

K. Method and Frequency of Processor Evaluation

Not applicable.

L. Dispute Resolution

Not applicable.

II. Rule 601(a)*A. Equity Securities for Which Transaction Reports Shall Be Required by the Plan*

Not applicable.

B. Reporting Requirements

See Section IA above.

C. Manner of Collecting, Processing, Sequencing, Making Available and Disseminating Last Sale Information

See Section IA above.

D. Manner of Consolidation

Not applicable.

E. Standards and Methods Ensuring Promptness, Accuracy and Completeness of Transaction Reports

Amendment 35 proposes to add timestamps to Participant reports of trades and bids and offers. The addition of timestamps should provide investors with a more complete picture of trades, making those reports more complete and more accurate.

F. Rules and Procedures Addressed to Fraudulent or Manipulative Dissemination

Not applicable.

G. Terms of Access to Transaction Reports

Not applicable.

H. Identification of Marketplace of Execution

Not Applicable.

III. Solicitation of Comments

The Commission seeks general comments on Amendment No. 35. Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal is consistent with the 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 Number S7-24-89 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities

and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number S7-24-89. 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all written statements with respect to the proposed Plan Amendment that are filed with the Commission, and all written communications relating to the proposed Plan Amendment 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 the filing also will be available for Web site viewing and printing at the Office of the Secretary of the Committee, currently located at the Chicago Stock Exchange, Inc., 440 S. LaSalle Street, Chicago, IL 60605. 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 S7-24-89 and should be submitted on or before June 4, 2015.

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

Robert W. Errett,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74906; File Nos. SR-DTC-2015-801; SR-NSCC-2015-801]

Self-Regulatory Organizations; The Depository Trust Company; National Securities Clearing Corporation; Notice of Filing and No Objection to Advance Notices Relating to the Renewal of Existing Line of Credit

May 7, 2015.

Pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act

⁶ 17 CFR 200.30-3(a)(27).

entitled the Payment, Clearing, and Settlement Supervision Act of 2010¹ ("Clearing Supervision Act") and Rule 19b-4(n)(1)(i)² under the Securities Exchange Act of 1934, notice is hereby given that on April 20, 2015, The Depository Trust Company ("DTC") and National Securities Clearing Corporation ("NSCC," together with DTC, "Clearing Agencies") filed with the Securities and Exchange Commission ("Commission") the advance notices SR-DTC-2015-801 and SR-NSCC-2015-801 ("Advance Notices") as described in Items I and II below, which Items have been prepared primarily by the Clearing Agencies. The Commission is publishing this notice to solicit comments on the Advance Notices from interested persons and provide notice that the Commission does not object to the Advance Notices.

I. Clearing Agencies' Statement of the Terms of Substance of the Advance Notices

The Advance Notices are being filed by the Clearing Agencies in connection with the renewal of the Clearing Agencies' 364-day syndicated revolving credit facility ("Renewal"), as more fully described below.

II. Clearing Agencies' Statement of the Purpose of, and Statutory Basis for, the Advance Notices

In their filings with the Commission, the Clearing Agencies included statements concerning the purpose of and basis for the Advance Notices and discussed any comments they received on the Advance Notices. The text of these statements may be examined at the places specified in Item IV below. The Clearing Agencies have prepared summaries, set forth in sections (A) and (B) below, of the most significant aspects of such statements.

(A) Clearing Agencies' Statement on Comments on the Advance Notices Received From Members, Participants, or Others

Written comments on the Advance Notices have not yet been solicited or received. The Clearing Agencies will notify the Commission of any written comments received by the Clearing Agencies.

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

Description of the Change

As part of their liquidity risk management regime, the Clearing Agencies maintain a 364-day committed

¹ 12 U.S.C. 5465(e)(1).

² 17 CFR 240.19b-4(n)(1)(i).

revolving line of credit with a syndicate of commercial lenders which is renewed every year. The terms and conditions of the current Renewal will be specified in the Fourteenth Amended and Restated Revolving Credit Agreement, to be dated as of May 12, 2015 (“Renewal Agreement”), among the Clearing Agencies,³ the lenders party thereto, the primary administrative agent and the other parties thereto, and are substantially the same as the terms and conditions of the existing credit agreement, dated as of May 13, 2014, among the same parties, as heretofore amended (“Existing Agreement”),⁴ except that pricing and the amount of the aggregate commitment will change. The substantive terms of the Renewal are set forth in the Summary of Indicative Principal Terms and Conditions, dated March 23, 2015, which is not a public document. The aggregate commitments being sought under the Renewal will be for an amount of approximately \$15 billion for NSCC and DTC together, with an aggregate commitment of \$1.9 billion to DTC as borrower, and all but \$1.9 billion aggregate commitments would be the commitments to NSCC as borrower, as provided in the Existing Agreement.

This agreement and its substantially similar predecessor agreements have been in place since the introduction of same day funds settlement at the Clearing Agencies. The Clearing Agencies require same-day liquidity resources to cover the failure-to-settle of NSCC’s largest Member or affiliated family of Members, or of the DTC Participant or affiliated family of Participants with the largest net settlement obligations. If a NSCC Member defaults on or a DTC Participant fails to satisfy its end-of-day settlement obligations, each Clearing Agencies may borrow under its line to enable it, if necessary, to fund settlement among non-defaulting NSCC Members or DTC Participants.

Any NSCC borrowing would be secured principally by (i) securities

deposited by Members in NSCC’s Clearing Fund (*i.e.*, the Eligible Clearing Fund Securities, as defined in NSCC’s Rule 4, pledged by Members to NSCC in lieu of cash Clearing Fund deposits), and (ii) securities cleared through NSCC’s Continuous Net Settlement System (CNS) that were intended for delivery to the defaulting Member upon payment of its net settlement obligation. NSCC’s Clearing Fund⁵ (which operates as its default fund) addresses potential exposure through a number of risk-based component charges calculated and assessed daily. As integral parts of NSCC’s risk management structure, the line of credit and the Clearing Fund, together, provide NSCC liquidity to complete end-of-day money settlement.

Any DTC borrowing would be secured principally by securities that were intended to be delivered to the defaulting Participant upon payment of its net settlement obligation and securities previously designated by the defaulting Participant as collateral. The liquidity facility is built into DTC’s primary risk management controls, the net debit cap and collateral monitor, which together require that the end-of-day net funds settlement obligation of a Participant cannot exceed DTC’s liquidity resources and is fully collateralized.

Anticipated Effect on and Management of Risk

As noted, the committed revolving line of credit is a cornerstone of Clearing Agencies risk management and this Renewal is critical to the Clearing Agencies risk management infrastructure. The Renewal does not otherwise affect or alter the management of risk at the Clearing Agencies. The Renewal is consistent with Section 805(b) of the Clearing supervision Act⁶ and with Commission Rule 17Ad–22(d)(11)⁷ (regarding default procedures) because it mitigates liquidity risk.

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

The proposed change may be implemented if the Commission does not object to the proposed change within 60 days of the later of (i) the date that the proposed change was filed with the Commission or (ii) the date that any additional information requested by the Commission is received. The Clearing Agencies 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 Agencies with prompt written notice of the extension. The proposed change may be implemented in less than 60 days from the date the Advance Notices are filed, or the date further information requested by the Commission is received, if the Commission notifies the Clearing Agencies in writing that it does not object to the proposed change and authorizes the Clearing Agencies to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.

The Clearing Agencies shall post notice on their Web site of proposed changes that are implemented.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the Advance Notices are 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 Number SR–DTC–2015–801 or SR–NSCC–2015–801 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–DTC–2015–801 or SR–NSCC–2015–801. One of these file numbers 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

³ The Renewal Agreement will provide for both DTC and NSCC as borrowers, with an aggregate commitment of \$1.9 billion for DTC and the amount of any excess aggregate commitment for NSCC. The borrowers are not jointly and severally liable and each lender has a ratable commitment to each borrower. DTC and NSCC have separate collateral to secure their separate borrowings.

⁴ Last year, the Securities and Exchange Commission (“Commission”) published Notice of Filing and No Objection to the Clearing Agencies’ advance notice filings with respect to the Clearing Agencies’ renewal beginning on May 13, 2014. See Securities Exchange Act Release No. 72131 (May 8, 2014), 79 FR 27654 (May 14, 2014) (SR–NSCC–2014–805); Securities Exchange Act Release No. 72132 (May 8, 2014), 79 FR 27658 (May 14, 2014) (SR–DTC–2014–805).

⁵ NSCC’s Clearing Fund includes additional liquidity deposits by certain Members pursuant to NSCC’s Supplemental Liquidity Deposit rule (Rule 4(A)).

⁶ 12 U.S.C. 5464(b). The Financial Stability Oversight Council designated NSCC a systemically important financial market utility on July 18, 2012. See Financial Stability Oversight Council 2012 Annual Report, Appendix A, <http://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf>. Therefore, the Clearing Agencies are required to comply with the Clearing Supervision Act.

⁷ 17 CFR 240.17Ad–22(d)(11).

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 Notices that are filed with the Commission, and all written communications relating to the Advance Notices 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 the filing also will be available for inspection and copying at the principal office of the Clearing Agencies and on DTCC's Web site at <http://dtcc.com/legal/sec-rule-filings.aspx>. 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-DTC-2015-801 or SR-NSCC-2015-801 and should be submitted on or before June 4, 2015.

V. Commission Findings and Notice of No Objection

Although the Clearing Supervision Act does not specify a standard of review for an advance notice, its stated purpose is instructive.⁸ The stated purpose is to mitigate systemic risk in the financial system and promote financial stability by, among other things, promoting uniform risk management standards for systemically important financial market utilities ("FMUs") and strengthening the liquidity of systemically important FMUs.⁹ Section 805(a)(2) of the Clearing Supervision Act¹⁰ authorizes the Commission to prescribe risk management standards for the payment, clearing, and settlement activities of designated clearing entities and financial institutions engaged in designated activities for which it is the Supervisory Agency or the appropriate financial regulator. Section 805(b) of the Clearing Supervision Act¹¹ states that the objectives and principles for the risk management standards prescribed under Section 805(a) shall be to:

- Promote robust risk management;

- promote safety and soundness;
- reduce systemic risks; and
- support the stability of the broader financial system.

The Commission has adopted risk management standards under Section 805(a)(2) of the Clearing Supervision Act¹² and the Exchange Act ("Clearing Agency Standards").¹³ The Clearing Agency Standards require registered clearing agencies to establish, implement, maintain, and enforce written policies and procedures that are reasonably designed to meet certain minimum requirements for their operations and risk management practices on an ongoing basis.¹⁴ Therefore, it is appropriate for the Commission to review advance notices against these Clearing Agency Standards and the objectives and principles of these risk management standards as described in Section 805(b) of the Clearing Supervision Act.¹⁵

The Commission believes that the proposal in the Advance Notices is consistent with Clearing Agency Standards, in particular, Commission Rule 17Ad-22(d)(11) for NSCC and DTC, and Rule 17Ad-22(b)(3) for NSCC. Commission Rule 17Ad-22(d)(11) requires that registered clearing agencies "establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable . . . establish default procedures that ensure that the clearing agency can take timely action to contain losses and liquidity pressures and to continue meeting its obligations in the event of a participant default." The Commission believes that the proposal is consistent with Rule 17Ad-22(d)(11) because the renewed credit facility will provide the Clearing Agencies with a readily available liquidity resource that will enable them to continue to meet their respective obligations in a timely fashion, in the event of a member default, thereby helping to contain losses and liquidity pressures from that default.

Commission Rule 17Ad-22(b)(3) requires a central counterparty ("CCP"), like NSCC,¹⁶ to "establish, implement, maintain and enforce written policies and procedures reasonably designed to . . . [m]aintain sufficient financial

resources to withstand, at a minimum, a default by the participant family to which it has the largest exposure in extreme but plausible market conditions. . . ." The Commission believes that the proposal is consistent with Rule 17Ad-22(b)(3) because NSCC's proposal to enter into a renewed credit facility will help it maintain sufficient financial resources to withstand, at a minimum, a default by an NSCC member to which NSCC has the largest exposure.

For these reasons, the Commission believes the Advance Notices are consistent with the objectives and principles described in Section 805(b) of the Clearing Supervision Act, including that they reduce systemic risks and support the stability of the broader financial system. As discussed above, the renewal of the credit facility will provide the Clearing Agencies needed liquidity when experiencing severe liquidity pressure from a member default. Given that the Clearing Agencies have been designated as systemically important FMUs, the Clearing Agencies' ability to provide their clearing services during such an event contributes to reducing systemic risks and supporting the stability of the broader financial system.

For the reasons stated above, the Commission does not object to the Advance Notices.

VI. Conclusion

It is therefore noticed, pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act,¹⁷ that the Commission *does not object* to the advance notices SR-DTC-2015-801 and SR-NSCC-2015-801 and that DTC and NSCC be and hereby are *authorized* to implement the change as of the date of this notice.

By the Commission.

Brent J. Fields,
Secretary.

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¹² 12 U.S.C. 5464(a)(2).

¹³ See Exchange Act Rule 17Ad-22. 17 CFR 240.17Ad-22. Securities Exchange Act Release No. 68080 (October 22, 2012), 77 FR 66220 (November 2, 2012) (S7-08-11).

¹⁴ *Id.*

¹⁵ 12 U.S.C. 5464(b).

¹⁶ See FSOC 2012 Annual Report, *supra* note 4. DTC serves as a central securities depository, not as a CCP, for almost all corporate and municipal debt and equity securities available for trading in the United States. *Id.*

¹⁷ 12 U.S.C. 5465(e)(1)(I).

⁸ See 12 U.S.C. 5461(b).

⁹ *Id.*

¹⁰ 12 U.S.C. 5464(a)(2).

¹¹ 12 U.S.C. 5464(b).