

File No. SR-NSCC-2003-13

Securities and Exchange Commission  
Washington, D.C. 20549

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Form 19b-4

Proposed Rule Change

By

NATIONAL SECURITIES CLEARING CORPORATION

Pursuant to Rule 19b-4 under the  
Securities Exchange Act of 1934

1. Text of Proposed Rule Change.

(a) The proposed rule change consists of revisions to National Securities Clearing Corporation's ("NSCC" or the "Corporation") Fee Schedule and is attached hereto as Exhibit A.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) Not applicable.

(b) Contact regarding questions and comments:

Jeffrey T. Waddle (212) 855-3260.

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

(a) The purpose of the proposed rule change is to adjust the fees that NSCC charges for the Initial Application Information ("APP") feature of IPS. The effective date for the adjustment is: (i) June 1, 2003 for changes resulting in a decrease in fees; (ii) July 1, 2003 for all other changes. The proposed rule change also establishes fees for APP for members for whom settlement is not available, effective June 16, 2003.

The current Transaction Fee for APP is as follows: from 0 to 499 items per month, \$5.00 per item; from 500 to 1,249 items per month, \$4.00 per item; from 1,250 to 2,499 items per month, \$2.00 per item; and for more than 2,499 items per month, \$1.00 per item. Pursuant

to this rule change, the Transaction Fee for APP for members for whom settlement is available will be as follows: from 0 to 1,999 items per month, \$3.00 per item; from 2,000 to 3,499 items per month, \$2.00 per item; and for more than 3,499 items per month, \$1.00 per item. The Transaction Fee for APP for members for whom settlement is not available will be as follows: from 0 to 1,999 items per month, \$1.50 per item; and for more than 1,999 items per month, \$1.00 per item.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, since it provides for the equitable allocation of dues, fees and other charges among NSCC's participants.

4. Self-Regulatory Organization's Statement on Burden on Competition.

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

5. 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 has notified participants who use IPS of the fee changes. NSCC will notify the Securities and Exchange Commission (the "Commission") of any written comments received by NSCC.

6. Extension of Time Period for Commission Action.

NSCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2).

(a) The proposed rule change is to take effect pursuant to paragraph (A) of Section 19(b)(3) of the Act.

(a) The proposed rule change modifies NSCC's fee structure and provides for the equitable allocation of dues, fees and other charges among NSCC's participants.

(b) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission.

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

9. EXHIBITS

Exhibit A Text of the proposed change to NSCC's Rules.

Exhibit B Notice of the proposed rule change for publication in the Federal Register.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the self-regulatory organization has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL SECURITIES CLEARING CORPORATION

BY: Karen L. Saperstein  
Karen L. Saperstein  
Managing Director

EXHIBIT A

Underlined, boldface text indicates additions.  
~~[Bracketed, bold, strikeout]~~ text indicates deletions.

ADDENDUM A

FEE STRUCTURE

\* \* \*

IV. OTHER SERVICE FEES

\* \* \*

U. Insurance Processing Service

\* \* \*

1. Transaction Fees<sup>13, 14</sup>:

\* \* \*

d. Initial Application Information ~~[(with or without premium)]~~ (APP)

For members for whom settlement is available:

- From 0 to ~~[499]~~ 1,999 items/month                      ~~[\$5.00]~~ 3.00 per item
- ~~[From 500 to 1,249 items/month] ————— \$4.00 per item]~~
- From ~~[1,250]~~ 2,000 to ~~[2,499]~~ 3,499 items/month              \$2.00 per item
- More than ~~[2,499]~~ 3,499 items/month                              \$1.00 per item

13 Payable both for test and production transactions, provided that a participant in a pilot test program will not be charged for the transmission of pilot test files for the period from the date the participant commences participation in the pilot program, through the date that is the last business day of the calendar month immediately following the month during which the pilot enhancement or new IPS product is first released by NSCC into production.

14 All Transaction Fees are per side, and both sides are charged for each item.



**For members for whom settlement is not available:**

- From 0 to 1,999 items/month \$1.50 per item**
- More than 1,999 items/month \$1.00 per item**

\* \* \*

**Exhibit B**

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No NSCC-2003-13)

Proposed rule change by NATIONAL SECURITIES CLEARING CORPORATION ("NSCC") regarding revisions to its Fee Schedule.

Comments requested within \_\_\_\_\_ days after the date of this publication.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on \_\_\_\_\_, 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. 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 proposed rule change consists of revisions to NSCC's Fee Schedule as set forth in Exhibit A attached to NSCC's filing on Form 19b-4, File No. SR-NSCC-2003-13.

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 such statements.

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

( a ) The purpose of the proposed rule change is to adjust the fees that NSCC charges for the Initial Application Information (“APP”) feature of IPS. The effective date for the adjustment is: (i) June 1, 2003 for changes resulting in a decrease in fees; (ii) July 1, 2003 for all other changes. The proposed rule change also establishes fees for APP for members for whom settlement is not available, effective June 16, 2003.

The current Transaction Fee for APP is as follows: from 0 to 499 items per month, \$5.00 per item; from 500 to 1,249 items per month, \$4.00 per item; from 1,250 to 2,499 items per month, \$2.00 per item; and for more than 2,499 items per month, \$1.00 per item.

Pursuant to this rule change, the Transaction Fee for APP for members for whom settlement is available will be as follows: from 0 to 1,999 items per month, \$3.00 per item; from 2,000 to 3,499 items per month, \$2.00 per item; and for more than 3,499 items per month, \$1.00 per item. The Transaction Fee for APP for members for whom settlement is not available will be as follows: from 0 to 1,999 items per month, \$1.50 per item; and for more than 1,999 items per month, \$1.00 per item.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, since it provides for the equitable allocation of dues, fees and other charges among NSCC's participants.

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

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

(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 has notified participants who use IPS of the fee changes. 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) of the Act and subparagraph (f) of Securities Exchange Act rule 19b-4. 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the rule filing that are filed with the Commission, and all written communications relating to the rule filing between the Commission and any person, other than those that may be withheld from the public in accordance with provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted within    days after the date of this publication.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz

Secretary

Dated: