

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-61089; File No. SR-NSCC-2009-09]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Move the Canadian Depository for Securities to Risk-Based Margining

December 1, 2009.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 30, 2009, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change 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 parties.

#### 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 move the Canadian Depository for Securities Clearing and Depository Services Inc. ("CDS") to risk-based margining ("RBM").

#### 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.<sup>2</sup>

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

In 2001, NSCC introduced a RBM approach to calculating Clearing Fund requirements for settling members. The RBM approach includes, but is not limited to, calculations based on portfolio volatility and, where

applicable, market maker domination.<sup>3</sup> This approach was implemented over time to extend to most NSCC members. The formula for the calculation of Clearing Fund requirements under the RBM approach is set forth in Procedure XV (Clearing Fund and Other Matters) of NSCC's Rules and Procedures ("Rules"). Presently, the only member that has not migrated to RBM is CDS, which is currently margined pursuant to a volume based formula outlined in Appendix 1 of the Rules.

RBM more accurately reflects NSCC's exposure than the formula set forth in Appendix 1 because it enables NSCC to more precisely identify the risks posed by a member's unsettled portfolio and, as a result, more quickly adjust and collect additional Clearing Fund deposits. Therefore, effective November 2, 2009 ("Conversion Date"), NSCC moved CDS to the Clearing Fund formula set forth in Procedure XV. Because Appendix 1 is now obsolete, NSCC is removing Appendix 1 from the Rules effective as of the Conversion Date.<sup>4</sup>

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>5</sup> and the rules and regulations thereunder applicable to NSCC because the proposed rule change should enhance NSCC's ability to ensure adequate collateral levels are maintained to facilitate settlement in the event of a member default by eliminating the non-RBM-based Clearing Fund formula and thereby.

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

NSCC does not believe that the proposed rule change will have any impact on or impose any burden on competition.

<sup>3</sup> Securities Exchange Act Release No. 44431 (June 15, 2001), 66 FR 33280 [File No. SR-NSCC-2001-04].

<sup>4</sup> NSCC's Rules provide NSCC with the discretion to modify the deadline by which a member must satisfy its Clearing Fund requirement. Presently, the deadline for all members subject to RBM to satisfy their Clearing Fund requirement is 10 am. CDS has requested a 2 hour extension (to 12 pm New York Time) for a period of six months beginning on the Conversion Date to facilitate its transition to the new Clearing Fund calculation. NSCC has determined to grant this extension. The extension is necessary to allow: (i) CDS members the opportunity to fund their NSCC related deficit at CDS on a daily basis (currently, CDS is required to satisfy its Clearing Fund requirement on a weekly basis) and in U.S. dollars rather than in Canadian Treasuries as is allowed today and (ii) time for CDS to gain regulatory approval to set its deadline for collection from its member firms to a time that would allow for it to meet the 10 am deadline.

<sup>5</sup> 15 U.S.C. 78q-1.

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

No written comments relating to the proposed rule change have 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 upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>6</sup> and Rule 19b-4(f)(4)<sup>7</sup> thereunder because the proposed rule change effects a change in an existing service of NSCC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of NSCC or for which it is responsible and (ii) does not significantly affect the respective rights of the clearing agency or persons using the service. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate 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:

##### 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](mailto:rule-comments@sec.gov). Please include File Number SR-NSCC-2009-09 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-2009-09. 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

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>7</sup> 17 CFR 240.19b-4(f)(4).

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

<sup>2</sup> The Commission has modified the text of the summaries prepared by NSCC.

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, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filings also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at [http://www.dtcc.com/legal/rule\\_filings/nscc/2009.php](http://www.dtcc.com/legal/rule_filings/nscc/2009.php). 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-2009-09 and should be submitted on or before December 29, 2009.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SOCIAL SECURITY ADMINISTRATION

### Agency Information Collection Activities: Proposed Request and Comment Request

The Social Security Administration (SSA) publishes a list of information

collection packages requiring clearance by the Office of Management and Budget (OMB) in compliance with Public Law (Pub. L.) 104-13, the Paperwork Reduction Act of 1995, effective October 1, 1995. This notice includes revisions to and extensions of OMB-approved information collections.

SSA is soliciting comments on the accuracy of the agency's burden estimate; the need for the information; its practical utility; ways to enhance its quality, utility, and clarity; and ways to minimize the burden on respondents, including the use of automated collection techniques or other forms of information technology. Mail, email, or fax your comments and recommendations on the information collection(s) to the OMB Desk Officer and the SSA Director for Reports Clearance to the addresses or fax numbers shown below.

(OMB), Office of Management and Budget, Attn: Desk Officer for SSA, Fax: 202-395-6974, E-mail address: [OIRA\\_Submission@omb.eop.gov](mailto:OIRA_Submission@omb.eop.gov).

(SSA), Social Security Administration, DCBFM, Attn: Director, Center for Reports Clearance, 1333 Annex Building, 6401 Security Blvd., Baltimore, MD 21235, Fax: 410-965-0454, E-mail address: [OPLM.RCO@ssa.gov](mailto:OPLM.RCO@ssa.gov).

I. The information collection below is pending at SSA. SSA will submit it to OMB within 60 days from the date of this notice. To be sure we consider your comments, we must receive them no later than February 8, 2010. Individuals can obtain copies of the collection instrument by calling the SSA Director for Reports Clearance at 410-965-0454 or by writing to the above e-mail address.

1. *Farm Self-Employment Questionnaire—20 CFR 404.1082(c) & 404.1095—0960-0061.* Section 211(a) of the Social Security Act requires the existence of a trade or business as a prerequisite for determining whether an

individual or partnership may have net earnings from self-employment. During a personal interview, the requesting Social Security field office uses Form SSA-7165 to elicit the information necessary to determine the existence of an agricultural trade or business and subsequent covered earnings for Social Security entitlement purposes. The respondents are applicants for Social Security benefits, whose entitlement depends on whether the worker has covered earnings from self-employment as a farmer.

*Type of Request:* Extension of an OMB-approved information collection.

*Number of Respondents:* 47,500.

*Frequency of Response:* 1.

*Average Burden Per Response:* 10 minutes.

*Estimated Annual Burden:* 7,917 hours.

2. *Site Review Questionnaire for Volume and Fee-for-Service Payees and Beneficiary Interview Form—20 CFR 404.2035, 404.2065, 416.665, 416.701, and 416.708—0960-0633.* SSA uses the SSA-637, Site Review Questionnaire for Volume and Fee-for-Service Payees, to obtain information from the payee about how the organization operates and carries out its representative payee responsibilities, including how it manages beneficiary funds. We then use the SSA-639, Beneficiary Interview Form, to obtain information from the beneficiaries to help corroborate the payee's statements. Due to the sensitivity of the information, SSA employees always complete the forms based on the answers respondents give during the interview. The respondents are individuals, State and local governments, non-profit and for-profit organizations that serve as representative payees and the beneficiaries they serve.

*Type of Request:* Extension of an OMB-approved information collection.

Form number	Number of respondents	Frequency of response	Average burden per response (minutes)	Total annual burden (hours)
SSA-637 .....	2,001	1	2 hours .....	4,002
SSA-639 .....	9,341	1	10 minutes .....	1,557
Totals .....	11,342	.....	.....	5,559

3. *Certification of Prisoner Identity Information—20 CFR 422.107—0960-0688.* This regulation stipulates when a valid agreement is in place, prison officials verify the identity of certain incarcerated U.S. citizens who need

replacement Social Security cards. Information the prison officials provide will come from the official prison files, sent on prison letterhead. SSA uses this information to establish the applicant's identity in the replacement Social

Security card process. The respondents are prison officials who certify the identity of prisoners applying for replacement Social Security cards.

*Type of Request:* Extension of an OMB-approved information collection.

<sup>8</sup> 17 CFR 200.30-3(a)(12).