

arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act and with respect to the following:

- The Commission requests comment on all aspects of the proposed single pot margining arrangement, including the risk management of the combined positions cleared by GSD and NYPC. What unique risk management issues does a single pot cross margining arrangement raise in comparison with the two pot arrangements previously approved by the Commission? Would the VaR margining methodology proposed to be used by FICC as the administrator of the single-pot margining arrangement adequately measure the risk exposures of the positions? Are there other risk management standards or requirements that should be established regarding a single-pot margining methodology?

- The Commission requests comment on the proposed loss allocation between FICC and NYPC. Does the loss allocation arrangement, in all scenarios, fairly reflect the risks presented by each clearing entity? Does it pose any undue risks to either FICC or NYPC or to any of their participants? If so, how would those risks be remediated?

- The Commission requests comment on the burden on competition, if any, that the proposed single pot cross margining arrangement may have. Does the proposal to admit other DCOs as limited purpose participants of NYPC mitigate any perceived burden on competition? If not, why not? Is there a more effective means of address concerns related to competition?

- The Commission requests comment on the implementation timeframe for the single pot margining arrangement and on the potential 24 month time period before unaffiliated DCOs or DCMs are admitted to the cross-margining arrangement. What are commenters' views on the proposed time period? Is a shorter or longer time period justified based on the operational issues associated with starting the new cross-margining arrangement?

- The Commission requests comment on the proposed guarantee fund contribution required of all DCOs (including NYPC) and DCMs. Is a sizable guarantee fund contribution needed to assure the safeguarding of securities and funds within the cross-margining arrangement? Is a higher or lower contribution justified? What is the impact on competition of such a requirement?

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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FICC-2010-09 on the subject line.

#### Paper Comments

- Send paper comments 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 Number SR-FICC-2010-09. 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 Section, 100 F Street, NE., Washington, DC 20549-1090, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filings will also be available for inspection and copying at the principal office of FICC and on FICC's Web site at [http://dtcc.com/downloads/legal/rule\\_filings/2010/ficc/2010-09.pdf](http://dtcc.com/downloads/legal/rule_filings/2010/ficc/2010-09.pdf). 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-FICC-2010-09 and should be submitted on or before December 21, 2010.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**Elizabeth M. Murphy,**

Secretary.

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<sup>18</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63368; File No. SR-NSCC-2010-15]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Establishing an Automated Service for the Processing of Transfers, Replacements, and Exchanges of Insurance and Retirement Products

November 23, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> notice is hereby given that on November 18, 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 the Terms of Substance of the Proposed Rule Change

The proposed rule change would allow NSCC to add a new automated service to process transfers, replacements, and exchanges of insurance and retirement products through NSCC's Insurance and Retirement Processing Service ("IPS").

#### 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 these statements.

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

The purpose of the proposed rule change is to allow NSCC to offer a new automated service to transfer, replace, or exchange (collectively referred to as a "Replacement") an existing insurance contract that is eligible for NSCC's IPS.

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

## 1. Background

Currently, the Replacement process is not conducted through a centralized or automated process and requires extensive manual processing of paper forms and other documents. The insurance industry currently utilizes Transfer of Assets forms, 1035 Exchange Forms, or other similar paperwork (collectively referred to as "TOA") to document the request and the authorization for a Replacement. Currently, once an authorization has been obtained and the needed forms have been executed, the documents are transmitted by facsimile, mail, electronic mail, or other means. Because there is no centralized and automated mechanism for processing Replacements, there is also no centralized and automated settlement process for managing the movement of funds associated with Replacements. This lack of centralized and automated processing makes the overall Replacement process time consuming and labor intensive.

## 2. Proposed Amendments

NSCC proposes to add a new Section 11 to Rule 57 ("Insurance and Retirement Processing Services") so that NSCC can provide a service that will centralize and automate the processing of Replacements and will decrease the administrative burden on and risk to NSCC Members, Insurance Carrier/Retirement Service Members, Mutual Fund/Insurance Services Members, and Data Services Only Members.

Under the proposal, an Insurance Carrier/Retirement Services Member would be able to initiate a Replacement ("Receiving Carrier") by submitting an instruction to NSCC to process a Replacement ("Request for Replacement"). NSCC would then transmit the Request for Replacement to the designated Insurance Carrier/Retirement Services Member ("Delivering Carrier"). The Delivery Member would have to confirm, reject, or request modification to the Request for Replacement in the format and by such time as established by NSCC. NSCC would delete from the IPS transfers that are not confirmed or rejected. The IPS would also incorporate and automate the settlement of confirmed Replacements into NSCC's existing settlement process for IPS.

NSCC states that the proposed service would decrease the operational risk inherent in the processing of paper documentation, would provide a uniform platform for Replacements, and would provide uniform rules and procedures for Replacements.

Under the proposed new Section 11, the Delivering Carrier waives the obligation of the Receiving Carrier to submit a signed physical copy of the TOA unless specifically required by state or local law. The transfer of any physical documents related to Replacements that are required under state law would continue to be transferred outside of NSCC. It would be the sole obligation of the Insurance Carrier/Retirement Services Members involved in the Replacement to confirm that all legal requirements, including any requirement to obtain a signed physical copy of the TOA imposed by applicable state or local law, are satisfied prior to confirming a Request for Replacement. The Replacement service would permit the transfer of documentation as an attachment to the Request for Replacement, but this would not be a requirement to utilize the Replacement service. The waiver of the obligation to submit signed physical documents is intended to improve the orderly processing of Replacements.

Finally, NSCC proposes to update the Fee Schedule to incorporate the fees associated with processing a Request for Replacement. The fee associated with a Request for Replacement, including submitting incremental replacement status messages and money settlement would be \$5.00 per Request for Replacement. The cost would be divided between the carriers associated with the transaction with the Receiving Carrier responsible for \$3.75 per transaction, which is three-fourths of the cost of the Replacement service, and the Delivering Carrier responsible for the remaining \$1.25 fee, which is one-fourth of the cost. The fee associated with obtaining the status of a pending Request for Replacement, including incremental statuses, would be \$1.00 per pending status request. The cost would be divided evenly between the Receiving Carrier and the Distributor, each of which would be responsible for paying a fee of \$0.50.

## 3. Implementation Timeframe

NSCC intends for the Replacement service to be implemented on or after January 1, 2011. Members would be advised of the specific implementation date through the issuance of an NSCC Important Notice.

NSCC states that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>2</sup> and the rules and regulations thereunder because it will assist NSCC's thereunder in processing Replacements in a timely and efficient manner. NSCC

further states that the proposed rule change is also consistent with Recommendation 15 of the CPSS/IOSCO Recommendations for Securities Settlement Systems in that the Replacement service should reduce manual errors, lower costs, and increase the speed of processing Replacements through the use of automation.

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

NSCC believes that the proposed rule change will not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others*

NSCC has not solicited or received written comments relating to the proposed rule change. NSCC will notify the Commission of any written comments it receives.

## 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-2010-15 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-2010-15. This file

<sup>2</sup> 15 U.S.C. 78q-1.

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/nsc/2010.php](http://www.dtcc.com/legal/rule_filings/nsc/2010.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 submission should refer to File No. SR-NSCC-2010-15 and should be submitted within December 21, 2010 days after the date of publication.<sup>3</sup>

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.

**Elizabeth M. Murphy,**

*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63366; File No. SR-NYSEAmex-2010-103]

### Self-Regulatory Organizations; NYSE Amex LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the NYSE Amex LLC Company Guide To Adopt Additional Criteria for Listing Special Purpose Acquisition Companies (SPACs) That Have Indicated That Their Business Plan Is To Engage in a Merger or Acquisition With an Unidentified Company or Companies

November 23, 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 November 12, 2010, NYSE Amex LLC ("Exchange" or "NYSE Amex") 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 by the self-regulatory organization. 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 proposes to amend the NYSE Amex LLC Company Guide (the "Guide") to adopt additional criteria for listing companies that have indicated that their business plan is to engage in a merger or acquisition with an unidentified company or companies (an "acquisition vehicle") and to provide transparency to the criteria the Exchange will apply in doing so. The text of the proposed rule change is available at the Exchange, 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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to amend the Guide to adopt additional criteria for listing companies that have indicated that their business plan is to engage in a merger or acquisition with an acquisition vehicle.<sup>3</sup> The Exchange has permitted certain of such companies to list on the Exchange under Initial Listing Standards 3 or 4, which do not require prior operating history, as long as certain protections were provided to investors in such companies.<sup>4</sup> In order to provide greater transparency to the listing criteria that would be applicable to such companies, the Exchange proposes to adopt new Section 119 of the Guide.<sup>5</sup>

First, these companies must meet all applicable initial listing requirements. Thus, for initial listing, companies seeking to list on the Exchange must meet NYSE Amex Initial Listing Standard 3 or 4, which require, among other things, a minimum market value of listed securities of \$50 million or \$75 million, respectively.<sup>6</sup> In addition, the Exchange has determined to impose the following additional criteria for listing a company whose business plan is to complete an initial public offering and

<sup>3</sup> Section 101 of the Guide provides the Exchange with broad discretionary authority over the initial and continued listing of securities in order to maintain the quality of and public confidence in its market, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and to protect investors and the public interest, even though the securities meet all enumerated criteria for initial or continued listing.

<sup>4</sup> As it does with any initial listing, the Exchange will evaluate the reputation of the company's management pursuant to Section 101 of the Guide in determining whether listing is appropriate.

<sup>5</sup> New York Stock Exchange LLC ("NYSE") and The Nasdaq Stock Market also have adopted standards for listing acquisition companies. See NYSE Listed Company Manual Section 102.06, Nasdaq IM-5101-2. Except where otherwise noted, the new Section 119 standards are the same as Nasdaq's current standards. See *infra* notes 8 and 9.

<sup>6</sup> See Section 101(c) and (d) of the Guide, which sets forth these market capitalization standards as well as other listing standards relating to aggregate market value of publicly held shares, stock price, distribution and other requirements. Note that given the nature of these companies, they will not satisfy the initial listing requirements of Initial Listing Standards 1 and 2 because of the prior operating history requirements of those standards. As noted below, these companies will be required to satisfy the initial listing requirements following subsequent business combinations.

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

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

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