

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-50949; File No. SR-NSCC-2004-10)

December 30, 2004

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Regulatory Reporting Transmission Agreements with Self-Regulatory Organizations

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 16, 2004, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") and on December 27, 2004, amended 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 and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

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

The proposed rule change would permit NSCC to provide one or more data transmission services to permit members and others to meet regulatory reporting requirements imposed by self-regulatory organizations.

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

¹ 15 U.S.C. 78s(b)(1).

significant aspects of such statements.²

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

Since 1995, NSCC has provided, as an accommodation to its members, a service which permits its members to submit trade data for forwarding to the Municipal Securities Rulemaking Board (“MSRB”) in order to permit its members to meet MSRB regulatory requirements. To date, NSCC’s rules have been silent with respect to the service. The MSRB has asked NSCC to expand the service and to provide qualifying non-members with the ability to be able to submit data to NSCC for forwarding to the MSRB to meet regulatory requirements.

With the introduction of a service for non-members of NSCC, NSCC believes that it is important to clarify in its rules that NSCC is providing these services on a non-exclusive basis as an accommodation to the industry to alleviate costs. As such, NSCC is proposing to add new Rule 63 that would cover the existing service, the requested expansion of the service, and any other similar service requested of NSCC by any other self-regulatory organization.³

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it sets forth the terms that will govern arrangements whereby NSCC enters into an agreement with a self-regulatory

² The Commission has modified the text of the summaries.

³ Rule 63, SRO Regulatory Reporting, reads as follows:

The Corporation may provide one or more data transmission services to permit members and others to meet regulatory reporting requirements imposed by self-regulatory organizations, as defined in the Securities Exchange Act of 1934. To the extent that members or others use any such service they shall be bound by the terms of any agreement between the Corporation and any self-regulatory organization with respect to each such service. Entities which are not members shall be required to enter into such agreements as determined by the Corporation in order to use such services.

organization to facilitate regulatory reporting by industry participants to meet requirements imposed by self-regulatory organizations. As such, the proposed rule change is designed to (i) promote the prompt and accurate clearance and settlement of securities transactions, (ii) protect investors and the public interest, and (iii) assure the safeguarding of securities and funds for which NSCC is in control.

(B) Self-Regulatory Organization'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.

(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 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

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in its custody or control or for which it is responsible.⁴ The proposed rule change, by clarifying the rights and obligations of NSCC and the users of any of its regulatory reporting data transmission services, is designed to protect NSCC and its members from any unnecessary financial risks.

Accordingly, the proposed rule change should help to assure the safeguarding of securities and funds which are in NSCC's custody or control or for which it is responsible.

NSCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after publication of the notice of filing. The Commission

⁴ 15 U.S.C. 78q-1(b)(3)(F).

recently approved two proposed rule changes filed by the MSRB that permit the MSRB to require dealers to submit transaction reports within 15 minutes of the time of trade.⁵ This requirement will become effective in January 2005 and will be facilitated by NSCC. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after publication because by so approving NSCC will be able to provide data transaction trade submission services to non-members of NSCC by the MSRB's January 2005 implementation date.

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 Commission's 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-2004-10 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

⁵ Securities Exchange Act Release Nos. 50294 (August 31, 2004), 69 FR 54170 (September 7, 2004) (Order approving a proposed rule change relating to amendments to the MSRB's Rule G-12(f) on Automated Comparison and G-14 on Transaction Reporting and relating to the implementation of a facility for real-time transaction reporting and price dissemination) and 50820 (December 8, 2004), 69 FR 74553 (December 14, 2004) [File No. SR-MSRB-2004-06] (Order approving a proposed rule change to create a real-time transaction price service and to propose an annual subscription fee).

All submissions should refer to File Number SR-NSCC-2004-10. 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 website (<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, 450 Fifth

Street, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at www.nsccl.com. 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-2004-10 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland
Deputy Secretary

⁶ 17 CFR 200.30-3(a)(12).