SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–61415; File No. SR–NSCC–2010–01]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change To Eliminate Guarantee of Payment in Connection With the Envelope Settlement Service

January 25, 2010.

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 January 4, 2010, the 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 primarily by NSCC. 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

The purpose of the proposed rule change is to make modifications to NSCC's Rules & Procedures ("Rules") to eliminate NSCC's guarantee of payment in connection with the Envelope Settlement Service ("ESS") as provided for under Rule 9, Addendum D, Addendum K, and Procedure XV of the Rules.

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.[3]

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The Envelope Settlement Service ("ESS") is primarily provided for under Rule 9 and Addendum D of the Rules with related provisions in Addendum K and Procedure XV, each of which is proposed to be amended as further described below.

ESS allows an NSCC member ("Member") through the facilities of NSCC, to physically deliver a sealed envelope[4] containing securities and such other items as NSCC may permit from time to time, to a specified receiving Member. NSCC then delivers the envelope to the receiving Member.

The delivering Member must attach to each envelope (in duplicate), a credit list, which reflects the total money value, if any, of the envelope's contents. If after receipt of the envelope NSCC determines that the envelope delivered is properly listed on the accompanying credit list, NSCC stamps the duplicate credit list and makes it immediately available to the Member's representative making the delivery. Envelopes listed on the credit list shall be deemed to have been accepted by NSCC when the duplicate credit list is stamped.

As a related feature of ESS, the payment shown on the credit list is processed as part of the Members' daily end of day net money settlement obligations in reliance on the agreement between the delivering and receiving parties that that amount is the contract amount.

Pursuant to this rule change, the NSCC will amend Rule 9 and related provisions so that the NSCC does not guarantee the payment obligation to the receiving Member in an ESS delivery and so that credits and debits of the payment amount of an envelope may be reversed. The rationale for these changes is to protect the NSCC against the risk of Member non-payment.

The payment reversal may be effected by the NSCC even if the receiving Member has taken possession of the envelope; however, if the receiving Member has not yet taken possession of the envelope at the time of a payment reversal, NSCC will return the envelope to the delivering Member. Any dispute between the delivering and receiving Members must be resolved by them outside the facilities of the NSCC.

The primary substantive changes are in Rule 9, Addendum D and Addendum K with a conforming change to Procedure XV. Technical clean-up changes are also made in each.

Changes to Rule 9 affirmatively provide that NSCC does not guarantee the payment obligation in ESS and that payment credits and debits may be reversed. Technical and conforming changes clarify the concepts of delivering and receiving Members and that settlement processing is subject not only to the rights of the NSCC under Section 2 of Rule 12 but also to the new reversal provision in Section 4 of Rule 9.

Addendum D is similarly amended to conform to amended Rule 9 to state that ESS is not guaranteed and that payment credits and debits may be reversed as provided in Rule 9. Clarification that settlement processing is subject to the rights of NSCC under Rule 9, new Section 4, and Rule 12, Section 2, is also carried over to Addendum D. Addendum D also covers other services for which no change is being made in this filing. Therefore, certain of the revisions to Addendum D clarify that the amendments are limited to ESS. Historical statements in Addendum D have been eliminated.

The change to Addendum K deletes the provision that formerly provided a guarantee for ESS and thereby deemed ESS to be a "System" within the meaning of Rule 4; without the guarantee, ESS will not be considered a "System."

Consistent with this change, clearing fund deposits allocated to ESS will be eliminated under Procedure XV, which will reduce the cost to members using ESS. The change to Procedure XV clarifies that when the clearing fund component titled "For Other Transactions" (that is, for other than CNS transactions and balance order transactions) is computed, ESS will not be included.

In considering the elimination of the guarantee, NSCC surveyed selected Members and learned that they did not consider it vital that NSCC be responsible for their ESS payment obligations and that they do not rely on the NSCC to guarantee such payments. The proposed rule changes will therefore conform to current market expectations.

However, Members expressed a strong desire for NSCC to maintain the central delivery service. The proposed changes are designed to meet this expressed need of certain Members while reducing risk to NSCC and its Members generally. The burden of risk is shifted to those that should bear it, outside NSCC's facilities. The changes will also insulate other Members from any impact on net settlement due to an ESS payment dispute.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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

[4] Rule 9 provides that except as NSCC may determine to be appropriate or necessary, NSCC will not examine the contents of the envelopes or verify the amounts of money shown on the credit list, and it shall not be responsible with respect thereto except to deliver the envelopes accepted by it to the authorized representatives of the Members to whom they are addressed.

NSCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act [5] and the rules and regulations thereunder applicable to NSCC because the proposed rule change facilitates the prompt and accurate clearance and settlement of securities transactions by protecting the NSCC's net settlement process while continuing to provide a central delivery point for physical deliveries of envelopes with constrained payment processing. The changes will reduce the NSCC's exposure to potential losses from Member defaults, insolvencies, mistakes, and fraud and will appropriately shift the risk outside NSCC, to the contracting Members in an ESS transaction.

(B) Self-Regulatory Organization's Statement on Burden on Competition

NSCC does not believe that the proposed rule change would impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

Electronic Comments

• Use the Commissions Internet comment form (*http://www.sec.gov/rules/sro.shtml*) or Send an e-mail to *rule-comments@sec.gov*. Please include File Number SR–NSCC–2010–01 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 20549–1090.

All submissions should refer to File Number SR–NSCC–2010–01. 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 Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 100 F Street, NE., Washington, DC 20549–1090, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filings will also be available for inspection and copying at the principal office of the NSCC and on NSCC's Web site at *http://www.dtcc.com/downloads/legal/rule_filings/2010/nscc/2010-01.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 Number SR–NSCC–2010–01 and should be submitted on or before February 19, 2010.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.[6]

Florence E. Harmon,

Deputy Secretary.

[FR Doc. 2010–1852 Filed 1–28–10; 8:45 am]

BILLING CODE 8011–01–P

[5] 15 U.S.C. 78q–1.

[6] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–61407; File No. SR–NYSE–2010–02]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by New York Stock Exchange LLC To Amend Certain of Its Initial Listing Requirements

January 21, 2010.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (the "Act"),[2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on January 7, 2010, New York Stock Exchange LLC (the "NYSE" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule changes as described in Items I and II below, which items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

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

The Exchange proposes to amend certain of its initial listing requirements as they relate to companies listing in connection with a firm commitment underwritten public offering whose common stock is registered under the Securities Exchange Act of 1934 prior to listing but not listed on a national securities exchange.

The text of the proposed rule change is available on the Exchange's Web site *(http://www.nyse.com),* at the Exchange's Office of the Secretary and at the Commission's Public Reference room.

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

In its filing with the Commission, the self-regulatory organization 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 NYSE has prepared summaries, set forth in Sections A, B and C below, of the most significant aspects of such statements.

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.