SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations;
National Securities Clearing Corporation; Notice of Filing Amendment No. 2 to an Advance Notice, as Previously Modified by Amendment No. 1, To Institute Supplemental Liquidity Deposits to Its Clearing Fund Designed To Increase Liquidity Resources To Meet Its Liquidity Needs

July 9, 2013.


Pursuant to Section 806(e)(1) of the Clearing Supervision Act and Rule 19b–4(n)(1)(i) thereunder, notice is hereby given that on June 11, 2013, NSCC filed with the Commission Amendment No. 2 to the Advance Notice, as previously modified by Amendment No. 1. The Commission is publishing this notice to solicit comments on the Advance Notice, as modified by Amendment No. 2, from interested persons.

The proposed Rule Change, as amended, shall not take effect until all regulatory actions required with respect to the proposal are completed.

The Advance Notice of July 9, 2013, NSCC filed with the Commission Amendment No. 1 to the Advance Notice, as amended. The text of these comments it received on the Advance Notice, as amended. The text of these statements may be examined at places specified in Item IV below. NSCC has prepared summaries, set forth in sections (A), (B), and (C) immediately below, of the most significant aspects of these statements.

1. Description of Change
Original SRO Proposal

The original proposal contained in the Advance Notice, as modified by Amendment No. 1 (“Original SRO Proposal”), would change the Rules to add a new Rule 4A, in order to establish a supplemental liquidity funding obligation designed to cover the liquidity exposure attributable to those Members and families of affiliated Members (“Affiliated Families”) that regularly incur the largest gross settlement debits over a settlement cycle during both times of normal trading activity (“Regular Activity Periods”) and times of increased trading and settlement activity that arise around quarterly triple options expiration dates (“Quarterly Options Expiration Activity Periods”).
The Supplemental Liquidity Obligation of a Member or Affiliated Family with respect to a Regular Activity Period ("Regular Activity Liquidity Obligation") or a Quarterly Options Expiration Activity Period ("Special Activity Liquidity Obligation") would be imposed on the 30 Members or Affiliated Families who generate the largest aggregate liquidity needs over a settlement cycle that would apply in the event of a closeout (i.e., over a period from date of default through the following three settlement days), based upon a historical look-back period.

NSCC states that the calculations for both the Regular Activity Liquidity Obligation and the Special Activity Liquidity Obligation are designed so that NSCC has adequate liquidity resources to enable it to settle transactions, notwithstanding the default of the Member or Affiliated Family presenting the largest liquidity need during Regular Activity Periods, as well as during Quarterly Options Expiration Activity Periods. The Supplemental Liquidity Obligations imposed on Members of Affiliated Families would be apportioned among the Members in that Affiliated Family in proportion to the liquidity risk (or peak exposure) they present to NSCC.

NSCC states that the SLD Proposal is designed to supplement NSCC’s liquidity resources and work in tandem with NSCC’s committed credit facility ("Credit Facility"), which it maintains as a liquidity resource (in addition to the NSCC Clearing Fund) should a Member or Affiliated Family default. The Regular Activity Liquidity Obligations would be calculated and imposed semi-annually, the first of which would be made to coincide with the annual renewal of the Credit Facility and the second of which would be made six months thereafter. NSCC states that the SLD Proposal seeks to strike a balance between reliance on the Credit Facility to reduce the burden on Members or Affiliated Families for cash outlay, while at the same time obligating those Members or Affiliated Families who expose NSCC to the largest liquidity risks to fund their fair share of the liquidity “differential.”

NSCC states that the SLD Proposal contains both obligations and incentives. For example, a cash deposit in respect of a Regular Activity Liquidity Obligation (e.g., in the Original SLD Proposal, the obligation of a Member or Affiliated Family to make a "Regular Activity Supplemental Deposit") would be reduced by any liquidity such Members or their affiliates provided as commitments under the Credit Facility. To the extent that NSCC is successful in raising significant amounts of its needed liquidity though the Credit Facility—whether from Members, their affiliates making commitments on their behalf, or non-affiliated lenders—NSCC states that a diversified lender facility serves to mitigate the liquidity risk of NSCC and its membership as a whole, while reducing the cash outlay obligations of the top 30 Members and Affiliated Families.

NSCC states that the cash deposit in respect of a Special Activity Liquidity Obligation ("Special Activity Supplemental Deposit") was structured in the Original SLD Proposal to address any additional liquidity shortfalls (i.e., over and above NCSS’s other available liquidity resources) that arose during the heightened trading activity around the Quarterly Options Expiration Period. As such, these additional Special Activity Supplemental Deposits would be required to be maintained on deposit with NSCC only through the completion of the related settlement cycle and for a few days thereafter.

Both prior to the submission of the Advance Notice, and since, NSCC states that it has engaged in significant outreach to its Members to discuss the SLD Proposal, which outreach, NSCC believes, has been key to the development and evolution of the SLD Proposal over the past 18 months. NSCC is cognizant of the concerns raised by Members who have submitted comments regarding the Advance Notice and related Proposed Rule Change, and, according to NSCC, this Amendment No. 2 seeks to address those concerns.

Proposed Enhancements to the Original SLD Proposal

NSCC is proposing to amend the Original SLD Proposal with enhancements that NSCC believes are collectively designed to mitigate potential cash outlay burdens, as well as respond to transparency concerns raised by Members, by clarifying the implementation timeframe of the proposed change and the reporting that would be provided to Members under this revised SLD Proposal ("Revised SLD Proposal").

First, NSCC would allow its Members to designate a commercial lender—whether or not affiliated with that Member—to commit as a lender to the Credit Facility as a designee of the Member, subject to satisfaction of reasonable lender criteria. NSCC states that this commitment would reduce the Member’s Regular Activity Liquidity Obligation cash requirement by the amount of any such commitment. Therefore, under the Revised SLD Proposal, NSCC states that all Members, whether or not they have affiliated banks, are equally incentivized to seek lenders to maximize the size of the Credit Facility. NSCC states that this change effectively eliminates any perceived discrimination in the Original SLD Proposal between those Members that have bank affiliates and those that do not. This change is reflected in the proposed Rule 4A by the inclusion of a new definition for “Designated Lender,” and corresponding adjustments to the calculation formula.

Second, any “excess” Credit Facility commitments made by Members directly or through their Designated Lenders (i.e., the amount of any commitment by a Member or its Designated Lender that exceeds the Member’s calculated Regular Activity Liquidity Obligation) would be allocated ratably among all Regular Activity Liquidity Providers, which NSCC states would reduce their cash Regular Activity Supplemental Deposit requirements, in the same way that commitments of non-affiliated lenders are applied under the Original SLD Proposal. This change is reflected in adjustments to the calculation formula in Sections 5 and 9 of the proposed Rule 4A.

Third, under the Revised SLD Proposal, the seasonal/peak facility that NSCC believes currently addresses NSCC’s liquidity needs over Quarterly Options Expiration Activity Periods would be extended to cover monthly options expiration periods and would be calculated and collected 12 times a year instead of four ("Monthly Options Expiration Activity Period"). NSCC states, based on its review of available historical quantitative information, that the effect of this change would be to reduce the size of the Regular Activity Liquidity Obligations under the Revised SLD Proposal. Additionally, NSCC states that by treating any obligations derived from Monthly Options Expiration Activity Periods (where there is greater activity fluctuation than during other periods) as Special Activity Liquidity Obligations, the Revised SLD Proposal would provide greater stability and predictability to the size of the Regular Activity Liquidity Obligations. NSCC’s analyses based upon historical data estimates that expanding this seasonal/
peak facility to cover all Monthly Options Expiration Activity Periods could reduce the size of the aggregate Regular Activity Liquidity Obligations by up to 20 percent. NSCC also states that recalibrating the Special Activity Liquidity Obligations on a monthly basis results in allocating the liquidity burdens among those Members and Affiliated Families more equitably, since only those Members whose monthly options-related activity generate liquidity needs in excess of NSCC’s then available liquidity resources would be obligated to fund such additional amounts.¹⁴ NSCC states that this change is reflected in a revised definition of “OptionsExpiration Activity Period,” and clarifications to the calculation formula of the Special Activity Liquidity Obligations, as well as to related definitions to ensure the formula—and the allocation among affected Members—operates as intended.

Fourth, the Revised SLD Proposal includes a new definition for “Other Qualifying Liquid Resources.” NSCC states that this new defined term would permit NSCC to take any such additional or alternative liquidity resources that it may obtain in the future into account when calculating Regular Activity Liquidity Obligations and to use them to reduce the amount of cash, if any, that Members would otherwise be obligated to deposit as Regular Activity Supplementary Deposits. This change is reflected both with the inclusion of the new definition of “Other Qualifying Liquid Resources,” and with corresponding modifications to the calculation formula.

Fifth, as regards Members’ voluntarily prefunding Regular Activity Liquidity Obligations and Special Activity Liquidity Obligations, NSCC would monitor Members’ prefunding activity to understand the impact such prefunded amounts have on the amount of its committed liquidity resources. NSCC states that the Revised SLD Proposal provides NSCC with some discretion when including prefunded deposits within its calculated liquidity resources, so as to provide some flexibility in the event it becomes too reliant on voluntary prefunding to meet its minimum liquidity needs. NSCC states that this change to the Original SLD Proposal would address any concern that NSCC would not have sufficient liquid resources to effect settlement if prefunding is unavailable when actually needed.

Additional Revisions to the Original SLD Proposal

Reporting. NSCC states that it understands and agrees that Members have to be able to evaluate risks of their membership and be able to plan for their liquidity needs. NSCC also states that it is critical that Members understand the risks that their own activity presents to NSCC and be prepared to monitor their own activity and alter their behavior if they want to minimize the liquidity risk they present to NSCC. While NSCC states that robust reporting has always been a key element of the Original SLD Proposal, the Revised SLD Proposal clarifies in a new Section 31 of proposed Rule 4A the information that NSCC would provide to Members. Such information would be provided to all Members, not just the top 30 Members and Affiliated Families, at least monthly. NSCC states that these reports would show Members the liquidity exposure they present to NSCC to enable them to monitor their activity and the “Regular Activity Peak Liquidity Exposure” that results from their activity. Information provided in these reports would include:

- The Regular Activity Peak Liquidity Exposure of the Member on each Business Day of the preceding month;
- NSCC’s largest Regular Activity Peak Liquidity Need for the preceding month;
- In the case of an Unaffiliated Member, for each Business Day of the preceding month, the percentage that the Regular Activity Peak Liquidity Exposure of the Member bears to the aggregate Regular Activity Peak Liquidity Exposures of all Regular Activity Liquidity Providers (the percentage for a Member that is not a Regular Activity Liquidity Provider for that month would be zero); and
- In the case of an Affiliated Family, for each Business Day of the preceding month, the percentage that the aggregate Regular Activity Peak Liquidity Exposures of all Members of that Affiliated Family bears to the aggregate Regular Activity Peak Liquidity Exposures of all Regular Activity Liquidity Providers (Affiliated Families that are not Regular Activity Liquidity Providers for that month would be zero percentage).

Technical Clarifications and Changes. The Revised SLD Proposal includes certain technical changes and clarifications that NSCC states it designed to align notice, payment, and cash return timeframes, and to clarify the operation of the calculation formulas to ensure they operate as intended.

Implementation Timeframe and Funding Notice. While the SLD Proposal would be effective upon the completion of all required regulatory approvals, Members would not be obligated to fund their Regular Activity Liquidity Obligations or Special Activity Liquidity Obligations until the Monthly Options Expiration Activity Period in September 2013. Moreover, Members would be provided with notice of their initial Regular Activity Liquidity Obligations no later than 30 days prior to the date on which that amount must be deposited with NSCC. At that time, NSCC’s risk management staff would also provide to affected Members their Special Activity Peak Liquidity Exposure within the look-back period. Specific implementation dates would be provided by NSCC by Important Notice.

NSCC states that its risk management staff would continue to work with Members to help them understand the Revised SLD Proposal and to develop tools that NSCC believes would enable Members to forecast the liquidity exposure they present to NSCC. NSCC states that its risk management staff would also use the reports that would be provided under new Section 31 or proposed Rule 4A to guide ongoing discussions with Members regarding the types of actions that could mitigate those Members’ peak liquidity exposure. In addition, under the Revised SLD Proposal (as in the Original SLD Proposal), NSCC states that Members would be able to manage their exposures by making prefund deposits where they project their own activity would increase their liquidity exposure. For example, if a Member that would be a Special Activity Liquidity Provider anticipates that its Special Activity Peak Liquidity Exposure at any time during a particular Options Expiration Activity Period would be greater than the amount calculated by NSCC, then it could make an additional cash deposit to the Clearing Fund (in excess of its Required Deposit) that it designates as a “Special Activity Prefund Deposit.”

In order to give Members sufficient time to plan for annual Credit Facilities renewals and to line up designated liquidity providers for the Credit Facility, NSCC states that its risk staff would provide Members with an impact analysis of their projected Supplemental Liquidity Obligations beginning on

¹⁴NSCC states that since the allocation formula ratably applies the excess amount needed due to activity during Special Activity Periods based upon the affected Member’s Special Activity Peak Liquidity Exposure, then to the extent that a Member’s Special Activity Peak Liquidity Exposure (as defined) is less than or equal to NSCC’s other available resources, that Member’s share of the Special Activity Peak Liquidity Need will be zero.
November 31 of each year.\textsuperscript{15} NSCC states that the information provided would show the potential impact on affected Members based on different Credit Facility funding levels.

In response to the more general concern regarding refinancing risk and NSCC’s reliance on the Credit Facility, NSCC states that it would continue to explore additional financing sources. NSCC states that it would review and evaluate the financing options available to it and the related costs of those options, and would expect to present the findings of that review to the NSCC Board prior to the next renewal of the Credit Facility in May 2014. When sizing and approving the fee and costs structure of the renewal Credit Facility, NSCC states that the NSCC Board would be able to take into account those potential additional financing sources and consider the consequent impact on Members’ cash Regular Activity Supplemental Deposit and Special Activity Supplemental Deposit obligations. The items that would be included in this review are:

- Analysis of the availability, size, cost, and credit risk necessary to obtain the additional commitments under the Credit Facility likely to reduce the Regular Activity Supplemental Deposit requirements to zero;
- analysis of the availability, size, cost, and credit risk to obtain a new multi-year committed facility to replace the existing Credit Facility;
- an understanding of the aggregate costs, if any, for Members to designate commercial lenders to commit to the Credit Facility as their designees;
- analysis of the availability, size, cost, and potential depth of a capital market funding among Members and/or third parties as an additional liquidity resource, including the viability of offering the funding to Members or mandating their participation in such funding; and
- a summary of the steps that Members have taken to reduce their NSCC liquidity profile, and whether this should be factored into the historical analysis used to determine NSCC’s Regular Activity Period liquidity needs and Members’ share of that need.

NSCC states that it would update its Members on the results of this review and the determination of the NSCC Board. NSCC states that it would also update its Members with information regarding future liquidity initiatives designed to increase NSCC’s liquidity resources and potentially reduce supplemental deposit requirements, including the rationale behind these initiatives, how these initiatives fit within NSCC’s liquidity risk tolerance, and the likely impact of the initiatives.

NSCC states that the Revised SLD Proposal contributes to NSCC’s goal of ensuring that NSCC has adequate liquidity resources to meet its settlement obligations, notwithstanding the default of its Members or Affiliated Families that pose the largest aggregate liquidity exposure over the relevant settlement cycle, as required by Commission Rule 17Ad–22(b)(3).\textsuperscript{16}

2. Anticipated Effect on Management of Risk

As described above, NSCC is proposing to amend the Advance Notice, as modified by Amendment No. 1, in order to mitigate potential cash outlay burdens, and respond to transparency concerns raised by Members by clarifying the implementation timeframe of the SLD Proposal and the reporting that would be provided to Members under the SLD Proposal. NSCC believes that the SLD Proposal, as amended hereby, has been designed to ameliorate any unintended impact on competition that may be perceived, and it does not believe that the proposed amendments change the anticipated effect on and management of risk, as described in the original Advance Notice filed by NSCC on March 21, 2013.\textsuperscript{17}

(B) Comments on Competition

1. Competition Concerns Raised by Commenters

Bank Affiliates. NSCC states that some commenters raised concerns on competition grounds that the Original SLD Proposal permitted Members and Affiliated Families with bank affiliates to reduce or potentially eliminate their required cash Required Activity Supplemental Deposits by the amounts of the commitments of such bank affiliates under the Credit Facility while Members and Affiliated Families without bank affiliates could not do so. As indicated above, NSCC states that this limitation to bank affiliates has been eliminated from the SLD Proposal. NSCC states that any Member or Affiliated Family could designate a Designated Lender and receive an offset for the commitment of such Designated Lender.

The Top 30 Cut-Off. NSCC states that some commenters raised concerns on competition grounds that Supplemental Liquidity Obligations are only imposed on the 30 largest Members and Affiliated Families rather than on the entire membership. NSCC states that, based on an analysis of Members, NSCC made a business determination that the top 30 Members or Affiliated Families would most appropriately capture the liquidity exposure over and above available NSCC Clearing Fund liquidity. NSCC states that its liquidity analyses show that the liquidity requirements attributable to the top 30 Members and Affiliated Families account for the vast majority of NSCC’s liquidity needs. According to NSCC, as of the end of February 2013, the top 30 Members and Affiliated Families represented approximately 85% of the total membership by peak liquidity needs over the prior six-month period. NSCC states that the analyses also show that the remaining membership’s peak liquidity demands are covered by the required deposits to the NSCC Clearing Fund. Therefore, NSCC states the SLD Proposal appropriately places the burden of providing liquidity on those Members and Affiliated Families who present the largest liquidity risk. While NSCC does not believe it would be appropriate to require the entire membership to bear the burden of the liquidity needs that are generated by NSCC’s largest trading firms, it does note that all Members currently do bear the cost of the Credit Facility as an operating expense that NSCC factors into its overall fee structure, as well as their share of the NSCC Clearing Fund.

NSCC states that as a whole, NSCC believes this collective liquidity funding approach represents a fair apportionment of NSCC’s aggregate liquidity needs amongst its membership.

Impact on a Sector of the Market.

NSCC states that some commenters raised concerns on competition grounds that the SLD Proposal may cause increased concentration of clearing activity by requiring smaller firms to clear through larger financial institutions. NSCC states that implicit in these comments is a concern that smaller, less well-capitalized firms have less access to funding than do larger, well capitalized firms. NSCC states, however, that no Member, because of its low capital business model or limited access to funding, should have the right to impose on NSCC (and the rest of the membership) the burden of bearing the risks of that Member’s clearing activities. Moreover, NSCC states that the SLD Proposal provides incentives for Members to manage the liquidity risks of their business; by doing so they
could reduce the share of their obligation under the SLD Proposal.

NSCC also states that some commenters claim that the risk posed by brokers with business in mostly agency-based transactions was overstated by NSCC in crafting the SLD Proposal because those firms settle transactions on a delivery-versus-payment ("DVP") basis. NSCC states, however, that agency brokers that execute market transactions that clear at NSCC are obligated, as principals, to settle those transactions at NSCC irrespective of whether their institutional customers complete the institutional delivery DVP side of the transaction (which occurs outside of NSCC). According to NSCC, it, as the central counterparty, remains obligated to complete the other side of the market transaction if the agency broker fails.

NSCC states that institutional customers of the agency brokers are not NSCC Members and have no contractual obligation to NSCC to complete those trades if the agency broker fails. Therefore, NSCC states that if an agency broker fails, NSCC (and its other Members) face the risk that the institutional customer will take its own market action, and NSCC will incur the liquidity obligation of completing the market settlement. NSCC states that it must consider this risk in crafting its risk management strategies, and agency brokers are not immune from the risk of failure, as recent events have shown that they, like other firms, remain subject to market events, as well as technology and other risks.

NSCC states that these comments raise a concern that Members are being asked to share the burden of funding the liquidity needs that are dependent on the actions, including trading levels, of other Members, and thus the amounts are not within the contributing Member’s control. NSCC states that from a fairness perspective, however, that proportionate share of the affected Member’s liquidity burden (whether it be an agency broker or otherwise) would always be less than the Member’s own peak liquidity needs, and each Member is in the best position to monitor and manage the liquidity risks presented by its own activity.

2. Modifications to the Proposed Change

Address Competition Concerns

NSCC is an operating subsidiary of The Depository Trust & Clearing Corporation ("DTCC"), which NSCC states is a user-owned, user-governed holding company for NSCC, two other registered clearing agencies, a derivatives clearing organization joint venture, and a number of other companies that provide a variety of post-trade processing and information services. NSCC states that it and the other registered clearing agencies in the DTCC group provide the critical infrastructure for the clearance and settlement of securities transactions in the United States. These registered clearing agencies operate as utilities for their users, allowing such users to compete against each other (for the benefit of their retail and institutional customers) on the basis of performance and price and not on the basis of any relative advantage with respect to clearing and settlement services.

As a clearinghouse for securities transactions and a central counterparty, NSCC states that it has no reason, interest, or intent to discriminate among its Members—certainly not to give any of its Members a competitive advantage or impose on any of its Members a competitive disadvantage in their operations. NSCC states that although it strives for complete neutrality in its interface with Members, it may be that clearing agency rules of general application to all Members could have a disparate effect on Members with diverse business models and strategies. NSCC states that any such disparate effects arising out of choices made by individual Members in terms of their business models and strategies (including their relative levels of capitalization) should not be seen as due to action by the clearing agency having an impact or imposing a burden on competition.

Although NSCC states that it is always mindful of the effect that its Rules may have on individual Members, NSCC states that it must also be concerned with (i) the interests of its membership as a whole, (ii) its general obligations under Section 17A(b)(3) of the Exchange Act “to facilitate the prompt and accurate clearance and settlement of securities transactions and derivatives agreements, contracts, and transactions” and “to safeguard securities and funds in its custody or control,” and (iii) the particular requirements of Rule 17Ad-22(b)(3) relating to the financial resources that a clearing agency which is a central counterparty (like NSCC) must maintain to cover the default of the participant family presenting the largest exposure to the clearing agency in extreme but plausible market conditions.

NSCC states that these concerns and the interests of its Members, including their interests relating to issues of competition and the effect of the proposed change on competition among Members and between Members and other financial market participants, can be reconciled. But, NSCC states that individual Members that may be affected by the proposed change—designed to assure that NSCC has the liquidity it needs to safely operate a clearing and settlement business and meet its obligations as a registered clearing agency and central counterparty under the Exchange Act—must also recognize that some accommodation may be required on their part.

Nevertheless, in response to comments submitted on the proposed change in the form in which it was originally filed in the Advance Notice, and dialogue with a number of other Members who did not submit comments but otherwise provided their input to NSCC, NSCC states that it has revised the proposed change in a number of respects that bear upon the issue of competition and whether the proposed change would have an impact or impose any burden on competition.

First, the Original SLD Proposal provided that a Regular Activity Liquidity Provider would receive an offset against its Regular Activity Liquidity Obligation for the amount of its commitment and the commitment of any affiliate of the Regular Activity Liquidity Provider under the Credit Facility. The Revised SLD Proposal provides that a Regular Activity Liquidity Provider would receive an offset against its Regular Activity Liquidity Obligation for the amount of its commitment, the commitment of any affiliate, and the commitment of any Designated Lender of the Regular Activity Liquidity Provider under the Credit Facility. As a result, NSCC states that any distinction between Members with bank affiliates and Members without bank affiliates, and any perceived advantage for Members with bank affiliates over Members without bank affiliates, has been eliminated.

Second, the SLD Proposal has been refined to provide that a Regular Activity Liquidity Provider would receive an offset against its Regular Activity Liquidity Obligation for both (i) its pro rata share of the commitments of lenders under the Credit Facility that are not Members or their Designated Lenders and (ii) its pro rata share of the commitments of Members and their Designated Lenders above the amounts provided that a Regular Activity Liquidity Obligation for the amount of its commitment and the commitment of any affiliate of the Regular Activity Liquidity Provider under the Credit Facility. As a result, NSCC states that any distinction between Members with bank affiliates and Members without bank affiliates, and any perceived advantage for Members with bank affiliates over Members without bank affiliates, has been eliminated.

Third, the Option Expiration Activity Period has been redefined to mean the days around all monthly options.
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 18 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, or the date the Commission receives any further information if 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the Advance Notice, as amended, 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–2013–802 on the subject line.

Paper Comments
- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission,