

settlement of securities transactions.<sup>23</sup> With the rule change modifying and enhancing the RECAPS to establish the OW service, NSCC will provide for greater efficiency and transparency with respect to securities transactions obligations processed through the OW. Furthermore, the modifications and enhancements will allow NSCC to improve its service by providing prompt and automated confirmation, comparison, and tracking of fail transactions.<sup>24</sup>

Accordingly, for the reasons stated above the Commission believes that the rule change is consistent with NSCC's obligation under Section 17A of the Exchange Act, as amended, and the rules and regulations thereunder.

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NSCC-2010-11) be and hereby is approved.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63604; File No. SR-NSCC-2010-18]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to the Insurance and Retirement Processing Services To Incorporate a New Analytics Reporting Service

December 23, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 10, 2010, the National Securities Clearing Corporation

("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 persons.

#### I. Self-Regulatory Organization's Statement of Terms of Substance of the Proposed Rule Change

NSCC is proposing to expand its Insurance and Retirement Processing Service ("IPS") by providing a new Analytics Reporting Service in order to provide greater transparency to the insurance market.

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

###### 1. Background

Currently, service providers that make insurance information available to the insurance industry generally utilize a combination of publicly accessible financial information, responses provided by market participants to optional surveys, and proprietary analytical tools. These services also rank the various market participants and products in the insurance market to provide relative rankings by revenue or other criteria. Reliance on survey results and the aggregation and analysis of those results often makes the information several months old by the time it is distributed to subscribers.

###### 2. Proposed Amendments

NSCC proposes to add a new Section 12 to NSCC Rule 57 to provide an Analytics Reporting Service.<sup>2</sup> The Analytics Reporting Service would use actual transaction information currently used by NSCC in processing IPS transactions rather than survey results.

NSCC believes that this would allow IPS to provide more efficient, cost-effective, and timely benchmarking and other market information about the insurance market. The Analytics Reporting Service would assist NSCC Members and Limited Members in better understanding their business and the broader market for insurance products; would help them to better understand investor needs; would support the efficient development of products that meet investor needs; and would assist them in making decisions related to sales, marketing, and product development.

###### 3. Overview

The Analytics Reporting Service would provide NSCC Members and Limited Members with the ability to perform market analysis based on IPS data. This market analysis (commonly referred to as "benchmarking") would allow users of this service to obtain and compare aggregated data from different perspectives including, but not limited to, geographic location, type of transaction, and other criteria that NSCC and the NSCC Members and Limited Members determine to be most useful. The benchmarking portion of the service would provide information on an aggregate basis and would not reveal the confidential or proprietary information of any NSCC Member or Limited Member. The service would permit NSCC Members and Limited Members to monitor and to analyze their business through benchmarking relative performance by comparing their own transactional information against the overall market's and by conducting market research and analyzing market trends.

Additionally, NSCC would provide information that attributes aggregated transaction information to specific NSCC Members and Limited Members for the purposes of providing a relative ranking of products and market participants (*i.e.*, league tables). This aspect of the Analytics Reporting Service would allow NSCC Members and Limited Members to conduct peer analysis and to understand their performance relative to other NSCC Members or Limited Members. Although service providers already provide league tables on the basis of surveys and other tools, this information may be considered confidential or proprietary information by NSCC or the individual NSCC Members or Limited Members to which it pertains.

NSCC would offer the Analytics Reporting Service through a proprietary online service.

<sup>23</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>24</sup> In approving the proposed rule change, the Commission has considered its impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

<sup>25</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> The text of proposed new Section 12 to NSCC Rule 57 can be viewed at [http://www.dtcc.com/downloads/legal/rule\\_filings/2010/nscc/2010-18.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2010/nscc/2010-18.pdf).

#### 4. NSCC's Right to Release Clearing Data

"Clearing Data" as defined in NSCC's Rule 49 includes data received by NSCC for inclusion in the clearance and settlement process of NSCC or such data, reports, or summaries produced as a result of NSCC processing such transaction data. Rule 49 generally prohibits the release of Clearing Data relating to a transaction to parties other than the NSCC Members or Limited Members that are involved in the transaction.

The use of IPS-related Clearing Data as part of the Analytics Reporting Service for purposes of providing benchmarking data does not violate this general prohibition of Rule 49. Rule 49 explicitly permits NSCC to utilize Clearing Data in a form that prevents the disclosure of proprietary or confidential financial, operational, or trading data of a particular NSCC Member or Limited Member. Thus, Rule 49 permits the sharing of cleansed or aggregate reporting of transaction information or Clearing Data. The Analytics Reporting Service would utilize Clearing Data for benchmarking purposes in a manner that is consistent with existing NSCC rules because it would provide only cleansed or aggregated reporting data that would not reveal the proprietary or confidential information of any NSCC Member or Limited Member.

Because the league tables that provide a relative ranking of NSCC Members and Limited Members and their products may be considered by some NSCC Members and Limited Members to be the release of confidential or proprietary information, NSCC is providing notice of its intent to release this data in accordance with NSCC Rule 49(c). NSCC Rule 49(c) provides that an NSCC Member or Limited Member may request the release of any Clearing Data whose release is not otherwise permitted under Rule 49 either in writing or by written agreement. NSCC intends this proposed rule change and the addition of the Analytics Reporting Service to serve as the written agreement providing for the release of the Clearing Data under Rule 49(c). NSCC believes that this proposed rule change, the amendment to its rules, and NSCC's Important Notice to NSCC Members and Limited Members<sup>3</sup> (a notice issued to NSCC Members and Limited Members in relation to every rule filing submitted to the Commission by NSCC) provides NSCC Members and Limited Members with reasonable and

sufficient notice of its intent to distribute cleansed and aggregated IPS related Clearing Data.

#### 5. Right to Opt-Out

Due to potential concerns that the attribution of aggregated transactions to specific NSCC Members and Limited Members within league tables may potentially reveal confidential data, NSCC Members and Limited Members that utilize IPS ("IPS Members") would be able to request that NSCC not attribute and not include their respective transaction information with respect to league tables in the Analytics Reporting Service. That is, they may "opt-out." By opting-out, the IPS Member would prohibit NSCC from associating their transactions in any discernible manner (e.g., listing the IPS Member in a league table). However, opting-out would not prohibit NSCC from including the information for purposes of describing the market in a particular geographic location or in accordance with other criteria that does not identify a specific IPS Member for purposes of benchmarking. This opt-out provision would provide an IPS Member with the ability to prevent disclosure of potentially confidential or proprietary information attributable to its activity, just as it may prevent the disclosure of its individual transactions. Yet, it would not prevent NSCC from providing the marketplace with useful information regarding the overall insurance market.

In order to opt-out of the Analytics Reporting Service prior to the service becoming available, IPS Members would have to notify NSCC in writing during the initial ninety (90) day opt-out period. NSCC would announce the beginning of this ninety (90) day period through an Important Notice. A new IPS Member would be allowed to opt-out by providing NSCC with written notice of their election to opt-out at any time prior to account activation. Once the Analytics Reporting Service commences to include the information of an IPS Member, the IPS Member would be allowed to opt-out by providing NSCC with thirty (30) days' written notice.

By opting-out, the IPS Member would authorize NSCC to disclose that the league tables and other information that compares IPS Members and their insurance products do not include information from that IPS Member. This would clarify the content of the benchmarking data that NSCC would provide.

Finally, an IPS Member that opts-out would forfeit any portion of NSCC's annual refund, if any, that is directly

attributable to the revenue generated by the Analytics Reporting Service.

#### 6. Prohibiting Disclosures Prior to Earnings Reports

The Analytics Reporting Service would allow IPS Members to prevent the disclosure or attribution of transactions to a specific IPS Member in order to permit compliance with the laws and regulations governing disclosure of such information prior to earnings reporting. Based on discussions with IPS Members, NSCC has established a policy that applies an embargo period of sixty (60) days after the end of the first, second, and third calendar quarters and ninety (90) days after the end of the calendar year.

#### 7. Fees

NSCC intends to propose fees for the Analytics Reporting Service in a subsequent proposed rule filing. Until then, NSCC Members and Limited Members would be able to use the Analytics Reporting Service without any additional charge to the current Financial Activity Reporting fees. Parties that are not NSCC Members or Limited Members would not be able to use the Analytics Reporting Service until appropriate fees for non-members have become effective.

NSCC states that the proposed change will permit NSCC Members and Limited Members to enhance their monitoring and analysis of their respective businesses. NSCC further states that the proposed rule change is consistent with the requirements set forth under Section 17A of the Act<sup>4</sup> that require the rules of a clearing agency be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.

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

NSCC does not believe that the proposed rule change will have any impact or impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

<sup>3</sup> NSCC Important Notices are notices issued to NSCC Members and Limited Members in relation to, among other things, every rule filing submitted to the Commission by NSCC.

<sup>4</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*

NSCC has not solicited and does not intend to solicit comments regarding this proposed rule change. NSCC has not received any unsolicited written comments from members or other interested parties. However, NSCC has worked with NSCC Members and Limited Members in designing this service.

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

Within 45 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 or disapprove such proposed rule change or

(B) Institute proceedings to determine whether the proposed rule 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 send an e-mail to [rule-comment@sec.gov](mailto:rule-comment@sec.gov). Please include File No. SR-NSCC-2010-18 on the subject line.

- Paper comments should be sent 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 No. SR-NSCC-2010-18. 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 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at NSCC's principal office and NSCC's Web site ([http://www.dtcc.com/legal/rule\\_filings/nsc2010.php](http://www.dtcc.com/legal/rule_filings/nsc2010.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 No. SR-NSCC-2010-18 and should be submitted by January 19, 2011.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>5</sup>

**Florence E. Harmon,**  
*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-63601; File No. SR-NYSEAmex-2010-124]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NYSE Amex LLC Extending the Operation of the Pilot Program That Allows Nasdaq Stock Market Securities to be Traded on the Exchange Pursuant to a Grant of Unlisted Trading Privileges**

December 22, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on December 20, 2010, NYSE Amex LLC (the "Exchange" or "NYSE Amex") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>5</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.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The Exchange proposes to amend NYSE Amex Equities Rule 500 to extend the operation of the pilot program that allows Nasdaq Stock Market ("Nasdaq") securities to be traded on the Exchange pursuant to a grant of unlisted trading privileges. The pilot is currently scheduled to expire on January 31, 2011; the Exchange proposes to extend it until the earlier of Securities and Exchange Commission ("SEC" or "Commission") approval to make such pilot permanent or August 1, 2011. The text of the proposed rule change is available at the principal office of the Exchange, on the Commission's Web site at <http://www.sec.gov>, at the Commission's Public Reference Room, and <http://www.nyse.com>.

**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 self-regulatory organization 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 those 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

NYSE Amex Equities Rules 500-525, as a pilot program, govern the trading of any Nasdaq-listed security on the Exchange pursuant to unlisted trading privileges ("UTP Pilot Program").<sup>3</sup> The Exchange hereby seeks to extend the operation of the UTP Pilot Program, currently scheduled to expire on January 31, 2011, until the earlier of

<sup>3</sup> See Securities Exchange Act Release No. 62479 (July 9, 2010), 75 FR 41264 (July 15, 2010) (SR-NYSEAmex-2010-31) (Notice of Filing of Amendment Nos. 2 and 3, and Order Granting Accelerated Approval to a Proposed Rule Change, as Modified by Amendment Nos. 1, 2, and 3 Thereto, To Adopt as a Pilot Program a New Rule Series for the Trading of Securities Listed on the Nasdaq Stock Market Pursuant to Unlisted Trading Privileges). See also Securities Exchange Act Release No. 62857 (September 7, 2010), 75 FR 55837 (September 14, 2010) (SR-NYSEAmex-2010-89) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Pilot Program That Allows Nasdaq Stock Market Securities To Be Traded on the Exchange Pursuant to UTP).