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Page 1 of * 28		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 012 Amendment No. (req. for Amendments *)	
Filing by National Securities Clearing Corporation Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input checked="" type="checkbox"/>		Amendment * <input type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Section 19(b)(2) * <input type="checkbox"/>		Section 19(b)(3)(A) * <input checked="" type="checkbox"/>		Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Rule			
		<input type="checkbox"/> 19b-4(f)(1)		<input checked="" type="checkbox"/> 19b-4(f)(4)	
		<input type="checkbox"/> 19b-4(f)(2)		<input type="checkbox"/> 19b-4(f)(5)	
		<input type="checkbox"/> 19b-4(f)(3)		<input type="checkbox"/> 19b-4(f)(6)	
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>Change to Remove the Other Transactions Charge from the NSCC Rules</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 * [REDACTED] Last Name * [REDACTED] Title * [REDACTED] E-mail * RuleFilingAdmin@dtcc.com Telephone * [REDACTED] Fax [REDACTED]					
Signature Pursuant to the requirements of the Securities Exchange of 1934, National Securities Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date 08/07/2025 (Title *) By [REDACTED] [REDACTED] (Name *) NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed. Date: 2025.08.07 13:25:14 -04'00'					

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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 *

Add	Remove	View
Narrative - NSCC Other Transactions		

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

Exhibit 1 - Notice of Proposed Rule Change *

Add	Remove	View
Exhibit 1A - NSCC Other Transactions		

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

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

Add	Remove	View

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

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

Add	Remove	View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

☐

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add	Remove	View
Exhibit 3 (Redacted) - NSCC Other Transactions		

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

☐

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

Add	Remove	View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add	Remove	View
Exhibit 5 - NSCC Other Transactions		

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

Add	Remove	View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) The proposed rule change of National Securities Clearing Corporation (“NSCC”)¹ is included in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Risk Committee of NSCC’s Board of Directors on April 15, 2025.

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

(a) Purpose

The proposed rule change would remove a margin charge from the Rules that is charged to Members for certain settlement transactions other than CNS, Balance Order, Mutual Fund Services and Envelope Settlement Service transactions (“Other Transactions Charge”).²

(i) Overview of the Required Fund Deposit and the Other Transactions Charge

As part of its market risk management strategy, NSCC manages its credit exposure to Members by calculating the appropriate Required Fund Deposits to the Clearing Fund and

¹ Terms not defined herein are defined in the NSCC Rules & Procedures (“Rules” or “NSCC Rules”), available at www.dtcc.com/legal/rules-and-procedures.

² The Other Transactions Charge is currently imposed by NSCC pursuant to Procedure XV (Clearing Fund Formula and Other Matters), Section I.(A)(3), id. “CNS” transactions are transactions in NSCC’s CNS System described in NSCC Rule 11 (CNS System) and Procedure VII (CNS Accounting Operation); “Balance Order” transactions are transactions in NSCC’s Balance Order Accounting Operation described in Procedure V (Balance Order Accounting Operation); “Mutual Fund Services” transactions are transactions in Mutual Fund Services described in NSCC Rule 52 (Mutual Fund Services); and “Envelope Settlement Service” transactions are transactions in the Envelope Settlement Service described in NSCC Rule 9 (Envelope Settlement Service), id.

monitoring the Clearing Fund's sufficiency, as provided for in the Rules.³ The Required Fund Deposit serves as each Member's margin.

The objective of an NSCC Member's deposit is to mitigate potential losses to NSCC associated with a default by an NSCC Member. Each NSCC Member's Required Fund Deposit is comprised of a number of risk-based component charges, including the Other Transactions Charge, which are calculated and assessed daily. The aggregate of all Members' Required Fund Deposits constitutes the Clearing Fund of NSCC. NSCC would access its Clearing Fund should a defaulting Member's own Required Fund Deposit be insufficient to satisfy losses to NSCC caused by the liquidation of that Member's portfolio. The Clearing Fund reduces the risk that NSCC would need to mutualize any losses among non-defaulting members during the liquidation process.

The Other Transactions Charge is a flat charge based on a percentage of each Member's average settlement debits and credits of certain settlement transactions ("Other Transactions") not including CNS, Balance Order, Mutual Fund Services and the Envelope Settlement Service settlement transactions. The charge is intended to cover potential risks related to NSCC settlement activity in Other Transactions.

The charge currently varies based on each Member's Credit Risk Rating Matrix ("CRRM")⁴ rating. For Members that have a CRRM rating of 1 through 6, the Other Transactions Charge is the greater of the following, based on a 20-day rolling average of activity: (i) 2.5% of the absolute value of debits plus the absolute value of credits or (ii) 5.0% of the absolute value of debits.

For Members with a CRRM rating of 7, the Other Transactions Charge is 10% of the 20-day rolling average of activity of the absolute value of debits plus the absolute value of credits.⁵

³ See NSCC Rule 4 (Clearing Fund) and Procedure XV (Clearing Fund Formula and Other Matters), supra note 1. NSCC's market risk management strategy is designed to comply with Rule 17ad-22(e)(4) under the Securities Exchange Act of 1934 ("Act"), where these risks are referred to as "credit risks." 17 CFR 240.17ad-22(e)(4).

⁴ The CRRM is a credit risk rating model NSCC utilizes to evaluate and rate the credit risk of NSCC's U.S. bank, foreign bank, and U.S. broker-dealer Members, and rate such Members based upon qualitative and quantitative information. See definition of Credit Risk Rating Matrix in NSCC Rule 1 (Definitions and Descriptions), supra note 1.

⁵ Members that have a credit rating of 6 or 7 are placed on the "Watch List." See definition of Watch List in NSCC Rule 1, supra note 1. Although the Other Transactions Charge formula in Procedure XV does not contemplate a 10% charge, NSCC may require Members on the Watch List to make deposits to the Clearing Fund over and above the amount determined in accordance with Procedure XV. See NSCC Rule 2B (Ongoing Membership Requirements and Monitoring), Section 4(e) and Procedure XV. Section I.(B)(1).

(ii) Proposed Changes to the Other Transactions Charge

NSCC regularly assesses its margining methodologies to evaluate whether margin levels are commensurate with the particular risk attributes of each relevant product, portfolio, and market. In connection with such reviews, NSCC has determined that the Other Transactions Charge is not necessary to address the risks relating to Other Transactions. NSCC is proposing to discontinue the application of the Other Transactions Charge and remove it from the Rules.

NSCC established the Other Transactions Charge initially to cover risk relating to the Envelope Settlement Service (“ESS”) which, at the time, was a guaranteed activity.⁶ All Clearing Fund activity at the time was a flat charge of 2.5% of all settlement debits and credits. This charge was added to address the risk raised when the debit balances for participants using ESS exceeded their credit balances and exceeded their excess net capitalization.⁷

Over time, in addition to CNS and Balance Order activity, certain non-guaranteed activity was excluded from the charge. In particular, Mutual Fund Services (“MFS”), which is a non-guaranteed activity, was excluded from the Other Transactions Charge when separate Clearing Fund requirements were added for MFS,⁸ and ESS was excluded from the Other Transactions Charge when it became non-guaranteed activity.⁹ Currently, the activity that is subject to the charge is a mix of guaranteed and non-guaranteed activity. NSCC has reviewed all the settlement codes included in the Other Transactions Charge, which is comprised of 43 NSCC settlement codes, of which 6 represent guaranteed transactions and 37 represent non-guaranteed transactions. The Other Transactions Charge calculation does not distinguish guaranteed from non-guaranteed settlement activities, even though NSCC has different obligations and faces different risks for each.

NSCC proposes to retire the Other Transactions Charge because the charge has become misaligned with the risk of the activity subject to the charge and the amounts raised by the charge are immaterial to the overall Clearing Fund. Any risks relating to the guaranteed activity subject to the charge are adequately addressed by the current Clearing Fund methodology and risk management framework through other charges. Of the 6 guaranteed transactions covered by the Other Transactions Charge, the settlement exposure stemming from 3 of the transaction

⁶ See Securities Exchange Act Release No. 18852 (June 18, 1982), 47 FR 29426 (June 28, 1982) (SR-NSCC-82-10).

⁷ Id.

⁸ See Securities Exchange Act Release No. 26377 (Dec. 20, 1988), 53 FR 52546 (Dec. 28, 1988) (SR-NSCC-87-12). The Clearing Fund requirements relating to MFS have since been removed as MFS is non-guaranteed activity and there is currently no Clearing Fund requirement for MFS activity. See Securities Exchange Act Release No. 93722 (Dec. 6, 2021), 86 FR 70548 (Dec. 10, 2021) (SR-NSCC-2021-015).

⁹ See Securities Exchange Act Release No. 61415 (Jan. 25, 2010), 75 FR 4896 (Jan. 29, 2010) (SR-NSCC-2010-01).

codes is captured in the mark-to-market charge¹⁰ at NSCC and in NSCC's liquidity needs sufficiency calculation. Settlement activity stemming from 2 of the transaction codes relates to a process that is being removed by NSCC.¹¹ The guaranteed transactions represented by the remaining settlement code present no settlement exposure due to only being used for internal tracking purposes with no impact to NSCC positions.¹²

The non-guaranteed activity subject to the charge poses no market risk to NSCC. In the event of a Member default relating to non-guaranteed activity, NSCC can reverse any unpaid settlement debits and corresponding credits owed to counterparties relating to that activity thus making the Other Transactions Charge unnecessary to cover any risks of such activity. This proposal better aligns the Clearing Fund formula with the Clearing Fund methodology and risk management framework at NSCC.

(iii) Detailed Description of Proposed Rule Change

NSCC is proposing to delete Section I.(A)(3) of Procedure XV which contains the Other Transactions Charge.

(iv) Impact of Proposed Changes

The collection of the Other Transactions Charge provided an additional deposit of \$27.2 million or 0.24% of the daily average total Clearing Fund of \$11.24 billion in 2024.

NSCC conducted an impact study of the proposed changes based on data from July 29, 2024 through November 21, 2024 ("Impact Study"). The Impact Study indicated that during the Impact Study period, the guaranteed Other Transactions covered by the Other Transactions Charge accounted for approximately 1.4% of the average daily credit amount of \$205.7 million and 0.6% of the average daily debit amount of \$210.4 million.

Implementation Timeframe

NSCC would implement the proposed rule change by no later than 60 Business Days after the approval of the proposed rule change by the Securities and Exchange Commission

¹⁰ See Procedure XV, Section I.(A)(1)(b), supra note 1.

¹¹ These two transaction codes are used to track credits and debits relating to positions processed through NSCC's Fully-Paid-For-Account. See Addendum G (Fully-Paid-For-Account) of the Rules, supra note 1. The positions placed in the Fully-Paid-For-Accounts are also subject to the normal margining process and subject to separate margin charges. NSCC is in the process of removing the Fully-Paid-For Account. See Securities Exchange Act Release No. 103390 (July 3, 2025), 90 FR 30538 (July 9, 2025) (SR-NSCC-2025-10).

¹² The remaining transaction code is used by NSCC for internal accounting of dividend payments and does not affect any individual Member positions.

(“Commission”). NSCC would announce the effective date of the proposed changes by an Important Notice posted to its website.

(b) Statutory Basis

NSCC believes that the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (“Act”) and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, NSCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act¹³ and Rule 17ad22(e)(6)(i),¹⁴ each as promulgated under the Act, for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to, among other things, remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.¹⁵ The proposed revisions are consistent with this provision because the proposed revisions would remove a requirement to pay the Other Transactions Charge that NSCC has determined is not necessary to mitigate potential losses to NSCC associated with Other Transactions. In a review of its margining methodologies, NSCC has determined that the Other Transactions Charge has become misaligned with the risk of the activity subject to the charge and the amounts raised by the charge are immaterial to the overall Clearing Fund. The non-guaranteed activity subject to the Other Transactions Charge poses no risk to NSCC. In the event of a Member default relating to non-guaranteed activity, NSCC can reverse any unpaid settlement debits and corresponding credits owed to counterparties relating to that activity thus making the Other Transactions Charge unnecessary to cover any risks of such activity. Any risks relating to the guaranteed activity subject to the Other Transactions Charge are adequately addressed by the current Clearing Fund methodology and risk management framework through other charges. Removing the requirement of the Other Transactions Charge would allow Members to engage in Other Transactions without having to incur costs associated with incurring an Other Transactions Charge. As such, NSCC believes the proposed rule change would remove impediments to and perfect the mechanism for the prompt and accurate clearance and settlement of securities transactions consistent with Section 17A(b)(3)(F) of the Act.

Rule 17ad-22(e)(6)(i) under the Act requires NSCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its Members by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market.¹⁶ In a review of its margining methodologies, NSCC has determined that the Other Transactions Charge has become misaligned with the risk of the

¹³ 15 U.S.C. 78q-1(b)(3)(F).

¹⁴ 17 CFR 240.17ad-22(e)(6)(i).

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

¹⁶ 17 CFR 240.17ad-22(e)(6)(i).

activity subject to the charge, and the amounts raised by the charge are immaterial to the overall Clearing Fund. The non-guaranteed activity subject to the Other Transactions Charge poses no risk to NSCC. In the event of a Member default relating to non-guaranteed activity, NSCC can reverse any unpaid settlement debits and corresponding credits owed to counterparties relating to that activity thus making the Other Transactions Charge unnecessary to cover any risks of such activity. Any risks relating to the guaranteed activity subject to the charge are adequately addressed by the current Clearing Fund methodology and risk management framework through other charges. Therefore, NSCC believes the coverage of its credit exposures to NSCC Members engaging in Other Transactions without applying an Other Transactions Charge is consistent with Rule 17ad-22(e)(6)(i) under the Act.

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

Section 17A(b)(3)(I) of the Act¹⁷ requires that the rules of the clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the Act. NSCC does not believe the proposed change would have an adverse impact or impose a burden on competition. The proposed change would remove a requirement to pay the Other Transactions Charge for Members that engage in Other Transactions that NSCC believes is not necessary. The proposed change would not be adding any obligations on Members that are using NSCC's services. As such, the proposed change would not impede any Members from engaging in the services or have an adverse impact on any Members. Moreover, the proposed change may promote competition because the proposed change could enhance participation in Other Transactions by removing the obligation to pay an Other Transactions Charge.

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 by NSCC, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

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

All prospective commenters should follow the Commission's instructions on how to submit comments, available at www.sec.gov/rules-regulations/how-submit-comment. 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.

¹⁷ 15 U.S.C. 78q-1(b)(3)(I).

6. Extension of Time Period for Commission Action

Not applicable.

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

(a) The proposed rule change is to take effect immediately upon filing pursuant to paragraph (A) of Section 19(b)(3) of the Act¹⁸ and Rule 19b-4(f)(4)¹⁹ thereunder.

(b) The proposed rule change constitutes a change of an existing service of a registered clearing agency that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and (ii) does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. The removal of the Other Transactions Charge does not affect the safeguarding of securities or funds in the custody or control of NSCC because the amounts raised by the charge are immaterial to the overall Clearing Fund. NSCC also believes that the charge is unnecessary to address the risks related to the Other Transactions subject to the charge as discussed above. Eliminating the charge also does not significantly affect the rights or obligations of NSCC or its members, as the charge's removal does not restrict access to services or alter member obligations—other than eliminating an immaterial and unnecessary margin requirement.²⁰

At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(4).

²⁰ Id.

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1 – Not applicable.

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

Exhibit 2 – Not applicable.

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

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[____]; File No. SR-NSCC-2025-012)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Remove the Other Transactions Charge from the NSCC Rules

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

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

The proposed rule change would remove a margin charge from the Rules⁵ that is charged to Members for certain settlement transactions other than CNS, Balance Order,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(4).

⁵ Terms not defined herein are defined in the NSCC Rules & Procedures (“Rules” or “NSCC Rules”), available at www.dtcc.com/legal/rules-and-procedures.

Mutual Fund Services and Envelope Settlement Service transactions (“Other Transactions Charge”).⁶

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

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The proposed rule change would remove a margin charge from the Rules that is charged to Members for certain settlement transactions other than CNS, Balance Order, Mutual Fund Services and Envelope Settlement Service transactions (“Other Transactions Charge”).⁷

⁶ The Other Transactions Charge is currently imposed by NSCC pursuant to Procedure XV (Clearing Fund Formula and Other Matters), Section I.(A)(3), id. “CNS” transactions are transactions in NSCC’s CNS System described in NSCC Rule 11 (CNS System) and Procedure VII (CNS Accounting Operation); “Balance Order” transactions are transactions in NSCC’s Balance Order Accounting Operation described in Procedure V (Balance Order Accounting Operation); “Mutual Fund Services” transactions are transactions in Mutual Fund Services described in NSCC Rule 52 (Mutual Fund Services); and “Envelope Settlement Service” transactions are transactions in the Envelope Settlement Service described in NSCC Rule 9 (Envelope Settlement Service), id.

⁷ The Other Transactions Charge is currently imposed by NSCC pursuant to Procedure XV (Clearing Fund Formula and Other Matters), Section I.(A)(3), id. “CNS” transactions are transactions in NSCC’s CNS System described in NSCC

(i) Overview of the Required Fund Deposit and the Other Transactions Charge

As part of its market risk management strategy, NSCC manages its credit exposure to Members by calculating the appropriate Required Fund Deposits to the Clearing Fund and monitoring the Clearing Fund's sufficiency, as provided for in the Rules.⁸ The Required Fund Deposit serves as each Member's margin.

The objective of an NSCC Member's deposit is to mitigate potential losses to NSCC associated with a default by an NSCC Member. Each NSCC Member's Required Fund Deposit is comprised of a number of risk-based component charges, including the Other Transactions Charge, which are calculated and assessed daily. The aggregate of all Members' Required Fund Deposits constitutes the Clearing Fund of NSCC. NSCC would access its Clearing Fund should a defaulting Member's own Required Fund Deposit be insufficient to satisfy losses to NSCC caused by the liquidation of that Member's portfolio. The Clearing Fund reduces the risk that NSCC would need to mutualize any losses among non-defaulting members during the liquidation process.

The Other Transactions Charge is a flat charge based on a percentage of each Member's average settlement debits and credits of certain settlement transactions ("Other

Rule 11 (CNS System) and Procedure VII (CNS Accounting Operation); "Balance Order" transactions are transactions in NSCC's Balance Order Accounting Operation described in Procedure V (Balance Order Accounting Operation); "Mutual Fund Services" transactions are transactions in Mutual Fund Services described in NSCC Rule 52 (Mutual Fund Services); and "Envelope Settlement Service" transactions are transactions in the Envelope Settlement Service described in NSCC Rule 9 (Envelope Settlement Service), id.

⁸ See NSCC Rule 4 (Clearing Fund) and Procedure XV (Clearing Fund Formula and Other Matters), supra note 5. NSCC's market risk management strategy is designed to comply with Rule 17ad-22(e)(4) under the Act, where these risks are referred to as "credit risks." 17 CFR 240.17ad-22(e)(4).

Transactions”) not including CNS, Balance Order, Mutual Fund Services and the Envelope Settlement Service settlement transactions. The charge is intended to cover potential risks related to NSCC settlement activity in Other Transactions.

The charge currently varies based on each Member’s Credit Risk Rating Matrix (“CRRM”)⁹ rating. For Members that have a CRRM rating of 1 through 6, the Other Transactions Charge is the greater of the following, based on a 20-day rolling average of activity: (i) 2.5% of the absolute value of debits plus the absolute value of credits or (ii) 5.0% of the absolute value of debits.

For Members with a CRRM rating of 7, the Other Transactions Charge is 10% of the 20-day rolling average of activity of the absolute value of debits plus the absolute value of credits.¹⁰

(ii) Proposed Changes to the Other Transactions Charge

NSCC regularly assesses its margining methodologies to evaluate whether margin levels are commensurate with the particular risk attributes of each relevant product, portfolio, and market. In connection with such reviews, NSCC has determined that the Other Transactions Charge is not necessary to address the risks relating to Other

⁹ The CRRM is a credit risk rating model NSCC utilizes to evaluate and rate the credit risk of NSCC’s U.S. bank, foreign bank, and U.S. broker-dealer Members, and rate such Members based upon qualitative and quantitative information. See definition of Credit Risk Rating Matrix in NSCC Rule 1 (Definitions and Descriptions), supra note 5.

¹⁰ Members that have a credit rating of 6 or 7 are placed on the “Watch List.” See definition of Watch List in NSCC Rule 1, supra note 5. Although the Other Transactions Charge formula in Procedure XV does not contemplate a 10% charge, NSCC may require Members on the Watch List to make deposits to the Clearing Fund over and above the amount determined in accordance with Procedure XV. See NSCC Rule 2B (Ongoing Membership Requirements and Monitoring), Section 4(e) and Procedure XV. Section I.(B)(1).

Transactions. NSCC is proposing to discontinue the application of the Other Transactions Charge and remove it from the Rules.

NSCC established the Other Transactions Charge initially to cover risk relating to the Envelope Settlement Service (“ESS”) which, at the time, was a guaranteed activity.¹¹ All Clearing Fund activity at the time was a flat charge of 2.5% of all settlement debits and credits. This charge was added to address the risk raised when the debit balances for participants using ESS exceeded their credit balances and exceeded their excess net capitalization.¹²

Over time, in addition to CNS and Balance Order activity, certain non-guaranteed activity was excluded from the charge. In particular, Mutual Fund Services (“MFS”), which is a non-guaranteed activity, was excluded from the Other Transactions Charge when separate Clearing Fund requirements were added for MFS,¹³ and ESS was excluded from the Other Transactions Charge when it became non-guaranteed activity.¹⁴ Currently, the activity that is subject to the charge is a mix of guaranteed and non-guaranteed activity. NSCC has reviewed all the settlement codes included in the Other Transactions

¹¹ See Securities Exchange Act Release No. 18852 (June 18, 1982), 47 FR 29426 (June 28, 1982) (SR-NSCC-82-10).

¹² Id.

¹³ See Securities Exchange Act Release No. 26377 (Dec. 20, 1988), 53 FR 52546 (Dec. 28, 1988) (SR-NSCC-87-12). The Clearing Fund requirements relating to MFS have since been removed as MFS is non-guaranteed activity and there is currently no Clearing Fund requirement for MFS activity. See Securities Exchange Act Release No. 93722 (Dec. 6, 2021), 86 FR 70548 (Dec. 10, 2021) (SR-NSCC-2021-015).

¹⁴ See Securities Exchange Act Release No. 61415 (Jan. 25, 2010), 75 FR 4896 (Jan. 29, 2010) (SR-NSCC-2010-01).

Charge, which is comprised of 43 NSCC settlement codes, of which 6 represent guaranteed transactions and 37 represent non-guaranteed transactions. The Other Transactions Charge calculation does not distinguish guaranteed from non-guaranteed settlement activities, even though NSCC has different obligations and faces different risks for each.

NSCC proposes to retire the Other Transactions Charge because the charge has become misaligned with the risk of the activity subject to the charge and the amounts raised by the charge are immaterial to the overall Clearing Fund. Any risks relating to the guaranteed activity subject to the charge are adequately addressed by the current Clearing Fund methodology and risk management framework through other charges. Of the 6 guaranteed transactions covered by the Other Transactions Charge, the settlement exposure stemming from 3 of the transaction codes is captured in the mark-to-market charge¹⁵ at NSCC and in NSCC's liquidity needs sufficiency calculation. Settlement activity stemming from 2 of the transaction codes relates to a process that is being removed by NSCC.¹⁶ The guaranteed transactions represented by the remaining

¹⁵ See Procedure XV, Section I.(A)(1)(b), supra note 5.

¹⁶ These two transaction codes are used to track credits and debits relating to positions processed through NSCC's Fully-Paid-For-Account. See Addendum G (Fully-Paid-For Account) of the Rules, supra note 5. The positions placed in the Fully-Paid-For-Accounts are also subject to the normal margining process and subject to separate margin charges. NSCC is in the process of removing the Fully-Paid-For Account. See Securities Exchange Act Release No. 103390 (July 3, 2025), 90 FR 30538 (July 9, 2025) (SR-NSCC-2025-10).

settlement code present no settlement exposure due to only being used for internal tracking purposes with no impact to NSCC positions.¹⁷

The non-guaranteed activity subject to the charge poses no market risk to NSCC. In the event of a Member default relating to non-guaranteed activity, NSCC can reverse any unpaid settlement debits and corresponding credits owed to counterparties relating to that activity thus making the Other Transactions Charge unnecessary to cover any risks of such activity. This proposal better aligns the Clearing Fund formula with the Clearing Fund methodology and risk management framework at NSCC.

(iii) Detailed Description of Proposed Rule Change

NSCC is proposing to delete Section I.(A)(3) of Procedure XV which contains the Other Transactions Charge.

(iv) Impact of Proposed Changes

The collection of the Other Transactions Charge provided an additional deposit of \$27.2 million or 0.24% of the daily average total Clearing Fund of \$11.24 billion in 2024.

NSCC conducted an impact study of the proposed changes based on data from July 29, 2024 through November 21, 2024 (“Impact Study”). The Impact Study indicated that during the Impact Study period, the guaranteed Other Transactions covered by the Other Transactions Charge accounted for approximately 1.4% of the average daily credit amount of \$205.7 million and 0.6% of the average daily debit amount of \$210.4 million.

¹⁷ The remaining transaction code is used by NSCC for internal accounting of dividend payments and does not affect any individual Member positions.

Implementation Timeframe

NSCC would implement the proposed rule change by no later than 60 Business Days after the approval of the proposed rule change by the Commission. NSCC would announce the effective date of the proposed changes by an Important Notice posted to its website.

2. Statutory Basis

NSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, NSCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act¹⁸ and Rule 17ad22(e)(6)(i),¹⁹ each as promulgated under the Act, for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to, among other things, remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.²⁰ The proposed revisions are consistent with this provision because the proposed revisions would remove a requirement to pay the Other Transactions Charge that NSCC has determined is not necessary to mitigate potential losses to NSCC associated with Other Transactions. In a review of its margining methodologies, NSCC has determined that the Other Transactions Charge has become misaligned with the risk of the activity subject to the charge and the amounts raised by the charge are immaterial to the overall Clearing

¹⁸ 15 U.S.C. 78q-1(b)(3)(F).

¹⁹ 17 CFR 240.17ad-22(e)(6)(i).

²⁰ 15 U.S.C. 78q-1(b)(3)(F).

Fund. The non-guaranteed activity subject to the Other Transactions Charge poses no risk to NSCC. In the event of a Member default relating to non-guaranteed activity, NSCC can reverse any unpaid settlement debits and corresponding credits owed to counterparties relating to that activity thus making the Other Transactions Charge unnecessary to cover any risks of such activity. Any risks relating to the guaranteed activity subject to the Other Transactions Charge are adequately addressed by the current Clearing Fund methodology and risk management framework through other charges. Removing the requirement of the Other Transactions Charge would allow Members to engage in Other Transactions without having to incur costs associated with incurring an Other Transactions Charge. As such, NSCC believes the proposed rule change would remove impediments to and perfect the mechanism for the prompt and accurate clearance and settlement of securities transactions consistent with Section 17A(b)(3)(F) of the Act.

Rule 17ad-22(e)(6)(i) under the Act requires NSCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its Members by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market.²¹ In a review of its margining methodologies, NSCC has determined that the Other Transactions Charge has become misaligned with the risk of the activity subject to the charge, and the amounts raised by the charge are immaterial to the overall Clearing Fund. The non-guaranteed activity subject to the Other Transactions Charge poses no risk to NSCC. In the event of a Member default relating to non-guaranteed activity, NSCC can reverse any unpaid

²¹ 17 CFR 240.17ad-22(e)(6)(i).

settlement debits and corresponding credits owed to counterparties relating to that activity thus making the Other Transactions Charge unnecessary to cover any risks of such activity. Any risks relating to the guaranteed activity subject to the charge are adequately addressed by the current Clearing Fund methodology and risk management framework through other charges. Therefore, NSCC believes the coverage of its credit exposures to NSCC Members engaging in Other Transactions without applying an Other Transactions Charge is consistent with Rule 17ad-22(e)(6)(i) under the Act.

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

Section 17A(b)(3)(I) of the Act²² requires that the rules of the clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the Act. NSCC does not believe the proposed change would have an adverse impact or impose a burden on competition. The proposed change would remove a requirement to pay the Other Transactions Charge for Members that engage in Other Transactions that NSCC believes is not necessary. The proposed change would not be adding any obligations on Members that are using NSCC's services. As such, the proposed change would not impede any Members from engaging in the services or have an adverse impact on any Members. Moreover, the proposed change may promote competition because the proposed change could enhance participation in Other Transactions by removing the obligation to pay an Other Transactions Charge.

²² 15 U.S.C. 78q-1(b)(3)(I).

(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 by NSCC, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

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

All prospective commenters should follow the Commission's instructions on how to submit comments, available at www.sec.gov/rules-regulations/how-submit-comment. 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)²³ of the Act and paragraph (f) of Rule 19b-4 thereunder.²⁴ At any time within 60 days of

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f).

the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or 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-2025-012 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-2025-012. 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 filing 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-2025-012 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.²⁵

Secretary

²⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 3

The information contained in this Exhibit 3 is subject to exemption from mandatory disclosure under Exemptions #4 and #8 of the Freedom of Information Act because the information concerns (i) trade secrets and commercial information that is privileged or confidential and (ii) the supervision of National Securities Clearing Corporation (NSCC), a financial institution. This Exhibit 3 contains one or more electronic files embedded in a one-page document for filing efficiency, as listed below. The information contained in the embedded file or files is not intended for public disclosure. Accordingly, this Exhibit 3 has been redacted and confidential treatment requested pursuant to 17 CFR 240.24b-2. An unredacted version was filed separately and confidentially with the Securities and Exchange Commission. Notwithstanding the request for confidential treatment, NSCC believes the substance of this Exhibit 3 is clearly and adequately described in the accompanying Exhibit 1A and Form 19b-4 narrative to this filing, thus allowing for meaningful public comment.

Embedded Files:

- NSCC Impact Study; spreadsheet file; NSCC Impact Study – Clearing Fund Impact.
- NSCC Impact Study; spreadsheet file; NSCC Impact Study – Member Level Impact.

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EXHIBIT 5

Bold and underlined text indicates proposed added language

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

NATIONAL SECURITIES CLEARING CORPORATION
RULES & PROCEDURES

PROCEDURE XV. CLEARING FUND FORMULA AND OTHER MATTERS¹

[Changes to this Procedure, as amended by File No. SR-NSCC-2025-012, are available at www.dtcc.com/legal/sec-rule-filings. These changes have been approved by the SEC but have not yet been implemented. By no later than 60 Business Days after [insert date of approval of SR-NSCC-2025-012], these changes will be implemented, and this legend will be automatically removed from this Procedure.]

I.(A) Clearing Fund Formula for Members

Each Member of the Corporation, except as otherwise provided in this Procedure, is required to contribute to the Clearing Fund maintained by the Corporation an amount calculated by the Corporation equal to:

(3) — For Other Transactions

~~The greater of (i) 2-1/2% of such Member's average daily settlement debits and credits other than CNS, Mutual Fund Services and Envelope Settlement Service debits and credits and (ii) 5% of such Member's average daily settlement debits other than CNS, Mutual Fund Services and Envelope Settlement Service debits, for other transactions (Other Transactions) as determined by the Corporation from time to time, adjusted for broker/dealer Members by a factor that shall be calculated as follows:~~

Average Daily Settlement Debits As Determined by the Corporation
Excess Net Capital

~~The factor calculation shall be adjusted in order to provide a minimum of one with a maximum of three.~~

¹ All calculations shall be performed daily or, if the Corporation deems it appropriate, on a more frequent basis.