

Title: TIL: NSCC/DTC "SUSPENSION OF RULES" and "MARKET DISRUPTION AND FORCE MAJEURE"

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TLDR: TIL, NSCC RULE 22/DTC RULE 18 appears to give NSCC/DTC the authority to suspend any of their rules if "deemed necessary or expedient". Additionally, NSCC RULE 60/DTC RULE 38 protects the DTCC (of which NSCC and DTC are both subsidiaries) from liability for member losses, when responding to "Market Disruption Event". Although the SEC must be "advised" of actions taken to mitigate a "Market Disruption Event", their permission is not required; pertinent details of the "Market Disruption Event" must be available to members, but are considered confidential and are not available to the public.

Details of "market disruption events" were made confidential by [SR-DTC-2021-011]([https://www.sec.gov/rules/sro/dtc/2021/34-93279.pdf](https://www.sec.gov/rules/sro/dtc/2021/34-93279.pdf)), which the SEC approved 8-Oct-2021.

Excerpts below from [NSCC Rules & Procedures]([https://www.dtcc.com/~media/Files/Downloads/legal/rules/nscd\_rules.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/rules/nscd\_rules.pdf))

- Note: [parallel DTC rules 18/38]([https://www.dtcc.com/~media/Files/Downloads/legal/rules/dtc\_rules.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/rules/dtc\_rules.pdf)) also available\*

\*RULE 22. SUSPENSION OF RULES\* (see page 100 of linked NSCC Rules and Procedures)\*

The time fixed by these Rules, the Procedures or any regulations issued by the Corporation for the doing of any act or acts may be extended or the doing of any act or acts required by these Rules, the Procedures or any regulations issued by the Corporation may be waived or any provision of these Rules, the Procedures or any regulations issued by the Corporation may be suspended by the Board of Directors or by the Chairman of the Board, the President, the General Counsel or such other officers of the Corporation having a rank of Managing Director or higher whenever, in its or his judgment, such extension, waiver or suspension is necessary or expedient.

A written report of any such extension, waiver or suspension (other than an extension of time of less than eight hours), stating the pertinent facts, the identity of the person or persons who authorized such extension, waiver or suspension and the reason such extension, waiver or suspension was deemed necessary or expedient, shall be promptly made and filed with the Corporation's records and shall be available for inspection by any Member, Mutual Fund/Insurance Services Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, TPP Member, Investment Manager/Agent Member, Fund Member, Data Services Only Member or AIP Member during regular business hours on Business Days. Any such extension or waiver may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than 60 calendar days after the date thereof unless it shall be approved the Board of Directors within such period of 60 calendar days.

\*RULE 60. MARKET DISRUPTION AND FORCE MAJEURE\* (see page 100 of linked NSCC Rules and Procedures)\*

- note: "Market Disruption" is very broadly defined by NSCC Rule 60/DTC Rule 38, some qualifying events include (but are absolutely not limited to): power outage, wire transfer failure, and trading halt.\*

SEC. 3. Authority to take Actions Upon the determination that there is a Market Disruption Event, the

Corporation shall be entitled, during the pendency of such Market Disruption Event, to:

\- (a) suspend the provision of any or all services of the Corporation; and

\- (b) take, or refrain from taking, or require Members and/or Limited Members (whether or not they are affected by the Market Disruption Event) to take or refrain from taking, any and all action which the Corporation considers appropriate to prevent, address, correct, mitigate or alleviate the event and facilitate the continuation of services as may be practicable, and, in that context, issue instructions to Members and/or Limited Members.

#### SEC. 5. Certain Miscellaneous Matters

\- (a) Without limiting any other provisions in these Rules & Procedures concerning limitations on liability, none of the Corporation, its directors, officers, employees, agents, or contractors shall be liable to a Member, Limited Member or any other person (including 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 Market Disruption 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 60.

\- (d) In the event of any conflict between the provisions of this Rule 60 and any other Rules or Procedures, the provisions of this Rule 60 shall prevail.