

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>24</sup>

**Kevin O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73929; File No. SR-NSCC-2014-13]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Addendum A (Fee Structure) With Respect to Fees Related to NSCC's Obligation Warehouse Service

December 23, 2014.

Pursuant to section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act") and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on December 17, 2014, 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. NSCC filed the proposed rule change pursuant to section 19(b)(3)(A)<sup>3</sup> of the Act and Rule 19b-4(f)(2)<sup>4</sup> thereunder. The proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to Addendum A of the Rules & Procedures ("Rules") of NSCC in order to adjust certain fees related to NSCC's Obligation Warehouse service, as more fully described below.

#### II. Clearing Agency'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 such statements.

#### (A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The purpose of the proposed rule change is to revise NSCC's fee schedule (as listed in Addendum A of the Rules) in order to adjust certain fees related to NSCC's Obligation Warehouse ("OW"), a non-guaranteed, automated service that tracks, stores, and maintains unsettled ex-clearing and failed obligations, as well as obligations exited from NSCC's Continuous Net Settlement ("CNS") system, non-CNS Automated Customer Account Transfer Service ("ACATS") Receive and Deliver Instructions, Balance Orders, and Special Trades, as such terms are defined in the Rules. The OW service provides transparency, serves as a central storage of open (*i.e.* failed or unsettled) broker-to-broker obligations, and allows users to manage and resolve exceptions in an efficient and timely manner.

Currently, NSCC charges a fee to the recipient of a delivery notification request advisory, which informs the recipient that the submitting party has acknowledged that an OW obligation between those parties has settled, if that notification is aged two days or older ("Aged Delivery Advisories"); and also charges a fee to the recipient of a pending cancel request advisory, which requests that the recipient cancel a previously compared OW obligation, if that request is aged two days or older ("Aged Cancel Advisories"). NSCC is proposing to revise its fee schedule to increase the fees charged for Aged Delivery Advisories and Aged Cancel Advisories as marked on Exhibit 5 hereto.<sup>5</sup> The increase in these fees would encourage more timely action by the recipients of these advisories, and would align the fees associated with the OW service with the costs of delivering that service to NSCC's Members. NSCC also proposes to remove notations in Addendum A related to the phased-in implementation for fees charged for each pending comparison advisory that are aged 5 days or older.

The proposed rule change is marked on Exhibit 5 hereto as amendments to Addendum A to NSCC's Rules. No other changes to the Rules are contemplated by this proposed rule change. The

proposed fee change would take effect on January 1, 2015.

##### 2. Statutory Basis

The proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder, in particular section 17A(b)(3)(D) of the Act,<sup>6</sup> which requires that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. The proposed rule change would align NSCC's fees with the costs of delivering services to NSCC Members, and would allocate those fees equitably among the NSCC Members that use those services.

#### (B) Clearing Agency's Statement on Burden on Competition

NSCC does not believe that the proposed rule change would have any impact, or impose any burden, on competition. As stated above, the proposed change would align NSCC's fees with the costs of delivering services to its Members, and would not disproportionately impact any NSCC Members.

#### (C) Clearing Agency'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 yet 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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A)<sup>7</sup> of the Act and paragraph (f) of Rule 19b-4<sup>8</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### 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:

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f).

<sup>24</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>5</sup> The Commission notes that Exhibit 5 is attached to the filing, not to this Notice.

*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](mailto:rule-comments@sec.gov). Please include File Number SR-NSCC-2014-13 on the subject line.

*Paper Comments*

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

All submissions should refer to File Number SR-NSCC-2014-13. 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 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 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 NSCC 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-NSCC-2014-13 and should be submitted on or before January 21, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

**Brent J. Fields,**  
Secretary.

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-73928; File No. SR-NYSEARCA-2014-145]

**Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 6.76A by Revising the Order Allocation Methodology for Certain Orders of Five Contracts or Fewer**

December 23, 2014.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 22, 2014, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission") the proposed rule change 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 change from interested persons.

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

The Exchange proposes to amend Rule 6.76A by revising the order allocation methodology for certain orders of five contracts or fewer. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, 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 Exchange 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 Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

**1. Purpose**

The Exchange proposes to amend Rules 6.76A by revising the order

allocation methodology for certain orders of five (5) contracts or fewer. As proposed, for all incoming orders of five contracts or fewer the Lead Market Maker ("LMM") would be allocated the full contract size up to the size of the LMM's quote, provided the LMM is quoting at the NBBO and there is no Customer interest at the same price ranked ahead of the LMM.

Rule 6.76A sets forth the priority for the allocation of incoming orders against bids and offers in the Display Order Process at a particular price in the NYSE Arca System ("System"). Specifically, pursuant to Rule 6.76A(a)(1)(A), if there is an LMM quoting at the NBBO, and there is no Customer interest ranked ahead of the LMM, nor is the incoming order a Directed Order, the incoming order will be matched against the quote of the LMM for either: (a) An amount equal to 40% of the incoming order up to the LMM's disseminated quote size; or (b) the LMM's share in the order of ranking, whichever is greater. Generally speaking, this means an LMM receives a guaranteed 40% trade allocation on any incoming order provided the LMM is quoting at the NBBO, and there is no Customer interest ranked ahead of the LMM.

The Exchange is proposing to revise the order allocation methodology to provide that if the LMM is entitled to an allocation pursuant to Rule 6.76A(a)(1)(A) and the entire contract size of the incoming order is five (5) contracts or fewer, the LMM would be allocated the full contract size up to the size of the LMM's quote. As proposed, Rule 6.76A(1)(B) would state, "If the LMM is entitled to an allocation pursuant to (a)(1)(A) above, for all incoming orders of five (5) contracts or fewer, the LMM will be allocated the full contract size up to the size of the LMM's quote." This proposed change would affect only those incoming orders of five contracts or fewer. The Exchange notes that the proposed rule is only available if the LMM is entitled to an allocation, which means that if there is Customer interest at the same price ranked ahead of the LMM, such Customer interest would continue to have priority, even for executions of five contracts or fewer. In addition, an LMM must be quoting at the NBBO to be entitled to trade with orders of five contracts or fewer.<sup>3</sup> The Exchange is not proposing any changes to the order

<sup>3</sup> If the LMM is not quoting at the NBBO, or the LMM is quoting at the NBBO but for less size than the incoming order of five contracts or fewer, any remaining balance of the incoming order will be matched against orders and quotes in the Display Order Process in the order of their ranking.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>9</sup> 17 CFR 200.30-3(a)(12).