



A#:	9319
P&S#:	8892
DATE:	JULY 11, 2023
TO:	ALL MEMBERS
ATTENTION:	MANAGING PARTNER/OFFICER, OPERATIONS PARTNER/OFFICER, COMPLIANCE OFFICER
FROM:	GENERAL COUNSEL'S OFFICE
SUBJECT:	NEW NSCC MINIMUM CAPITAL REQUIREMENTS (EFFECTIVE AUGUST 26, 2023)

NSCC is providing this notice to remind its members of the upcoming increases to the NSCC minimum capital requirements that members will be subject to starting in August 2023.

NSCC, DTC, and FICC (collectively, "Clearing Agencies"), each filed with the U.S. Securities and Exchange Commission ("SEC") on December 13, 2021, proposals to increase the minimum capital requirements applicable to many of their respective members.¹ The SEC approved those proposals on August 26, 2022.² The Clearing Agencies issued Important Notices to all their members regarding the approved proposals on September 26, 2022 and January 31, 2023.³

As described in the proposals, the approval orders, and Important Notices cited above, the increased capital requirements take effect one year after the date of the SEC's approval, which is August 26, 2023 ("Effective Date"). Any member that does not meet its new minimum capital requirement on Effective Date will have a grace period of 60 calendar days from Effective Date, which is October 25, 2023, to meet its new requirement.

As described in the NSCC proposal and related SEC approval order, the new minimum Excess Net Capital requirements for NSCC members that are U.S. broker-dealers will be a tiered approach based on (i) whether such member self-clears or clears for others, and (ii) the level of risk such member presents to NSCC, as measured by the member's daily volatility calculations from NSCC's value-at-risk ("VaR")

¹ NSCC proposal SR-NSCC-2021-016, DTC proposal SR-DTC-2021-017, and FICC proposal SR-FICC-2021-009 are each available on DTCC's website at <https://www.dtcc.com/legal/sec-rule-filings> and the SEC's website at <https://www.sec.gov/rules/sro.shtml>.

² The SEC approval orders are available on the SEC's website at <https://www.sec.gov/rules/sro.shtml>.

³ The Clearing Agencies' Important Notices are available on DTCC's website at <https://www.dtcc.com/legal/important-notices>.

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model and associated member charges. Under the new requirements, an NSCC member that is a U.S. broker-dealer must have and maintain at all times minimum Excess Net Capital as follows:

Clearing Status	Value-at-Risk Tier (“VaR Tier”)	Minimum Excess Net Capital
Self-Clearing	<\$100,000	\$1 million Excess Net Capital
	\$100,000-\$500,000	\$2.5 million Excess Net Capital
	>\$500,000	\$5 million Excess Net Capital
Clears for Others	<\$100,000	\$2.5 million Excess Net Capital
	\$100,000-\$500,000	\$5 million Excess Net Capital
	>\$500,000	\$10 million Excess Net Capital

NSCC encourages all members to become familiar with the new capital requirements applicable to them and ensure compliance when implemented in August 2023. As a reminder, if an NSCC member fails to meet its NSCC membership requirements at any time, including, without limitation, minimum capital requirements, NSCC may take any and all actions permitted under its rules, up to and including termination of the member’s NSCC membership.

Questions or inquiries regarding this Important Notice or the new minimum capital requirements applicable to your firm should be addressed to your Relationship Manager.