



NATIONAL
SECURITIES
CLEARING
CORPORATION

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Bold and underlined text indicates proposed added language.

~~Bold and strikethrough text~~ indicates proposed deleted language.

[Changes to this Procedure II, as amended by File No. SR-NSCC-2020-010, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-010.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-010.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. By no later than August 31, 2020, these changes will be implemented and this legend will automatically be removed from this Procedure II.]

PROCEDURE II. TRADE COMPARISON AND RECORDING SERVICE

F. Index Receipts

1. Composition and Preliminary Financial Data

Each day, by such time as required by the Corporation from time to time, the Index Receipt Agent shall report to the Corporation a) the composition of index receipts for creations and redemptions occurring on the next business day (“T”), i.e., the shares and their associated quantities, b) the cash value of the portfolio for creates and redeems made solely for cash, and, if applicable, c) the estimated cash amount, representing accrued dividend, cash-in-lieu of **securities components**¹, if applicable, and balancing amount data (hereinafter referred to as the “Divided/Balancing Cash Amount”), and d) such other financial data as the Corporation may require or permit from time to time.

Each day, by such time as determined by the Corporation from time to time, the Index Receipt Agent may also report to the Corporation the composition of index receipts for purposes other than creations and redemptions.

Each evening, by such time as determined by the Corporation from time to time, the Corporation will make available to Members a **Portfolio Report report** detailing, if applicable, the estimated Dividend/Balancing Cash Amount, other financial data and the composition of the next business day’s index receipts (**“Portfolio Report”**). The composition data **within the Portfolio Report** may be used by the Corporation to process index receipt creations and redemptions on the next business day. **The Portfolio Report will also include, if available, portfolio holdings of the index receipts.**

2. Creation/Redemption Input

On each business day, the Corporation will perform reasonability checks of transaction data submitted by an Index Receipt Agent to the Corporation. The

¹ The “cash-in-lieu-of-securities” portion of the cash amount represents cash substituted for a partial quantity of the components underlying a creation or redemption rather than acting as the sole underlying component.

Corporation will pend any transaction data that exceeds thresholds established by the Corporation. The Corporation will notify the Index Receipt Agent of any transaction data that the Corporation has pended. The Index Receipt Agent must provide confirmation, in the form and within the timeframe required by the Corporation, that such pended transaction data should be accepted by the Corporation. If the Index Receipt Agent fails to provide such confirmation, such pended transaction data will be rejected. The Corporation may, in its sole discretion, adjust thresholds from time to time and the Corporation may consider feedback from its Members or market conditions.

From time to time, the Corporation shall inform Members of the time periods for each cycle (the intraday cycle, the primary cycle, and the supplemental cycle) applicable to creation/redemption input. On T, during any of the cycles, by such time as established by the Corporation from time to time, an Index Receipt Agent may submit to the Corporation on behalf of Members, index receipt creation and redemption instructions and their scheduled settlement date, the final Dividend/Balancing Cash Amount relative to such instructions and a transaction amount representing the Index Receipt Agent's fee for the processing of the index receipt. The Index Receipt Agent may elect a Settlement Date of T+1 or **T+2 later** for the ~~index R~~ receipts and the component securities or cash. The Index Receipt Agent may submit as-of index creation and redemption instructions, but only if such as-of data is received by the cut-off time as designated by the Corporation from time to time, with same-day settling creates and redeems required to be received by such cut-off time on Settlement Date.

Any as-of index creation and redemption instructions for same-day settlement received after the cut-off time, designated by the Corporation from time to time, will be rejected.

On T, the Corporation will report to Members on the Index Receipt Detail Report the details of the creations and redemptions submitted, the gross quantity of underlying security components of creation and redemption instructions and the quantity of index receipt shares associated with particular creation and redemption activity. The report will also indicate the final Dividend/Balancing Cash Amount that must be paid or received and the transaction amount that must be paid on Settlement Date.
