changes needed to replace the term "Critical" with "Core," consistent with the RWP Rule¹⁹ the rule proposal would not amend this portion of the Plan. Specifically, Section 3 (Critical Services) defines the criteria for classifying certain of NSCC's services as "critical,"²⁰ and identifies such critical services and the rationale for their classification. There is a table (Table 3-B: NSCC Critical Services) that lists each of the

¹⁹ Supra note 7.

²⁰ The criteria that is used to identify an NSCC service or function as critical includes consideration as to whether (1) there is a lack of alternative providers or products; (2) failure of the service could impact NSCC's ability to perform its central counterparty services; (3) failure of the service could impact NSCC's ability to perform its netting services, and, as such, the availability of market liquidity; and (4) the service is interconnected with other participants and processes within the U.S. financial system (for example, with other FMIs, settlement banks, broker-dealers, and exchanges).

services, functions or activities that NSCC has identified as “critical” based on the applicability of the criteria.²¹

Rule 17ad-26(a)(1)(i) (Staffing): Attachment A-1 of the Plan would address the requirements of Rule 17ad-26(a)(1)(i), which requires that NSCC include identification of the staffing roles necessary to support NSCC’s core services.²² Specifically, Attachment A-1 would be in the form of an Excel spreadsheet and would identify the staffing roles necessary to support the core services of NSCC as identified and described in the Plan, in the event of a recovery and during an orderly wind-down. Attachment A-1 would identify the core service and describe the necessary staffing roles, broken out by the number of managers and performers required within the relevant department (for example, Operations, IT). It would also include whether the number of roles is equal to the current business as usual staffing or less and provide a rationale as to why.

Rule 17ad-26(a)(1)(ii) (Staffing Analysis): Attachment A-2 of the Plan would address the requirement in Rule 17ad-26(a)(1)(ii)²³ that NSCC analyze how the staffing roles necessary to support the core services identified and described in Attachment A-1 would continue in the event of a recovery and during an orderly wind-down. Specifically, Attachment A-2 would be an analysis that identifies the potential challenges of retaining

²¹ The following are NSCC’s critical services as set forth in Table 3-B: (NSCC Critical Services): (1) Trade Capture and Reporting (Universal Trade Capture), (2) Corporate, Municipals, and Unit Investment Trusts (CMU) Service, (3) Obligation Warehouse, (4) Correspondent Clearing, (5) ETPs, (6) ACATS, (7) Account Information Transmission, (8) Continuous Net Settlement (CNS), (9) WMS FundSERV, (10) WMS – Networking and (11) WMS – Mutual Funds Profile Service I (Price and Rate).

²² Supra note 7.

²³ Id.

staffing roles during a recovery or wind-down event and potential ways NSCC has identified to address those challenges so that the core services can continue uninterrupted. The analysis would acknowledge that retaining staff can be particularly challenging during recovery or orderly wind-down periods as uncertainties may lead to employee apprehension. It would also reflect the fact that DTCC cannot guarantee staff retention, but that DTCC has developed various tools to mitigate potential challenges, especially the risk of loss of employees with unique or highly specialized knowledge, skills, or relationships that are critical to functioning and viability of NSCC. The following are the key tools described in Attachment A-2 that NSCC would consider leveraging based on the unique circumstances of the recovery and orderly wind-down event or staffing roles, (i) succession planning, (ii) retention agreements, and (iii) cross-training.

Rule 17ad-26(a)(2)(i) (Service Providers for Core Services): Attachment B-1 of the Plan would address the requirements of Rule 17ad-26(a)(2)(i), which requires NSCC to identify and describe any service providers for core services (“CSPs”),²⁴ specifying which core services each service provider supports. Specifically, Attachment B-1 would be in the form of a table with the following rows of information, (i) identification of the third-party service provider for core service(s) (“TCSP”), (ii) a description of service performed by the TCSP, and (iii) identification of the relevant NSCC core service(s) which the TCSP supports. With respect to the identification and description of NSCC’s

²⁴ Id. Pursuant to Rule 17ad-26 (b) (Definitions), “Service provider for core services” means any person, including an affiliate or a third party, that, through a written agreement for services provided to or on behalf of the covered clearing agency, on an ongoing basis, directly supports the delivery of core services, as identified by the covered clearing agency pursuant to paragraph (a)(1) of this section.”

affiliated service providers of core services, this element of Rule 17ad-26 is addressed in the current Plan in the section covering “Intercompany Arrangements.”²⁵

Rule 17ad-26(a)(2)(ii) (Ensure Continued Performance of Service Providers for Core Services): Attachment B-2 of the Plan would cover the requirements of Rule 17ad-26(a)(2)(ii),²⁶ which require covered clearing agencies to address how the covered clearing agency would ensure that CSPs would continue to perform in the event of a recovery and during an orderly wind-down, including consideration of its written agreements with such service providers and whether the obligations under those written agreements are subject to alteration or termination as a result of initiation of the recovery and orderly wind-down plan. Specifically, Attachment B-2 would be a summary describing, among other things, that by the compliance date of Rule 17ad-26,²⁷ NSCC would review the written agreements with TCSPs that govern the services provided to NSCC²⁸ and evaluate the terms and conditions covering termination and alteration of

²⁵ Section 2.4 of the Plan (Intercompany Arrangements) describes how each of the DTCC SIFMUs receives the majority of its shared or corporate support services from DTCC through intercompany agreements. It describes that services are provided by DTCC, DTCC Europe Limited, DTCC Enterprise Services India Private Limited, and DTCC Singapore Pte. Ltd. The services generally cover enterprise-wide support, including human resources, finance, information technology, credit and quantitative risk, audit, legal, marketing and other services.

²⁶ Supra note 7.

²⁷ Id. The compliance date in which the proposed rule changes must be effective is by December 15, 2025.

²⁸ See supra note 6. As set forth in Section 8.4.2 of the Plan (Critical Services and Clearing Agency Link Arrangements), NSCC utilizes a shared service model in which services are centralized in DTCC, which provides enterprise-wide shared services, staffing, infrastructure and operational support. As a result, NSCC is not typically the party to the written agreements with TCSPs. Rather, these are primarily entered into by DTCC with the TCSP agreeing to provide services to DTCC and/or one or more of its affiliates, including the Clearing Agencies.

performance in the event of initiation of the Plan, and the ability of NSCC to provide the services to a Transferee in the event of a wind-down.²⁹ Attachment B-2 would further provide that NSCC would endeavor to amend such written agreements, if necessary, to ensure that such TCSPs would continue to perform as required by Rule 17ad-26.

With respect to NSCC's affiliated CSPs, each of the relevant written agreements is designated in Table 2-A of the Plan (SIFMU Legal Entity Structure and Intercompany Agreements). In order to confirm DTCC's commitment to continue to provide services to NSCC in a recovery and to a Transferee in the event of an orderly wind-down, Attachment B-2 would describe that NSCC would work with internal stakeholders to amend the applicable intercompany agreements to include terms and conditions that address a recovery and orderly wind-down scenario similar to those described above covering TCSPs.

Rule 17ad-26(a)(3) (Scenarios): Attachment C of the Plan would address the requirements of Rule 17ad-26(a)(3) which are that NSCC identify and describe scenarios that may potentially prevent it from being able to provide its core services as identified in the Plan as a going concern. Specifically, Attachment C identifies three (3) scenarios that

Therefore, in general, the TCSP does not have a basis to terminate or suspend the performance under the written agreement based on a change in condition in respect of a Clearing Agency, especially when DTCC continues to satisfy its payment obligations for the services.

²⁹ See supra note 3. As described in Section 8.1 of the Plan (Introduction and Executive Summary) and in NSCC Rule 42 (Wind-down of the Corporation), in the event the Board determines that NSCC will initiate the orderly wind-down Plan, a "Transferee" means an entity to which the Business of the Corporation is transferred pursuant to the Wind-down Plan, and may include (i) a failover entity established by DTCC, (ii) a then-existing or newly-established third party entity or (iii) a bridge entity formed to operate the business on an interim basis.

include uncovered credit losses, uncovered liquidity shortfalls and general business losses. For example, there is a multi-Member default scenario, a scenario involving a significant internal operational incident, and a third-party failure scenario. For each scenario, proposed Attachment C would describe, among other things, (i) the scenario type (e.g., uncovered credit loss, uncovered liquidity loss, general business loss), (ii) the scenario background in terms of the cause of the circumstances, and (iii) the severely adverse market conditions associated with or resulting from the scenario.

Rule 17ad-26(a)(4) (Triggers): This element of the RWP Rule requires that NSCC identify and describe the criteria that could trigger NSCC's implementation of the Plan and the process that NSCC uses to monitor and determine whether the criteria have been met, including NSCC's governance arrangements applicable to such process.³⁰ NSCC's current Plan already includes the information necessary to satisfy this aspect of Rule 17ad-26. Specifically, the rule proposal would take the existing language in the Plan that describes the criteria for NSCC's entry into the Recovery Phase³¹ and implementation of the Recovery Plan and move it into a new separate Section of the Plan, Section 5.3 (The Recovery Plan Trigger).³² In addition, with respect to the trigger for an orderly wind-down of NSCC, current Section 8.4.3 (Triggers for Implementing Wind-down) as well as

³⁰ Supra note 7.

³¹ Supra note 4. Pursuant to Section 5.2.4 of the Plan (Recovery Corridor and Recovery Phase), the "Recovery Phase" relates to the actions taken by NSCC to restore its financial resources and avoid wind-down.

³² Section 5.3 (The Recovery Trigger) would state that the criteria that would trigger NSCC's entry into the Recovery Phase and thus the implementation of the Recovery Plan is the date that it issues the first Loss Allocation Notice of the second loss allocation round with respect to a given Event Period.

NSCC Rule 42 (Wind-down of the Corporation), Section 2 (Initiation of the Wind-down Plan) describe the trigger for implementation of the Wind-down Plan and the associated governance process by the Board.³³

Rule 17ad-26(a)(5) and Rule 17ad-26(a)(6) (Rules, Policies, Procedures, and Tools): Attachment D of the Plan would address the requirements of Rule 17ad-26(a)(5) and Rule 17ad-25(a)(6),³⁴ which require covered clearing agencies to (i) identify and describe the rules, policies, procedures and any other tools or resources on which the covered clearing agency would rely in a recovery or orderly wind-down, and (ii) address how such rules, policies, procedures and any other tools or resources would ensure timely implementation of the Plan. Specifically, Attachment D would be in the form of a two-part table that would include the following column headings: (i) “Tools and Resources,” (ii) “Relevant Rules, Policies and Procedures,” and (iii) “Responsible Body/Personnel” necessary for their governance and implementation. Each row of the table would include this information for each of NSCC’s loss allocation waterfall tools (Part 1 of the table) and for each of NSCC’s liquidity resources (Part 2 of the table).³⁵ Because the Plan

³³ Supra note 4. Pursuant to Section 8.4.3 of the Plan (Triggers for Implementing Wind-down) and as set forth in NSCC Rule 42 (Wind-down of the Corporation), Section 2 (Initiation of the Wind-down Plan), the trigger for the implementation of the Wind-down Plan is the Board’s determination that the application of the tools set forth in the Plan to mitigate the adverse impact of credit losses, liquidity shortfalls, losses from general business risk or any other losses, have not restored NSCC to viability as a going concern, able to continue to provide its core services to Members in a safe and efficient manner, or will not likely restore NSCC to viability as a going concern able to continue to provide its core services to Participants and Pledgees in a safe and efficient manner.

³⁴ Supra note 7.

³⁵ NSCC’s liquidity risk management strategy, including the manner in which NSCC would deploy liquidity tools as well as its intraday use of liquidity, is described in the Clearing Agency Liquidity Risk Management Framework. See

already includes a table that describes NSCC’s loss waterfall tools (Table 5-B)³⁶ and a table that describes the NSCC’s liquidity tools (Table 5-C),³⁷ proposed Attachment D would expand upon the information included in Table 5-B and Table 5-C to incorporate the additional information set forth above.

Rule 17ad-26(a)(7) (Notification to the Commission): Attachment E would address the requirements of Rule 17ad-26(a)(7), which requires covered clearing agencies to inform the Commission as soon as practicable when the covered clearing agency is considering implementing a recovery or orderly wind-down.³⁸ Specifically, with respect to notification that NSCC is considering implementing a recovery, proposed Attachment E would state that as set forth in Section 5.2.4 of the Plan (Recovery Corridor and Recovery Phase), NSCC would monitor, during a “Recovery Corridor,” the early warning indicators that could indicate that NSCC may transition into recovery.³⁹ NSCC would notify the SEC⁴⁰ at the time a determination is made by the Executive Committee that

Securities Exchange Act Release No. 102757 (Apr. 1, 2025), 90 FR 15026 (Apr. 7, 2025) (SR-NSCC-2025-004).

³⁶ See supra note 3. The Loss Waterfall tools set out in Table 5-B of the Plan are the “Corporate Contribution” and “Loss Allocation.” See also, NSCC Rule 4, (Clearing Fund).

³⁷ Liquidity tools identified in Table 5-C of the Plan include (i) Utilize short-settling liquidating trades, (ii) Increase the speed of portfolio asset sales, (iii) Credit Facility, (iv) Unissued Commercial Paper, and (v) Non-Qualifying Liquid Resources.

³⁸ Supra note 7.

³⁹ Supra note 4.

⁴⁰ Attachment E would state that NSCC would provide this notification to its regular supervisory contacts at the SEC, either verbally and/or in writing.

NSCC has entered the Recovery Corridor, which means that either a market event, including a Member default or a non-default event, may result in uncovered losses, liquidity shortfalls or general business losses following end-of-day settlement. As further described in this section of the Plan, NSCC's entry into the Recovery Corridor indicates that NSCC is considering implementing the Recovery Plan. Therefore, the timing of this notification would provide the SEC with advance notice that NSCC is considering implementing its Recovery Plan and coincide with NSCC's monitoring of both the adequacy of its resources and the actual and expected timing of resource replenishment.

With respect to notification that NSCC is considering implementing an orderly wind-down, as set forth in Section 8.2.2 of the Plan (Wind-down Indicators),⁴¹ proposed Attachment E would state that NSCC would expect that a significant inability to replenish the Clearing Fund and/or other liquidity resources could lead NSCC to remain in the Recovery Phase⁴² for an extended period or potentially consider wind-down. If the various options set forth in the Recovery Plan are not deemed feasible or readily available, NSCC would enter wind-down following a Runway Period.⁴³ NSCC would notify the SEC⁴⁴ at the time a determination is made by the Executive Committee that NSCC has entered the Runway Period. The length of the Runway Period would vary

⁴¹ Supra note 4.

⁴² Id. The Recovery Plan describes the recovery phase of the Crisis Continuum, which would begin on the date that NSCC issues the first Loss Allocation Notice of the second loss allocation round with respect to a given Event Period. See supra note 3. As provided for in Rule 4 (Clearing Fund).

⁴³ Id. The Wind-down Plan identifies the time period leading up to a decision to wind-down NSCC as the "Runway Period."

⁴⁴ Supra note 40.

based on the severity of the market stress or other event and the ability of NSCC to replenish its resources in a timely manner. However, in all scenarios, a Runway Period would occur before NSCC would need to implement the Wind-down Plan. Thus, proposed Attachment E would state that the timing of this notification would provide the SEC with advance notice of the fact that NSCC is considering implementing the Wind-down Plan. It would note further that as a result of NSCC's prior notification to the SEC that it is considering implementing the Recovery Plan, the SEC would already be actively engaged with NSCC as it proceeds through each stage of the Crisis Continuum, including prior to NSCC's entry into the Runway Period.

Rule 17ad-26(a)(8) (Testing): Attachment F of the Plan would address the requirements of Rule 17ad-26(a)(8)⁴⁵ that procedures for testing the ability of a covered clearing agency to implement the recovery and orderly wind-down plan at least every 12 months be included in the Plan. Specifically, Attachment F would describe NSCC's procedures for testing its ability to implement the Plan at least every 12 months, including describing the requirement that certain NSCC Members participate in the testing based on specified criteria⁴⁶ and, when practicable, other stakeholders.

Rule 17ad-26(a)(9) (Board Approval): Attachment G to the Plan would address the requirements of Rule 17ad-26(a)(9), which is that the plans include procedures requiring review and approval of the plans by the board of directors at least every 12

⁴⁵ Supra note 7.

⁴⁶ Proposed Attachment F would state that the R&R Team would identify the Members required to participate in the simulation and that considerations for the Member selection may include, but are not limited to, (i) account structure, (ii) affiliated family structure, (iii) business model, (iv) operational details, and (v) Member size in terms of trading and settlement activity.

months or following material changes to the covered clearing agency's operations that would significantly affect the viability or execution of the plans, with review informed, as appropriate, by the covered clearing agency's testing of the plans.⁴⁷ Specifically, Attachment G would describe that the R&R Team provides pertinent information and status updates to the Executive Committee and the Board of each SIFMU, including NSCC, with regard to changes and enhancements to the R&W Plan. It would state that approval of the Plan is required at least every 12 months or following material changes to NSCC's operations that would significantly affect the viability or execution of the Plan. The review by the board is informed, as appropriate, by the SIFMU's testing of the Plan as described in Attachment F (Testing) to the Plan. It would further describe that the board reviews the SIFMU R&W plans through formal and ad hoc board meetings, receiving any necessary interim updates as determined by the Executive Committee. It would identify that the policy and procedures that describe the process for the review and approval of the SIFMU R&W plans by the board are set forth in the following: (i) Office of Recovery and Resolution Planning Procedures and (ii) Office of Recovery and Resolution Planning Policy. In addition, it would provide that the Charter of the board would be amended to include the obligation that the board review and approve the Plan at least every 12 months or following material changes to the DTCC SIFMUs' operations that would significantly affect the viability or execution of the Plan(s).

B. Proposed Addition of Section 9 (Compliance with Rule 17ad-26)

For purposes of clarity and consolidation of each of the elements required by 17ad-26 in one section of the Plan, NSCC is proposing to amend the Plan to add a new

⁴⁷ Supra note 7.

Section 9 entitled “Compliance with Rule 17ad-26: Recovery and Orderly Wind-down Plans of Covered Clearing Agencies.” This proposed new Section would set forth a description of each of the attachments that are incorporated into the Plan that address the required elements of Rule 17ad-26.

C. Other Conforming Updates and Technical Revisions

NSCC is also proposing to make other conforming updates and technical revisions to the Plan for consistency with Rule 17ad-26. For example, NSCC would include the following defined terms included in Rule 17ad-26 for “Recovery,” “Orderly wind-down,” and “Service provider for core services.”⁴⁸ These technical revisions would also, for example, replace the name of the defined term “Critical Services” in the Plan to “Core Services,” to align with the RWP Rule without changing the substantive statements being revised. NSCC believes the proposed updates and technical revisions would improve the clarity and accuracy of the Plan and, therefore, would help facilitate the execution of Plan, if necessary.

D. Implementation Date

The proposed rule changes would become effective on the Compliance Date of Rule 17ad-26, December 15, 2025,⁴⁹ subject to Commission approval.

2. Statutory Basis

NSCC believes that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, NSCC believes that the amendments to the R&W Plan are consistent with

⁴⁸ Supra note 7, 17ad-26(b) (Definitions).

⁴⁹ Id.

Section 17A(b)(3)(F) of the Act,⁵⁰ Rule 17ad-22(e)(3)(ii) under the Act,⁵¹ and Rule 17ad-26 under the Act,⁵² for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of NSCC be designed to promote the prompt and accurate clearance and settlement of securities transactions. As described above, the proposed rule change would update the R&W Plan to address the requirements of Rule 17ad-26 and make certain technical revisions. By helping to ensure that the R&W Plan reflects the information required by 17ad-26, and providing additional clarity through the technical revisions, NSCC believes that the proposed rule change would help it continue to maintain the Plan in a manner that supports the continuity of NSCC's core services and enables Members to maintain access to NSCC's services through the transfer of its membership in the event NSCC defaults or the Wind-down Plan is ever triggered by the Board. For example, by incorporating the staffing roles necessary to support NSCC's core services and the tools that NSCC could invoke to retain staff in the event of a recovery and during an orderly wind-down, the proposed rule change would assist NSCC in ensuring necessary staff is maintained to support access to and continuity of NSCC's core services. Similarly, the proposed rule change would identify the service providers supporting NSCC's core services and how NSCC would endeavor to ensure that such service providers for core services would

⁵⁰ 15 U.S.C. 78q-1(b)(3)(F).

⁵¹ 17 CFR 240.17ad-22(e)(3)(ii).

⁵² Id. NSCC is a "covered clearing agency" as defined in Rule 17ad-22(a)(5) under the Act and must comply with paragraph (e) of Rule 17ad-22. In 2012, NSCC was designated a systemically important financial market utility ("SIFMU") by the Financial Stability Oversight Council ("FSOC").

continue to perform in the event of a recovery and during an orderly wind-down. This would assist NSCC in ensuring necessary core service providers continue to perform under their contractual arrangements and thus, supporting access to and continuity of NSCC's core services. By facilitating the continuity of its core clearance and settlement services, NSCC believes the Plan and the proposed rule change would continue to promote the prompt and accurate clearance and settlement of securities transactions. Therefore, NSCC believes the proposed amendments to the R&W Plan are consistent with the requirements of Section 17A(b)(3)(F) of the Act.

Rule 17ad-22(e)(3)(ii) under the Act requires NSCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by the covered clearing agency, which includes plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses.⁵³

Specifically, the Recovery Plan defines the risk management activities, stress conditions and indicators, and tools that NSCC may use to address stress scenarios that could eventually prevent it from being able to provide its core services as a going concern. Through the framework of the Crisis Continuum, the Recovery Plan addresses measures that NSCC may take to address risks of credit losses and liquidity shortfalls, and other losses that could arise from a Member default. The Recovery Plan also addresses the management of general business risks and other non-default risks that could

⁵³

Id.

lead to losses. The Wind-down Plan would be triggered by a determination by the Board that recovery efforts have not been, or are unlikely to be, successful in returning NSCC to viability as a going concern. Once triggered, the Wind-down Plan sets forth clear mechanisms for the transfer of NSCC's membership and business and is designed to facilitate continued access to NSCC's core services and to minimize market impact of the transfer. By establishing the framework and strategy for the execution of the transfer and orderly wind-down of NSCC in order to facilitate continuous access to its critical services, the Wind-down Plan establishes a plan for the orderly wind-down of NSCC.

As described above, the proposed rule change would update the R&W Plan to reflect information regarding the (i) staffing roles necessary to support NSCC's core services and the tools that NSCC could invoke to retain staff in the event of a recovery and during an orderly wind-down, (ii) Service providers of core services supporting NSCC's core services and how NSCC would endeavor to ensure that such service providers for core services would continue to perform in the event of a recovery and during an orderly wind-down, (iii) scenarios that may potentially prevent NSCC from being able to provide its core services as a going concern, (iv) criteria that could trigger NSCC's implementation of the Plan, (v) rules, policies, procedures, tools and resources on which NSCC would rely during a recovery or orderly wind-down and how these would ensure timely implementation of the Plan, (vi) NSCC's process for notification to the Commission as soon as practicable when NSCC is considering implementing a recovery or orderly wind-down, (vii) testing of NSCC's ability to invoke the Plan, and (viii) review and approval of the Plans by NSCC's Board of Directors. The proposed rule change would also make certain technical corrections to align with the RWP Rule. By

including the above detailed information in the Plan and ensuring that material provisions of the Plan are current, clear, and technically correct, NSCC believes that the proposed amendments are designed to support the maintenance of the Plan for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses, and, as such, meets the requirements of Rule 17ad-22(e)(3)(ii) under the Act.⁵⁴ Therefore, the proposed changes would help NSCC to maintain the Plan in a way that continues to be consistent with the requirements of Rule 17ad-22(e)(3)(ii).

Rule 17ad-26 requires the plans for recovery and orderly wind-down of covered clearing agencies, such as NSCC, to identify and address certain information that is pertinent to the Plan.⁵⁵ The proposed rule change would add the various elements required by Rule 17ad-26 noted in the previous paragraph and described more fully above. By adding the various required elements, the Plan would contain the necessary information that would facilitate its implementation if it ever needed to be invoked. Therefore, the proposed rule changes would help NSCC maintain the Plan in a way that is consistent with Rule 17ad-26.

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

NSCC does not believe that the proposed rule change would have any impact, or impose any burden, on competition. NSCC does not anticipate that the proposal would affect its day-to-day operations under normal circumstances, or the management of a typical Member default scenario or non-default event. The R&W Plan was developed and

⁵⁴ Id.

⁵⁵ Supra note 7.

documented in order to satisfy applicable regulatory requirements, as discussed above. The proposal is intended to enhance and update the Plan to ensure it is clear and remains current in accordance with applicable rules in the event it is ever necessary to be implemented. The proposed revisions would not affect any changes to the overall structure or operation of the Plan or NSCC's recovery and wind-down strategy as set forth under the current Plan. As such, NSCC believes the proposal would not have any impact, or impose any burden, on competition.

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

NSCC has not received or solicited any written comments relating to this proposal. If any written comments are received, 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 written 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 to not 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 (www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NSCC-2025-007 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-2025-007. 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 (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 (www.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-2025-007 and should be submitted on or before [insert date 21 days after publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵⁶

Secretary

⁵⁶ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

The information contained in this Exhibit 5 is subject to exemption from mandatory disclosure under Exemption #4 of the Freedom of Information Act because the information concerns commercial or financial information that is privileged or confidential which could harm the competitive posture or business interests of National Securities Clearing Corporation (NSCC), a financial institution. This Exhibit 5 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 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, NSCC believes the substance of this Exhibit 5 is clearly and adequately described in the accompanying Exhibit 1A and Form 19b-4 narrative to this filing, thus allowing for meaningful public comment.

Embedded File:

- R&W Plan (marked); 89 pages; proposed changes to the NSCC Recovery & Wind-down Plan

PAGE REDACTED IN ITS ENTIRETY