



**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.

RULE 1. DEFINITIONS AND DESCRIPTIONS

\* \* \*

*DTC*

The term “DTC” means The Depository Trust Company.

**DTCC**

**The term “DTCC” means The Depository Trust & Clearing Corporation.**

**DTCC Confidential Information**

**The term “DTCC Confidential Information” shall mean all non-public information provided by DTCC and/or the Corporation that (i) is marked or otherwise identified in writing prior to disclosure to the recipient as confidential, (ii) is designated by DTCC or the Corporation as confidential, or (iii) the recipient knows or, under the circumstances surrounding disclosure, ought to reasonably know is confidential.**

\* \* \*

RULE 2A. INITIAL MEMBERSHIP REQUIREMENTS

SEC. 1. ELIGIBILITY FOR MEMBERSHIP

\* \* \*

C. Application Documents

\* \* \*

Any **non-public** information furnished to the Corporation pursuant to this Rule shall be held in ~~the same degree of~~ confidence as may be required **under the laws, rules and regulations applicable to the Corporation that relate to the confidentiality of records by law or the rules and regulations of the appropriate regulatory body having jurisdiction over the applicant or which relate to the confidentiality of records, to the extent permitted by law, rule or regulation.** **Each applicant shall maintain DTCC Confidential Information in confidence to the same extent and using the same means it uses to protect its own confidential information, but no less than a reasonable standard of care, and shall not use DTCC Confidential Information or disclose DTCC Confidential Information to any third party except as necessary to perform such applicant’s obligations under these Rules or as otherwise required by applicable law. Each applicant acknowledges that a breach of its confidentiality obligations under these Rules**

**may result in serious and irreparable harm to the Corporation and/or DTCC for which there is no adequate remedy at law. In the event of such a breach by the applicant, the Corporation and/or DTCC shall be entitled to seek any temporary or permanent injunctive or other equitable relief in addition to any monetary damages hereunder.**

\* \* \*

RULE 2B. ONGOING MEMBERSHIP REQUIREMENTS AND MONITORING

\* \* \*

**SEC. 5. DTCC CONFIDENTIAL INFORMATION**

**Each Member and Limited Member shall maintain DTCC Confidential Information in confidence to the same extent and using the same means it uses to protect its own confidential information, but no less than a reasonable standard of care, and shall not use DTCC Confidential Information or disclose DTCC Confidential Information to any third party except as necessary to perform such Member's or Limited Member's obligations under these Rules or as otherwise required by applicable law. Each Member and Limited Member acknowledges that a breach of its confidentiality obligations under these Rules may result in serious and irreparable harm to the Corporation and/or DTCC for which there is no adequate remedy at law. In the event of such a breach by the Member or Limited Member, the Corporation and/or DTCC shall be entitled to seek any temporary or permanent injunctive or other equitable relief in addition to any monetary damages hereunder.**

\* \* \*

SEC. ~~65~~. VOLUNTARY TERMINATION

\* \* \*

RULE 15. ASSURANCES OF FINANCIAL RESPONSIBILITY AND OPERATIONAL CAPABILITY

\* \* \*

SEC. 3. Any **non-public** information furnished to the Corporation pursuant to this Rule shall be held in ~~the same degree of~~ confidence as may be required **under the laws, rules and regulations applicable to the Corporation that relate to the confidentiality of records by law or the rules and regulations of the appropriate**

~~regulatory body having jurisdiction over the applicant or which relate to the confidentiality of records, to the extent permitted by law, rule or regulation.~~

\* \* \*

## RULE 42. WIND-DOWN OF THE CORPORATION

\* \* \*

### SEC. 1. Defined Terms

(a) For purposes of this Rule 42:

\* \* \*

~~“DTCC” means The Depository Trust & Clearing Corporation.~~

\* \* \*

## RULE 60. (MARKET DISRUPTION AND FORCE MAJEURE)

\* \* \*

### SEC 2. Powers of the Corporation

If the Board of Directors or any officer of the Corporation listed below determines, in its, his, or her judgment that there is a Market Disruption Event, the Corporation shall be entitled to act (or refrain from acting) as prescribed in Section 3 of this Rule 60. To the extent practicable, the determination of the existence of a Market Disruption Event, and the actions to be taken in response thereto, shall be made by the Board of Directors at a meeting where a quorum is present and acting. However, if the Corporation is unable to convene a Board meeting promptly and timely in such event, then such determination may be made by either the Chief Executive Officer, the Chief Financial Officer, the Group Chief Risk Officer, **the Chief Information Officer, the Head of Clearing Agency Services,** or the General Counsel, or by any management committee on which all of the foregoing officers serves (an “Officer Market Disruption Event Action”), provided that the Corporation shall convene a Board meeting as soon as practicable thereafter (and in any event within 5 business days following such determination) to ratify, modify or rescind such Officer Market Disruption Event Action.

\* \* \*

**RULE 60A. SYSTEMS DISCONNECT:  
THREAT OF SIGNIFICANT IMPACT TO THE CORPORATION'S SYSTEMS**

**SEC. 1. Major Event**

**For purposes of this Rule, the following terms shall have the following meanings:**

**"DTCC Systems" means the systems, equipment and technology networks of DTCC, the Corporation and/or their Affiliates, whether owned, leased, or licensed, software, devices, IP addresses, or other addresses or accounts used in connection with providing the services set forth in the Rules, or used to transact business or to manage the connection with the Corporation.**

**"DTCC Systems Participant" shall mean a Member, Limited Member, or third party service provider, or service bureau that is connecting with the DTCC Systems.**

**"Major Event" shall mean the happening of one or more Systems Disruption(s) that is reasonably likely to have a significant impact on the Corporation's operations, including the DTCC Systems, that affect the business, operations, safeguarding of securities or funds, or physical functions of the Corporation, Members, Limited Members, and/or other market participants.**

**"Systems Disruption" shall mean the unavailability, failure, malfunction, overload, or restriction (whether partial or total) of a DTCC Systems Participant's systems that disrupts or degrades the normal operation of such DTCC Systems Participant's systems; or anything that impacts or alters the normal communication, or the files that are received, or information transmitted, to or from the DTCC Systems.**

**SEC. 2. Powers of the Corporation**

**The determination that the Corporation has a reasonable basis to conclude that there has been a Major Event and shall be entitled to act (or refrain from acting) as prescribed in Section 3 of this Rule 60A may be made by either the Chief Executive Officer, the Chief Financial Officer, the Group Chief Risk Officer, the Chief Information Officer, the Head of Clearing Agency Services or the General Counsel (an "Officer Major Event Action"). As soon as practical following such a decision, any management committee on which all of the foregoing officers serve shall convene, and the Corporation shall convene a Board of Directors meeting as soon as practicable thereafter (and in any event within 5 Business Days following such determination), in each case, to ratify, modify or rescind such Officer Major Event Action.**

**SEC. 3. Authority to take Actions**

**Upon the determination that there is a Major Event, the Corporation shall be entitled, during the pendency of such Major Event, to:**

**(a) disconnect the DTCC Systems Participant's system from the DTCC Systems;**

**(b) suspend the receipt and/or transmission of files or communications to/from the DTCC Systems Participant to the DTCC Systems; or**

**(c) take, or refrain from taking, or require the DTCC Systems Participant to take or refrain from taking, any and all action that the Corporation considers appropriate to prevent, address, correct, mitigate or alleviate the Major Event and facilitate the continuation of services as may be practicable, and, in that context, issue instructions to the DTCC Systems Participant.**

**SEC. 4. Notifications**

**(a) Each Member or Limited Member shall notify the Corporation immediately upon becoming aware of any Major Event and cooperate with the Corporation to identify the root cause and resolution.**

**(b) The Corporation shall promptly notify the DTCC Systems Participant(s) of any action the Corporation takes or intends to take with respect to such DTCC Systems Participant(s) pursuant to Section 3 of this Rule 60A.**

**SEC. 5. Certain Miscellaneous Matters**

**(a) Without limiting any other provisions in these Rules & Procedures concerning limitations on liability, none of the Corporation or its Affiliates, its or their directors, officers, employees, agents, or contractors shall be liable to a Member, Limited Member or any other person (including any third party provider or service bureau acting on behalf of the Member, Limited Member, or any customer or client thereof) for:**

**(i) any failure, hindrance, interruption or delay in performance in whole or in part of the obligations of the Corporation under the Rules or Procedures, if that failure, hindrance, interruption or delay arises out of or relates to a Major Event; or**

**(ii) any loss, liability, damage, cost or expense arising from or relating in any way to any actions taken, or omitted to be taken, pursuant to this Rule 60A.**

**(b) The power of the Corporation to take any action pursuant to this Rule 60A also includes the power to repeal, rescind, revoke, amend, or vary any such action.**

**(c) The powers of the Corporation pursuant to this Rule 60A shall be in addition to, and not in derogation of, authority granted elsewhere in these Rules & Procedures to take action as specified therein.**

**(d) The Members(s) and Limited Member(s) shall, in accordance with the Rules & Procedures, maintain the confidentiality of any DTCC Confidential Information provided to them by the Corporation and/or DTCC in connection with a Major Event.**

**(e) In the event of any conflict between the provisions of this Rule 60A and any other Rules or Procedures, the provisions of this Rule 60A shall prevail.**

\* \* \*

## ADDENDUM L

### STATEMENT OF POLICY PERTAINING TO INFORMATION SHARING

Rule 49 recognizes the obligation of the Corporation to share clearing data with other SEC regulated self-regulatory organizations for regulatory purposes. Rule 15 provides the Corporation with the authority to examine the financial and operational conditions of its participants, and to receive information relevant to such examination from any other SEC regulated self-regulatory organization. Rule 15 also requires the Corporation to **hold information furnished to the Corporation pursuant to Rule 15 in confidence as may be required under the laws, rules and regulations applicable to the Corporation that relate to the confidentiality of records**~~maintain the same degree of confidentiality regarding such financial and operational information that the appropriate regulatory body, having jurisdiction over the participant would maintain~~. Section 17A(b)(3) of the Securities Exchange Act of 1934, as amended (the "Act"), provides among other things, that rules of clearing agency self-regulatory organizations must be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and to protect investors and the public interest. Section 19(g)(1) of the Act requires clearing agencies to enforce compliance by their members with their rules.

\* \* \*