other matters relating to enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551–5400.

Dated: June 6, 2013.
Elizabeth M. Murphy,
Secretary.

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Advance Notice, as Modified by Amendment No. 1, To Require That All Locked-In Trade Data Submitted to It for Trade Recording Be Submitted in Real-time

June 5, 2013.

Pursuant to Section 806(e)(1) of the Payment, Clearance, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”) and Rule 19b–4(n)(1) thereunder, notice is hereby given that on April 30, 2013, the National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) an advance notice described in Items I, II and III below, which Items have been prepared primarily by NSCC. On May 14, 2013, NSCC filed Amendment No. 1 to the advance notice. The Commission is publishing this notice to solicit comments on the advance notice from interested persons.

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Advance Notice

NSCC is proposing to modify its Rules to require that all locked-in trade data submitted to NSCC for trade recording be submitted in real-time, as defined below, and to prohibit pre-netting and other practices that prevent real-time trade submission.

NSCC is also proposing to prohibit practices that preclude real-time submission, such as “pre-netting.” NSCC states that typically, pre-netting is done on a bilateral basis between a QSR and its customer, both NSCC Members. According to NSCC, any pre-netting practices—whether in the form of “compression” (i.e., technique to combine submissions of data for multiple trades to the point where the identity of the party actually responsible for the trades is masked), netting, or any other practice that combines two or more trades prior to their submission to NSCC (collectively, “pre-netting”)—prevent the submission to NSCC of transactions on a trade-by-trade basis, and cause submitting firms to delay submission of their trades. According to NSCC, these practices disrupt NSCC’s ability to accurately monitor market and credit risks as they evolve during the trading day. Therefore, NSCC’s proposal will prohibit pre-netting activity on the part of entities submitting original trade data on a locked-in basis. The rules of NSCC’s affiliate Fixed Income Clearing Corporation (“FICC”) currently prohibit such activity, and this proposed rule change would align NSCC’s trade submission rules with those of FICC.

NSCC does not expect the proposed rule changes to impact trade volumes significantly. According to NSCC, the majority of trades are currently being submitted to NSCC in real-time on a trade-by-trade basis, and NSCC is operationally capable of managing trade volumes that are multiple times larger than the historical peak volumes. NSCC’s trade capture application.

The Commission has modified the text of the summaries prepared by NSCC.

The term “real-time,” when used with respect to trade submission, will be defined in Procedure XIII (Definitions) of NSCC’s Rules as the submission of such data on a trade-by-trade basis promptly after trade execution, in any format and by any communication method acceptable to NSCC.

QSRs are NSCC Members that either (i) operate an automated execution system where they are always the contra side of every trade, (ii) are the parent or affiliate of an entity operating such an automated system, where they are the contra side of every trade, or (iii) clear for a broker-dealer that operates such a system and the subscribers to the system acknowledge the clearing Member’s role in the clearance and settlement of these trades.

One executing market with very low trade volume does not yet submit trades in real-time.

NSCC is not at this time modifying Procedure III (Trade Recording Service (Interface Clearing Procedures)) of its Rules, so files submitted to NSCC by The Options Clearing Corporation (“OCC”) relating to option exercises and assignments (Procedure III, Section D—Settlement of Option Exercises and Assignments) will not be required to be submitted in real-time. OCC’s process of assigning option assignments is and will continue to be an end-of-day process.

3. In Amendment No. 1, NSCC modified Exhibit 5 from the original advance notice filing to correct a typographical error in the text of its Rules & Procedures (“Rules”) related to the advance notice.
Universal Trade Capture, provides contract information to Members in real-time. Receipt of trade data in real-time will enable NSCC to record, and report to Members, trade data as it is received by the marketplaces, thereby promoting intra-day reconciliation of transactions at the Member level.

In the wake of recent industry disruptions, industry participants have been focused on developing controls to address the risks that arise from technology issues. NSCC believes that technology issues that could potentially cause significant disruptions and losses have become more likely in the securities markets that have leveraged technology advances to move to higher frequency trading environment. A comment letter submitted to the Commission in advance of its Technology and Trading Roundtable, held in October 2012, and signed by a number of industry participants including SROs, broker-dealers, and buy-side firms, supported this proposed rule change as a crucial component of the industry controls that could increase market transparency and ultimately mitigate risks associated with high-frequency trading and related technology.11

As a central counterparty, NSCC contributes to market stability by interposing itself between counterparties to financial transactions and thereby reducing the risk faced by market participants. NSCC believes the proposed rule change will align NSCC’s Rules with the trend in risk mitigation to move towards real-time trade submission and processing. NSCC believes the proposal will also support NSCC’s critical role in maintaining financial stability by reducing the operational risk that results from locked-in trade data not being submitted to NSCC in real-time, particularly from firms that delay trade submission so as to pre-net their data. For example, receipt of locked-in trade data on a real-time basis will permit NSCC’s risk management processes to monitor trades closer to trade execution on an intra-day basis, and identify and manage any issues relating to excessive risk exposure earlier in the day. According to NSCC, it will also be able to provide safe storage for real-time trade data, mitigating the risk that an event that occurs after trade execution and disrupts trade input will significantly delay completion of those trades or may even cause trade data to be lost.

While the proposed rule change will require some QSRs to enhance their trade submission systems, and could cause increased fees for those NSCC Members that pre-net their trade data so as to reduce clearance fees, NSCC believes the significant risk mitigation benefits of this proposal outweigh any temporary burdens or increased costs that may result. As a user-owned industry utility and a registered clearing agency, NSCC believes it must appropriately allocate the costs of its services in order to maintain a fee schedule that is fair and equitable among its participants. According to NSCC, enabling Members to persist in pre-netting practices permits those participants to evade paying their fair share of NSCC’s costs, rendering NSCC’s fee schedule, as currently applied, inequitable to the firms for whom trades are submitted in real-time without any pre-netting. Further, over the past few years, NSCC has adjusted its fee schedule to give more weight to “value transacted” and less weight to “units processed,” which NSCC believes will reduce the impact of this rule change on Members’ fees.

Implementation Timeframe

If the Commission approves this proposed rule change, Members will be advised of the implementation date through issuance of an NSCC Important Notice. The proposed rule change will not be implemented earlier than seven (7) months from the date of Commission approval.

Proposed Rule Changes

NSCC proposes to amend Rule 7 (Comparison and Trade Recording Operation), Procedures II (Trade Comparison and Recording Service), IV (Special Representative Service) and XIII (Definitions) of its Rules in order to require that all locked-in trades submitted for trade recording by SROs and QSRs be submitted on a real-time basis, and to make clear that locked-in trade data from SROs and QSRs must be submitted on a trade-by-trade basis, in the original form in which they are executed, and that pre-netting and similar practices are prohibited.

In light of these proposed changes, Addendum N (Interpretation of the Board of Directors: Locked-In Data From Qualified Special Representatives) of NSCC’s Rules will be deleted, as it will be no longer relevant.

(B) Clearing Agency’s Statement on Comments on the Advance Notice Received From Members, Participants, or Others

While written comments relating to the proposed rule change have not yet been solicited with respect to this filing, the proposed rule changes described herein were the subject of a prior rule filing that was filed with the Commission in 2006 as File No. SR–NSCC–2006–04 (“2006 Filing”).12 NSCC received a number of public comments to the 2006 Filing. NSCC submitted a public response to each of the comments in 2006.13 The 2006 Filing was officially withdrawn on December 29, 2011.

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

NSCC is proposing to amend its Rules in order to require that all locked-in trade data submitted to NSCC for trade recording be submitted promptly after trade execution (or in real-time), and to prohibit pre-netting and other practices that prevent real-time trade submission. The proposed rule change is described in detail above.

Anticipated Effect on and Management of Risk

As described above, the proposed rule change is designed to reduce the operational, market, and credit risk to both NSCC and its Members that results from locked-in trade data not being submitted to NSCC in real-time. The risk-mitigating effects of this proposal are described in detail above.

III. Date of Effectiveness of the Advance Notice and Timing for Commission Action

The clearing agency may implement the proposed change pursuant to Section 806(e)(1)(G) of the Clearing Supervision Act if it has not received an objection to the proposed change within 60 days of the later of (i) the date that the Commission received the advance notice or (ii) the date the Commission receives any further information it requested for consideration of the notice. The clearing agency shall not implement the proposed change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension. A proposed change may be implemented in less than 60 days from the date of receipt of the advance notice.

notice, or the date the Commission
receives any further information it
requested, if the Commission notifies
the clearing agency in writing that it
does not object to the proposed change
and authorizes the clearing agency to
implement the proposed change on an
earlier date, subject to any conditions
imposed by the Commission. The
clearing agency shall post notice on its
Web site of proposed changes that are
implemented.

The proposal shall not take effect
until all regulatory actions required with
respect to the proposal are completed.15

IV. Solicitation of Comments

Interested persons are invited to
submit written data, views, and
arguments concerning the foregoing,
including whether the advance notice is
consistent with the Clearing
Supervision Act. Comments may be
submitted by any of the following
methods:

Electronic Comments
• Use the Commission’s Internet
  comment form (http://www.sec.gov/
  rules/sro.shtml); or
• Send an email to rule-
  comments@sec.gov. Please include File
  No. SR–NSCC–2013–805 on the subject
  line.

Paper Comments
• Send paper comments in triplicate
to Elizabeth M. Murphy, Secretary,
Securities and Exchange Commission,
100 F Street NE., Washington, DC
20549–1000.

All submissions should refer to File No.
SR–NSCC–2013–805. This file number
should be included on the subject line if
email 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 Web site (http://www.sec.gov/
rules/sro.shtml). Copies of the
submission, all subsequent
amendments, all written statements
with respect to the advance notice that
are filed with the Commission, and all
written communications relating to the
advance notice 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 Web site 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 such
filings also will be available for
inspection and copying at the principal
office of NSCC and on NSCC’s Web site
at http://www.dtcc.com/downloads/
legal/rule filings/2013/nscc/SR-NSCC-
203-805.pdf All comments received will
be posted without change; the
Commission does not edit personal
identifying information from
submissions. You should submit only
information that you wish to make
available publicly. All submissions
should refer to File No. SR–NSCC–
2013–805 and should be submitted on
or before June 26, 2013.

By the Commission.
Kevin M. O’Neill,
Deputy Secretary.

SECURITIES AND EXCHANGE
COMMISSION

[Release No. 34–69702; File No. SR–FINRA–
2013–022]

Self-Regulatory Organizations;
Financial Industry Regulatory
Authority, Inc.; Notice of Filing and
Immediate Effectiveness of a Proposed
Rule Change Relating to Dissemination
of Agency-Pass Through Mortgage-
Backed Securities and SBA-Backed
Asset-Backed Securities Traded in
Specified Pool Transactions

June 5, 2013.

Pursuant to Section 19(b)(1) of the
Securities Exchange Act of 1934
(“Act”)1 and Rule 19b–4 thereunder,2
notice is hereby given that on May 24,
2013, the Financial Industry Regulatory
Authority, Inc. (“FINRA”) filed with the
Securities and Exchange Commission
(“SEC” or “Commission”) the proposed
rule change as described in Items I and
II below, which Items have been
prepared by FINRA. FINRA has
designated the proposed rule change as
constituting a “non-controversial” rule
change under paragraph (f)(6) of Rule
19b–4 under the Act,3 which renders the
proposal effective upon receipt of this
filing by the Commission. The
Commission is publishing this notice to
solicit comments on the proposed rule
change from interested persons.

I. Self-Regulatory Organization’s
Statement of the Terms of Substance
of the Proposed Rule Change

FINRA is proposing to amend the
Trade Reporting and Compliance Engine
(“TRACE”) dissemination protocols to
provide a limited exception to
dissemination requirements for certain
Agency Pass-Through Mortgage Backed-
Securities (“MBS”) and Asset-Backed
Securities (“ABS”) backed by loans
guaranteed as to principal and interest
by the Small Business Administration
(“SBA-Backed ABS”) traded in
Specified Pool Transactions (collectively, “MBS and SBA-Backed
ABS Specified Pool Transactions”) that
are reported late and to clarify that
FINRA will disseminate an MBS or
SBA-Backed ABS Specified Pool
Transaction in instances where some
but not all of the data elements are
available and input in the TRACE
System when the transaction is
reported.4

The proposed rule change makes no
changes to the rule text.

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

In its filing with the Commission,
FINRA 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. FINRA has prepared
summaries, set forth in sections A, B,
and C below, of the most significant
aspects of such statements.

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

1. Purpose

On August 29, 2012, FINRA filed SR–
FINRA–2012–042, a proposed rule
change to amend FINRA Rule 6750 and

15 NSCC also filed the proposals contained in this
advance notice as a proposed rule change under
Section 19(b)(1) of the Exchange Act and Rule 19b–
4. Pursuant to Section 19(b)(2) of the Exchange Act,
generally not later than 45 days after the date of
publication of the proposed rule change in the
Federal Register or such longer period up to 90
days if the Commission determines that a longer
period is appropriate and publishes the reasons for
such determination or the self-regulatory
organization consents the Commission will either:
(i) by order approve or disapprove the proposed
rule change or (ii) institute proceedings to
determine whether the proposed rule change
Release No. 34–69571 (May 14, 2013), 78 FR 29408
(May 20, 2013).


3 The terms Agency Pass-Through Mortgage-
Backed Security, Asset-Backed Security, and
Specified Pool Transaction are defined in FINRA
Rule 6710(v), FINRA Rule 6710(m), and FINRA
Rule 6710(x), respectively. The dissemination
requirements were approved and will become
effective on July 22, 2013. See note 5.