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For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74965; File No. SR-NSCC-2015-002]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Clarify NSCC's Rules & Procedures Relating to the Process by Which NSCC Members Submit Buy-Ins Within NSCC's Continuous Net Settlement System

May 14, 2015.

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 May 4, 2015, 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 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)(1)<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 NSCC's Rules & Procedures ("Rules") in order to clarify those Rules relating to the process by which NSCC Members submit buy-ins within NSCC's Continuous Net Settlement ("CNS") system, 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

One of NSCC's core services as a central counterparty is trade clearance and settlement through CNS, where compared and recorded transactions in eligible securities for a particular settlement date are netted by issue into one net long (buy) or net short (sell) position. As a continuous net system, those positions are further netted with positions of the same issue that remain open after their originally scheduled settlement date, so that trades or miscellaneous activity scheduled to settle on any day are netted with fail positions to result in a single deliver or receive obligation for each Member for each issue in which it has activity. Currently, under NSCC's Rules, a Member with a long position at the end of the day may submit to NSCC a Notice of Intention to Buy-In ("Buy-In Notice") specifying a quantity of securities (not exceeding such long position) ("Buy-In Position") that it intends to purchase to satisfy the fail that resulted in that long position, or "buy-in".<sup>5</sup> Typically, the day the Buy-In Notice is submitted is referred to as N, and N+1 and N+2 refer to the succeeding days (N through N+2 is referred to as the "Buy-In Period").<sup>6</sup> The Buy-In Position is given high priority for allocation from the CNS night cycle on N+1 through completion of the CNS day cycle on N+2.

The CNS position of a long Member that submits a Buy-In Notice can change during the Buy-In Period as a result of settling trades or miscellaneous activity.<sup>7</sup> Settling trades or miscellaneous activity that reduce a

Member's CNS long position is first applied to the Member's current CNS position that is not represented by the Buy-In Position, and then that activity may be applied to reduce the Member's Buy-In Position. If a Member's Buy-In Position is reduced as a result of settling trades or miscellaneous activity, its Buy-In Position is adjusted to reflect the new amount. If, at any time during the Buy-In Period, settling trades or miscellaneous activity reduce the Member's long position such that the Member becomes either short or flat in that position, or causes the Member's CNS long position to be reduced to less than its outstanding Buy-In Position in that security, NSCC will consider that Member's Buy-In Position with respect to that security complete and satisfied. NSCC will update the Buy-In Notice to reflect the reduced Buy-In Position if only a portion of the Buy-In Position is satisfied, or the Buy-In Notice will be cancelled if the entire Buy-In Position is satisfied by the settling trades or miscellaneous activity.

This process by which a Buy-In Notice would be updated to reflect settling trades or miscellaneous activity is not currently described in NSCC's Rules. As such, NSCC is proposing to update Rule 11, Section 7 of its Rules in order to describe the effect of settling trades or miscellaneous activity on a Member's Buy-In Position. Pursuant to this proposed rule change, NSCC's Rules will make clear that any portion of a Member's Buy-In Position would be considered complete and satisfied if, at any time during the Buy-in Period that Member's CNS long position is reduced to less than the outstanding Buy-In Position, or its Buy-In Position is reduced such that the Member is either flat or short in that security. If the entire Buy-In Position is considered complete and satisfied, it will be removed from the system. The proposed rule change would also make a technical correction to Procedure X, as marked on Exhibit 5 hereto.

###### 2. Statutory Basis

The proposed rule change is consistent with the Act and the rules and regulations thereunder, in particular Section 17A(b)(3)(F)<sup>8</sup> because it will promote the prompt and accurate clearance and settlement of securities transactions in that it will provide clarity to NSCC's Members regarding the process by which a Buy-In Notice would be updated to reflect settling trades or miscellaneous activity. Additionally, the proposed rule change constitutes a stated policy, practice, or interpretation

<sup>16</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)(1).

<sup>5</sup> Members are not permitted to submit a Buy-In Notice with respect to securities that are subject to a voluntary corporate reorganization.

<sup>6</sup> NSCC's Rules provide that Members may also submit Buy-in Retransmittal Notices on N+1. This proposed rule clarification would apply to these Buy-in Retransmittal Notices as well.

<sup>7</sup> Miscellaneous activity processed by CNS that updates the net position of a security could include, for example, corporate actions and stock dividends.

<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(F).

with respect to the meaning, administration, or enforcement of an existing rule.

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

The proposed rule change will not have any impact, or impose any burden, on competition.

*(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>9</sup> of the Act and paragraph (f) of Rule 19b-4<sup>10</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:

*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-2015-002 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-NSCC-2015-002. 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 (<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-2015-002 and should be submitted on or before June 10, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Robert W. Errett,**  
Deputy Secretary.

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**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-74968; File No. SR-BATS-2015-38]**

**Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.**

May 14, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 6, 2015, BATS Exchange, Inc. (the "Exchange" or "BATS") 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 the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with the Commission. 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 filed a proposal to amend the fee schedule applicable to Members<sup>5</sup> and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://www.batstrading.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 modify the "Options Pricing" section of its fee schedule, effective immediately, in order to modify pricing charged by the Exchange's options platform ("BATS Options") including: (i) add a new standard rate and a fee code NM

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

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

<sup>5</sup> The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f).

<sup>11</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.