

Proposed Rule Change by National Securities Clearing Corporation
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input checked="" type="checkbox"/>	Section 19(b)(3)(A) <input type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
			Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

NSCC proposes to establish a policy statement regarding the admission as NSCC Member of entities that are organized in a foreign country and are not subject to U.S. federal or state regulation (foreign entities).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	<input type="text" value="Diane"/>	Last Name	<input type="text" value="Brennan"/>
Title	<input type="text" value="Director, Legal & Compliance"/>		
E-mail	<input type="text" value="dbrennan@dtcc.com"/>		
Telephone	<input type="text" value="(212) 855-3320"/>	Fax	<input type="text" value="(212) 855-3214"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date	<input type="text" value="11/16/2007"/>
By	<input type="text" value="Larry E. Thompson"/>
	(Name)
	<input type="text" value="Managing Director & General Counsel"/>
	(Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change.

(a) National Securities Clearing Corporation (“NSCC”) proposes to establish a policy statement regarding the admission as NSCC Member of entities that are organized in a foreign country and are not subject to U.S. federal or state regulation (“foreign entities”). The text of the proposed policy is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

The proposed rule change was approved by DTCC’s Board of Directors at a meeting held on April 25, 2007.

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

(a) NSCC Rule 2 and Addendum B addresses the admission of applicants to Membership status. NSCC’s Rules provide that admission as a Member is subject to an applicant’s demonstration that it meets reasonable standards of financial responsibility, operational capability and character. Further, under the Rules, each Member must continue to be in a position to demonstrate to NSCC that it meets these standards.

The purpose of the proposed policy is to establish, admissions criteria that will permit a well-qualified foreign entity to obtain direct access to NSCC’s services while assuring that the unique risks associated with the admission of foreign entities are

adequately addressed.¹

The admission of foreign entities as Members raises a number of unique risks and issues, including: (1) that the entity is not subject to federal or state regulation; (2) that the operation of the laws of the entity's home country and time zone differences² may impede the successful exercise of NSCC's rights and remedies, particularly in the event of the entity's failure to settle; and (3) that financial information about the foreign entity made available to NSCC for monitoring purposes may be less adequate than information about U.S.-based entities.

The proposed policy would require that, in addition to executing the standard NSCC Membership Agreement, the foreign entity enter into a series of undertakings and agreements that are designed to address jurisdictional concerns and to assure that NSCC is provided with audited financial information that is acceptable to NSCC.

The proposed policy would also require that the foreign entity; (1) be subject to regulation in its home country; and (2) be in good standing with its home country regulator.

¹ Certain of these criteria may be waived where inappropriate to a particular applicant or class of applicants (e.g., a foreign government, international or national central securities depositories).

² Time zone differences could complicate communications between the foreign Member and its U.S. Settling Bank with respect to the timely payment of the Member's net debit to NSCC, including intraday demands for payment. These differences could also delay NSCC's receipt of information available in the Member's home country to others (including its other creditors) about the Member's financial condition on the basis of which NSCC would have taken steps to protect the interests of NSCC and its Members.

(b) The proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Exchange Act. The proposed policy does not unfairly discriminate against foreign entities seeking admission as Members because it appropriately takes into account the unique risks to the clearing corporation raised by their admission.

4. Self-Regulatory Organization's Statement on Burden on Competition.

While NSCC acknowledges that the proposed additional admissions criteria applicable to foreign entities may impose some additional burden, for the reasons stated above, we believe that any such burden is necessary and appropriate in furtherance of the purposes of the Exchange Act.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Members, 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.

6. Extension of Time Period for Commission Action.

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2).

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission.

Not applicable.

9. Exhibits

Exhibit 1 - Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 – N/A

Exhibit 3 – N/A

Exhibit 4 – N/A

Exhibit 5 - Proposed Rule Text

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-NSCC-2007-15)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by the National Securities Clearing Corporation (“NSCC”) is to establish a policy statement regarding the admission as NSCC Member of entities that are organized in a foreign country and are not subject to U.S. federal or state regulation (“foreign entities”).

Comments requested within ____ days after the date of this publication.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”), 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, 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 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 text of the proposed rule change is attached hereto as Exhibit 5.

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

(a) NSCC Rule 2 and Addendum B addresses the admission of applicants to Membership status. NSCC's Rules provide that admission as a Member is subject to an applicant's demonstration that it meets reasonable standards of financial responsibility, operational capability and character. Further, under the Rules, each Member must continue to be in a position to demonstrate to NSCC that it meets these standards.

The purpose of the proposed policy is to establish, admissions criteria that will permit a well-qualified foreign entity to obtain direct access to NSCC's services while assuring that the unique risks associated with the admission of foreign entities are adequately addressed.¹

The admission of foreign entities as Members raises a number of unique risks and issues, including: (1) that the entity is not subject to federal or state regulation; (2) that

¹ Certain of these criteria may be waived where inappropriate to a particular applicant or class of applicants (e.g., a foreign government, international or national central securities depositories).

the operation of the laws of the entity's home country and time zone differences² may impede the successful exercise of NSCC's rights and remedies, particularly in the event of the entity's failure to settle; and (3) that financial information about the foreign entity made available to NSCC for monitoring purposes may be less adequate than information about U.S.-based entities.

The proposed policy would require that, in addition to executing the standard NSCC Membership Agreement, the foreign entity enter into a series of undertakings and agreements that are designed to address jurisdictional concerns and to assure that NSCC is provided with audited financial information that is acceptable to NSCC.

The proposed policy would also require that the foreign entity; (1) be subject to regulation in its home country; and (2) be in good standing with its home country regulator.

(b) The proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Exchange Act. The proposed policy does not unfairly discriminate against foreign entities seeking admission as Members because it appropriately takes into account the unique risks to the clearing corporation raised by their admission.

² Time zone differences could complicate communications between the foreign Member and its U.S. Settling Bank with respect to the timely payment of the Member's net debit to NSCC, including intraday demands for payment. These differences could also delay NSCC's receipt of information available in the Member's home country to others (including its other creditors) about the Member's financial condition on the basis of which NSCC would have taken steps to protect the interests of NSCC and its Members.

B. Self-Regulatory Organization's Statement on Burden on Competition

NSCC perceives no impact on competition by reason of the proposed rule change.

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

Written comments from NSCC Participants or others have not been solicited or received on the proposed rule change.

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

Within 35 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 90 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 such proposed rule change, or
- (B) institute proceedings to determine whether the proposed 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 may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or by sending an e-mail to rule-comment@sec.gov. Please include File No. SR-NSCC-2007-15 on the subject line.

- Paper comments should be sent in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington D.C. 20549-1090.

All submissions should refer to File Number SR-NSCC-2007-15. 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 Room, 100 F Street, NE, Washington D.C. 20549-9303. Copies of such filing also will be available for inspection and copying at NSCC's principal office and on NSCC's Web site at www.nsc.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 the file number above and should be submitted within _____ days after the date of publication.

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

Nancy M. Morris

Underlined, boldface text indicates new text

EXHIBIT 5

PROPOSAL
Admission of Non-US Entities
as direct NSCC Members¹

Policy Statement on the Admission of Non-U.S. Entities as Direct Clearing Corporation Members: **The policy permits entities that are organized in a country other than the United States and that are not otherwise subject to U.S. federal or state regulation (“non-U.S. entities”) to be eligible to become direct NSCC Members. Under the policy, NSCC will require that the non-U.S. entity execute the standard NSCC Members Agreement and enter into an additional series of undertakings and agreements that are designed to address jurisdictional concerns, and to assure that NSCC is provided with audited financial information that is acceptable to NSCC.**

Certain of these criteria may be waived where inappropriate to a particular applicant or class of applicants (e.g., a foreign government, international or national central securities depositories).

Requirements in addition to Standard Requirements for US Members:

- **Undertakings and Agreements –**

At a minimum such Non-US entity would have to agree to:

(a) **in respect of any action brought by NSCC to enforce the entity’s obligations under the Members Agreement:**

- (i) **irrevocably waive all immunity from NSCC’s attachment of the entity’s own assets in the U.S.;**
- (ii) **irrevocably submit to the jurisdiction of a court in the U.S.;**
- (iii) **irrevocably waive any objection to the laying of venue in a court in the U.S.; and**
- (iv) **state that any judgment obtained against the foreign entity by NSCC may be enforced in the courts of any jurisdiction where the foreign entity or its property may be located, and that the foreign entity will irrevocably submit to the jurisdiction of each such courts.**

(b) **designate a person in New York as its agent to receive service of process;**

¹ **Excluding Mutual Fund/Insurance Services Members.**

- (c) provide to NSCC, for financial monitoring purposes, audited financial statements prepared in accordance with either U.S. generally accepted accounting principles or other generally accepted accounting principles that are satisfactory to NSCC. In order to address the risk presented by the acceptance of financial statements prepared in non-U.S. GAAP, the existing minimum financial requirements for non-U.S. GAAP standards will each have a specific premium applied as follows:
- (i) for financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), the Companies Act of 1985 (“UK GAAP”), or Canadian GAAP – a premium of 1 ½ times the existing requirement;
 - (ii) for financial statements prepared in accordance with a European Union (“EU”) country GAAP other than UK GAAP – a premium of 5 times the existing requirement; and
 - (iii) for financial statements prepared in accordance with any other type of GAAP a premium of 7 times the existing requirement.
- (d) provide all financial reports or other information requested by NSCC in English, with monetary amounts stated in U.S. dollar equivalents indicating the conversion rate and date used.
- Foreign Legal Opinion – obtain an opinion of reputable foreign counsel satisfactory to NSCC/DTC providing, among other things, that the agreements described above may be enforced against the foreign entity in the courts of its home country or other jurisdictions where the entity or its property may be found.²
 - Regulatory Status of Foreign Entity
 - (a) The Non-US entity would have to be subject to regulation in its home country and its home country regulator must have entered into a Bilateral Information Sharing Arrangement or Memoranda of Understanding with the U.S. Securities and Exchange Commission regarding the sharing or exchange of information.
 - (b) The Non-US entity must be in compliance with the financial reporting and responsibility standards of its home country regulator.
 - AML Review - The Non-US entity must provide sufficient information to NSCC/DTC in order to evaluate AML risk, including whether the Non-US entity is subject to comparable AML requirements (to those imposed in the US) in its home country jurisdiction.

² NSCC reserves the right to require the entity to deposit additional amounts to the Clearing Fund and to post a letter of credit in an instance where NSCC, in its sole discretion, believes the entity presents legal risk.