

Title: This is gonna take awhile...■

Author: disoriented_llama

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Permalink: /r/TheGloryHodl/comments/phm8oq/this_is_gonna_take_awhile/

Url: /r/Superstonk/comments/or2r9y/the_moaff_the_mother_of_all_fcking_filings/

Is_self: False

Linked Post:

Body:

What's up, individual investors!

Man, the MOAFF just hit the DTCC website.

This is the most complex, in depth filing I've ever came across, and it will likely take me weeks to interpret this due to the significant amount of PROPOSALS included in this 369 (giggity) pages long rule filing.

On TOP of that, the DTC-2021-014 filing goes hand in hand with this one, and many references found in DTC-2021-014 lead you straight back to NSCC-2021-803 (the Advanced Notice) and/or NSCC-2021-010, the Proposed Rule. That being said, it wouldn't be appropriate to try and decipher 014 until we can first comprehend the legacy filing of which is the MOAFF, The Mother of All Fucking Filings, which NSCC-2021-803, the topic of discussion in this post.

Let's begin. (revvs up artism)

*NOTE: THIS WILL BE THE "MASTER POST" FOR THIS FILING AS FAR AS MY DUE DILLIGENCE. I'M HAPPY TO COLLABORATE WITH OTHERS, AND DIVVY UP THIS FILING. DM ME AND WE CAN DISCUSS. I WILL CONSTANTLY BE UPDATING MY PROGRESS, AND WILL MARK EACH EDIT APPROPRIATELY SO EVERYONE CAN FOLLOW ALONG AS I/WE DECIPHER THIS.

I will provide TL;DRs for each edit, as they will likely be lengthy.

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****THIS SECTION OF THE POST IS RESERVED FOR EDITS****

EDIT#1: 07/25/2021 1:09 PM Central. Added definitions. Finished adding the entirety of **Proposed Rule 2C, Sponsoring Members and Sponsored Member**s . Definitions completed up to I.

EDIT#2: 07/26/2021 1:56 PM Central. Added entire structure of the filing from start to finish, added all definitions under rule 56. Will now begin to go through sections one at a time and update accordingly.

****NOTE: Important things discovered since last update: SFT account will be SEPARATE from Continuous Net Settlement Account.****

Edit#3:

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-THIS SECTION OF THE POST IS RESERVED FOR TIMELINE PROGRESSION****

FILED BY THE NSCC: ***07/22/2021***

DATE OF PUBLICATION ON FEDERAL REGISTER:

****NOTE: THIS FILING WILL LIKELY TAKE TIME TO BE IMPLEMENTED. WE WON'T KNOW ANYTHING UNTIL THE RULE FILING FIRST APPEARS ON THE FEDERAL REGISTER, AT WHICH POINT IT WOULD BE 45 DAYS FROM THEN UNTIL WE WOULD SEE ANY FURTHER PROGRESSION.***

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First, let's look at the scope of this filing:

LENGTH: **369 PAGES LONG**

NEW DEFINITIONS: **50+**

TITS: **FUKT**

BEKKED: YES

[A-R](https://preview.redd.it/3rso2nzod9d71.png?width=637&format;=png&auto;=webp&s;=92387a1a11247c30fd6f9f0997a17d2888991c73)

[R-V](https://preview.redd.it/65icq18td9d71.png?width=644&format;=png&auto;=webp&s;=d0297e0f7f86326713b144a81615b7b33aa2c5ca)

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THIS SECTION IS RESERVED FOR DEFINITION EXPLANATIONS / REFERENCING UPDATES

I currently have completed A-I. **Keep in mind - many definitions reference the new rules listed above, so it's a task just to define the new terminology. This is in alphabetical order.**

Imfao wasted like 45 minutes making 50 pictures, only to realize you cant put more than 20.

DOH!

DEFINITIONS ALPHABETIZED:

Edit for progress: A-I

(https://preview.redd.it/otvwtjvqded71.png?width=1396&format;=png&auto;=webp&s;=2dc6bf2fa008e5f563725b890b87577dcd935514)(https://preview.redd.it/otvwtjvqded71.png?width=1396&format;=png&auto;=webp&s;=2dc6bf2fa008e5f563725b890b87577dcd935514)

https://preview.redd.it/ay16qunwded71.png?width=1405&format=png&auto=webp&s=9ebcf496d9ece976ff92f65cf064252b82dfad61

https://preview.redd.it/1luz4uz3eed71.png?width=1394&format=png&auto=webp&s=dbebbd34ec5895bb0958c073ba30c63be864212a

https://preview.redd.it/y84qqxg5eed71.png?width=1394&format=png&auto=webp&s=579ff5179afa998565d5e505c9b5c6bc4d7bde67

https://preview.redd.it/vcwspkx9eed71.png?width=1402&format=png&auto=webp&s=3fd281ad9567e9e18401fd341c931b5b058a4577

https://preview.redd.it/9mwdvmdbeed71.png?width=1388&format=png&auto=webp&s=b1a6ce26cda94e52483851ba5d9acb4aa9364c88

https://preview.redd.it/lqqe2gceed71.png?width=1397&format=png&auto=webp&s=ad6b763cf825dbd4ffa6f4f9c8841e55b772938b

https://preview.redd.it/r6zjeawdeed71.png?width=1211&format=png&auto=webp&s=f0d79a10b0000e8591ad6576de032e9ee2f2fd89

https://preview.redd.it/3nt0ws8aged71.png?width=1347&format=png&auto=webp&s=b2c1333d3d0fb0532b44b4ac7c564521c2b42c0c

https://preview.redd.it/53a0jy4aged71.png?width=1357&format=png&auto=webp&s=8ca7b2f90839321fd9252c79eb74a66d2c7a03f0

https://preview.redd.it/or1hwa1aged71.png?width=1366&format=png&auto=webp&s=1c6d90506f55915105a5932d945f32c8d62a545b

https://preview.redd.it/adtkyow9ged71.png?width=1401&format=png&auto=webp&s=b6fc13a09b4a2df0f003fcbf343fe316c5801d00

https://preview.redd.it/f5thc8r9ged71.png?width=1387&format=png&auto=webp&s=85a751b0d8de413ae02260bba93ab7faf606bd79

https://preview.redd.it/ft9p34m9ged71.png?width=1384&format=png&auto=webp&s=a67c5a633acf782f94245b48250a765d5192cb68

https://preview.redd.it/8otk7rj9ged71.png?width=1387&format=png&auto=webp&s=9b08a550b059b31745e40e8fd8fe3ddc67fcf7ff

****DEFINITIONS EASILY FOUND UNDER RULE 56****

\The term “****Ineligibility Date****” would mean, with respect to an SFT, the date on which the SFT Security that is the subject of the SFT becomes an Ineligible SFT Security (as defined below and in the proposed rule change).*

*The term “****Ineligible SFT****” would mean an SFT that has, as its subject, SFT Securities that have become Ineligible SFT Securities.*

*The term “****Ineligible SFT Security****” would mean an SFT Security that is not eligible to be the subject of a novated SFT.*

*The term “****Initial Settlement****” would mean the exchange of SFT Securities for SFT Cash described in clause (a) of the proposed definition of Securities Financing Transaction.*

*The term “****Linked SFT****” would mean an SFT entered into by the pre-novation SFT Member parties to a Settling SFT that has the same Transferor, Transferee and subject SFT Securities (including CUSIP) as the Settling SFT. As proposed, a Linked SFT would include an SFT that has as its subject fewer SFT Securities than the corresponding Settling SFT but would not include an SFT that has as its subject more SFT Securities than the corresponding Settling SFT.*

*The term “****Market Value SFT Cash****” would mean the portion of the SFT Cash for an SFT equal to the amount of the SFT Cash for such SFT minus the Independent Amount SFT Cash of such SFT.*

*The term “****Price Differential****” would mean (a) for purposes of the discharge of offsetting Final Settlement and Initial Settlement obligations, (i) the SFT Cash for the Settling SFT (or if the Settling SFT has a greater quantity of SFT Securities as its subject than the corresponding Linked SFT, the Corresponding SFT Cash) minus (ii) the SFT Cash for the Linked SFT; and (b) for all other purposes, (i)

the SFT Cash for the SFT minus (ii) the product of the Independent Amount Percentage, if any, and the Current Market Price of the SFT Securities.*

The term ****“Rate Payment”**** *would mean an amount payable from one party to an SFT to the other party to the SFT at the Final Settlement expressed as a percentage of the amount of SFT Cash for the SFT. As an example, if the Rate Payment is specified as 0.02%, the amount payable would be the product 0.02% and the SFT Cash for the SFT.*

The term ****“Recall Date”**** *would mean, in respect of a Recall Notice, the second Business Day following NSCC’s receipt of such Recall Notice.*

The term ****“Recall Notice”**** *would mean a notice that triggers the provisions of Section 9(b) of proposed Rule 56, relating to a Buy-In in respect of an SFT and that is submitted by an Approved SFT Submitter on behalf of a Transferor in accordance with the communication links, formats, timeframes and deadlines established by NSCC for such purpose.*

The term ****“Recalled SFT”**** *would mean an SFT that has been novated to NSCC in respect of which a Recall Notice has been submitted.*

The term ****“Securities Financing Transaction” or “SFT”**** *would mean a transaction between two SFT Members pursuant to which (a) one SFT Member agrees to transfer specified SFT Securities to another SFT Member versus the SFT Cash; and (b) the Transferee agrees to retransfer such specified SFT Securities or equivalent SFT Securities (including quantity and CUSIP) to the Transferor versus the SFT Cash on the following Business Day.*

The term ****“Settling SFT”**** *would mean, as of any Business Day, an SFT that has been novated to NSCC, the Final Settlement of which is scheduled to occur on that Business Day.*

The term ****“SFT Account”**** *would mean a ledger maintained on the books and records of NSCC that reflects the outstanding SFTs that an SFT Member enters into and that have been novated to NSCC, the SFT Positions or SFT Cash associated with those transactions and any debits or credits of cash associated with such transactions effected pursuant to Rule 12 (Settlement). As proposed, the term “SFT Account” would include any Agent Clearing Member Customer Omnibus Account and any Sponsored Member Sub-Account.*

The term ****“SFT Cash”**** *would mean the specified amount of U.S. dollars that the Transferee agrees to transfer to the Transferor at the Initial Settlement of an SFT, (i) plus any Price Differential paid by NSCC to the SFT Member as Transferor or by the SFT Member as Transferee to NSCC during the term of the SFT and (ii) less any Price Differential paid by NSCC to the SFT Member as Transferee or by the SFT Member as Transferor to NSCC during the term of the SFT.*

The term ****“SFT Close-out Value”**** *would mean, with respect to an SFT Position of an SFT Member, an amount equal to: (i) if the SFT Member is the Transferor of the SFT Securities that are the subject of such SFT, (a) the CNS Market Value of the SFT Securities that are the subject of such SFT minus (b) the SFT Cash for such SFT; and (ii) if the SFT Member is a Transferee of the SFT Securities that are the subject of such SFT, (a) the SFT Cash for such SFT minus (b) the CNS Market Value of the SFT Securities that are the subject of such SFT.*

The term ****“SFT Long Position”**** *would mean the number of units of an SFT Security which an SFT Member is entitled to receive from NSCC at Final Settlement of an SFT against payment of the SFT Cash.*

The term ****“SFT Member”**** *would mean any Member, Sponsored Member acting in its principal capacity, Sponsoring Member acting in its principal capacity or Agent Clearing Member acting on behalf of a Customer, in each case that is a party to an SFT, permitted to participate in NSCC’s SFT Clearing Service.*

The term ****“SFT Position”**** *would mean an SFT Member’s SFT Long Position or SFT Short Position (as defined below and in the proposed rule change) in an SFT Security that is the subject of an SFT that

has been novated to NSCC.*

The term ****"SFT Security"**** *would mean a security that is eligible to be the subject of an SFT novated to NSCC and is included in the list for which provision is made in proposed Section 1(g) of Rule 3 (Lists to be Maintained), as described below. As proposed, if any new or different security is exchanged for any SFT Security in connection with a recapitalization, merger, consolidation or other corporate action, such new or different security shall, effective upon such exchange, become an SFT Security in substitution for the former SFT Security for which such exchange is made.*

The term ****"SFT Short Position"**** *would mean the number of units of an SFT Security that an SFT Member is obligated to deliver to NSCC at Final Settlement of an SFT against payment of the SFT Cash.*

The term ****"Transferee"**** *would mean the SFT Member party to an SFT that agrees to receive SFT Securities from the other SFT Member party to the SFT in exchange for SFT Cash in connection with the Initial Settlement of the SFT.*

The term ****"Transferor"**** *would mean the SFT Member party to an SFT that agrees to transfer SFT Securities to the other SFT Member party to the SFT in exchange for SFT Cash in connection with the Initial Settlement of the SFT.*

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" In connection with proposed Rules 2C, 2D and 56, NSCC is also proposing to make conforming and technical changes to the following Rules to accommodate the proposed introduction of the new membership categories and the proposed SFT Clearing Service. "

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****THE FILING****

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Now that we have the terminology, rules, and everything organized above (will update as I go), this section will be for the actual filing. It's broken down into the following:

****(i) Background****

1. *Capital Efficiency Opportunities*
2. *Fire Sale Risk Mitigation*
3. *Liquidity Drain Risk Mitigation*
4. *Addition of New Membership Categories for Institutional Firm SFT Activity*

****(ii) Key Parameters of the Proposed SFT Clearing Service****

1. *Overnight SFTs*
2. *SFT Counterparties*
3. *Approved SFT Submitters*
4. *Eligible Equity Securities and Per Share Price Minimum*
5. *Cash Collateral*
6. *RVP/DVP Settlement at DTC*

7. *Buy-In, Recall and Accelerated Settlement*
8. *Risk Management of SFT Positions*

**** (iii) Sponsoring Members and Sponsored Members ****

1. *Sponsoring Members*
2. *Sponsored Members*

**** (iv) Agent Clearing Members and Customers ****

**** (v) Sponsoring Member/Sponsored Member vs. Agent Clearing Member/Customers ****

**** (vi) Proposed Rule Changes ****

1. ** (A) Proposed Rule 2C – Sponsoring Members and Sponsored Members **

[PROPOSED RULE 2C, SECTION 1](<https://preview.redd.it/v5r12u83h9d71.png?width=827&format;=png&auto;=webp&s;=3154bc97daecb9f574115a68dcaae0911b59ab55>)

[PROPOSED RULE 2C, SECTION 2, PARAGRAPHS (a) - (c)](<https://preview.redd.it/tie9olqbh9d71.png?width=822&format;=png&auto;=webp&s;=58d3c3b937603fc72c68c5ce3bff691dca2f4707>)

[PROPOSED RULE 2C, SECTION 2, PARAGRAPHS (d) - (g)](<https://preview.redd.it/yshfqieuh9d71.png?width=767&format;=png&auto;=webp&s;=47d9903970d9bb56e2484bf51c20c13b5d6fbbf6>)

[PROPOSED RULE 2C, SECTION 2, PARAGRAPHS (h) - (j)](<https://preview.redd.it/irbwd98hh9d71.png?width=784&format;=png&auto;=webp&s;=aac18cf24e419ba87f35038250f13b0df5f27da>)

[PROPOSED RULE 2C, SECTION 2, PARAGRAPHS (k) - (l)](<https://preview.redd.it/n1s50y7mh9d71.png?width=784&format;=png&auto;=webp&s;=7862062017b52e59c2beb0fdac3789e1e20f11f8>)

[PROPOSED RULE 2C, SECTION 2, PARAGRAPHS (m) - (n)](<https://preview.redd.it/qeji7n3ph9d71.png?width=728&format;=png&auto;=webp&s;=c939271068971cd0dab4136f9f85e72e6c04e6b3>)

[PROPOSED RULE 2C, SECTION 3, PARAGRAPHS (a) - (c)](<https://preview.redd.it/8864b55il9d71.png?width=761&format;=png&auto;=webp&s;=d80f6e0c0318d15ed1f8260b515c29accc3ec2c1>)

[(PROPOSED RULE 2C, SECTION 3, PARAGRAPHS (d) - (f)](<https://preview.redd.it/o7uapizhl9d71.png?width=746&format;=png&auto;=webp&s;=8fabf1c4421c959d64b7dcd0ce8b971417599e6e>)

[PROPOSED RULE 2C, SECTION 4 (COMPLIANCE WITH LAWS)](<https://preview.redd.it/eytwv0gm8dd71.png?width=632&format;=png&auto;=webp&s;=0ccc9461d078747b3633c1daea8613e635fb5896>)

[PROPOSED RULE 2C, SECTION 5 (SPONSORED MEMBER TRANSACTIONS)](<https://preview.redd.it/8t0tzejq8dd71.png?width=655&format;=png&auto;=webp&s;=96628045502084b5e1c4aedc1156eaa4a0e4a922>)

[PROPOSED RULE 2C, SECTION 6 (SPONSORING MEMBER AGENT OBLIGATIONS)](<https://preview.redd.it/8gqn1m1v8dd71.png?width=693&format;=png&auto;=webp&s;=1f63a6c92bc7df12ab207b274b2dc8e93358e322>)

[PROPOSED RULE 2C, SECTION 7, PARAGRAPHS (a) - (b) (CLEARING FUND OBLIGATIONS)](<https://preview.redd.it/me4sgghy8dd71.png?width=777&format;=png&auto;=webp&s;=66c2188f34a57cc583d0dca4c2a324634714d58e>)

[PROPOSED RULE 2C, SECTION 7, PARAGRAPHS (c) - (e) (CLEARING FUND OBLIGATIONS)](<https://preview.redd.it/v89q9z659dd71.png?width=707&format;=png&auto;=webp&s;=cb9acdc73cc5397565f53a52587cf274c4f0915a>)

[PROPOSED RULE 2C, SECTION 8 (RIGHT TO OFFSET)](<https://preview.redd.it/ilxdemf89dd71.png?width=677&format=png&auto=webp&s=5109b4430e24372578a6dce76701200599306820>)

[PROPOSED RULE 2C, SECTION 9 (LOSS ALLOCATION OBLIGATIONS)](<https://preview.redd.it/0sanna5d9dd71.png?width=781&format=png&auto=webp&s=ff717cbeb5fa5f83f244e4639fd0ca8c23b597ec>)

[PROPOSED RULE 2C, SECTION 10 (RESTRICTIONS ON ACCESS TO SERVICES BY A SPONSORING MEMBER)](<https://preview.redd.it/mqt4shyf9dd71.png?width=671&format=png&auto=webp&s=1a3e6a95e1bdd7e26197e71f69e26654f87e99cd>)

[PROPOSED RULE 2C, SECTION 11 (RESTRICTIONS ON ACCESS TO SERVICES BY A SPONSORED MEMBER)](<https://preview.redd.it/5ms07mwi9dd71.png?width=703&format=png&auto=webp&s=e4f863c7d73ac7655eb4982b3bfc801d04f8cfbb>)

[PROPOSED RULE 2C, SECTION 12 (INSOLVENCY OF A SPONSORED MEMBER)](<https://preview.redd.it/n6do9y7m9dd71.png?width=680&format=png&auto=webp&s=7a24a5ece8ee4f17416829238132058b15e07b11>)

[PROPOSED RULE 2C, SECTION 13 (INSOLVENCY OF A SPONSORED MEMBER)](<https://preview.redd.it/85dlv8rq9dd71.png?width=731&format=png&auto=webp&s=18c8bf17b9a421898085cec5dc0539fce05e1c94>)

[PROPOSED RULE 2C, SECTION 14, PARAGRAPHS (a) - (b) (LIQUIDATION OF SPONSORED MEMBER AND RELATED SPONSORING MEMBER POSITIONS)](<https://preview.redd.it/524us5gw9dd71.png?width=691&format=png&auto=webp&s=283b4657db118c297e83b9c189cca83121fe5bcf>)

[PROPOSED RULE 2C, SECTION 14, PARAGRAPHS (c) (LIQUIDATION OF SPONSORED MEMBER AND RELATED SPONSORING MEMBER POSITIONS)](<https://preview.redd.it/7mjqlw3add71.png?width=700&format=png&auto=webp&s=6d06b3bceefe6e61053a598f15581bb7b07413dc>)

[PROPOSED RULE 2C, SECTION 14, PARAGRAPHS (c - continued) (LIQUIDATION OF SPONSORED MEMBER AND RELATED SPONSORING MEMBER POSITIONS)](<https://preview.redd.it/3nv8ooe7add71.png?width=688&format=png&auto=webp&s=f414439c1b06c49771148a2d6fc68707a58f9615>)

[PROPOSED RULE 2C, SECTION 14, PARAGRAPHS (c - continued) (LIQUIDATION OF SPONSORED MEMBER AND RELATED SPONSORING MEMBER POSITIONS)](<https://preview.redd.it/o6w2d9kaadd71.png?width=689&format=png&auto=webp&s=8238ebf13fe684233fd15ea6b59dace1bb87d76c>)

[PROPOSED RULE 2C, SECTION 14, PARAGRAPHS (d) - (e) (LIQUIDATION OF SPONSORED MEMBER AND RELATED SPONSORING MEMBER POSITIONS)](<https://preview.redd.it/zb2pwyzbadd71.png?width=700&format=png&auto=webp&s=cd13b9f3e20766968b771e0724824da238aedef21>)

**** (B) Proposed Rule 2D – Agent Clearing Members ****

1. *Proposed Rule 2D, Section 1 (General)*
2. *Proposed Rule 2D, Section 2 (Qualifications of Agent Clearing Members, the Application Process and Continuance Standards)*
3. *Proposed Rule 2D, Section 3 (Compliance with Laws)*
4. *Proposed Rule 2D, Section 4 (Agent Clearing Member Transactions)*
5. *Proposed Rule 2D, Section 5 (Agent Clearing Member Agent Obligations)*
6. *Proposed Rule 2D, Section 6 (Clearing Fund Obligations)*
7. *Proposed Rule 2D, Section 7 (Right of Offset)*
8. *Proposed Rule 2D, Section 8 (Loss Allocation Obligations)*
9. *Proposed Rule 2D, Section 9 (Restrictions on Access to Services by an Agent Clearing Member)*
10. *Proposed Rule 2D, Section 10 (Insolvency of an Agent Clearing Member)*
11. *Proposed Rule 2D, Section 11 (Transfer of Agent Clearing Member Transactions in Agent Clearing Member Customer Omnibus Accounts)*

12. *Proposed Rule 2D, Section 12 (Customer Acknowledgments)*

** (C) Proposed Rule 56 – Securities Financing Transaction Clearing Service **

1. *Proposed Rule 56, Section 1 (General)*
2. *Proposed Rule 56, Section 2 (Eligibility for SFT Clearing Service: SFT Member)*
3. *Proposed Rule 56, Section 3 (Membership Documents)*
4. *Proposed Rule 56, Section 4 (Securities Financing Transaction Data Submission)*
5. *Proposed Rule 56, Section 5 (Novation of Securities Financing Transactions)*
6. *Proposed Rule 56, Section 6 (Rate and Distributions)*
7. *Proposed Rule 56, Section 7 (Final Settlement of Securities Financing Transactions)*
8. *Proposed Rule 56, Section 8 (Discharge of Offsetting Final Settlement and Initial Settlement Obligations)*
9. *Proposed Rule 56, Section 9 (Non-Returned Securities Financing Transactions and Recalls)*
10. *Proposed Rule 56, Section 10 (Cancellation, Modification and Termination of Securities Financing Transactions)*
11. *Proposed Rule 56, Section 11 (Accelerated Final Settlement)*
12. *Proposed Rule 56, Section 12 (Clearing Fund Requirements)*
13. *Proposed Rule 56, Section 13 (Ineligible SFT Securities and Supported Corporate Actions)*
14. *Proposed Rule 56, Section 14 (Cease to Act Procedures for SFT Members with Open Securities Financing Transactions)*
15. *Proposed Rule 56, Section 15 (Sponsored Member SFT Clearing)*
16. *Proposed Rule 56, Section 16 (Customer SFT Clearing)*
17. *Proposed Rule 56, Section 17 (Corporation Default)*
18. *Proposed Rule 56, Section 18 (Other Applicable Rules, Procedures, and Addendums)*

** (D) Other Rule Changes **

1. *Rule 1 (Definitions and Descriptions)*
2. *Rule 2 (Members and Limited Members)*
3. *Rule 3 (Lists to be Maintained)*
4. *Rule 4 (Clearing Fund)*
5. *Rule 5 (General Provisions)*
6. *Rule 24 (Charges for Services Rendered)*
7. *Rule 26 (Bills Rendered)*
8. *Rule 39 (Reliance on Instructions)*
9. *Rule 42 (Wind-Down of the Corporation)*
10. *Rule 49 (Release of Clearing Data and Clearing Fund Data)*
11. *Rule 58 (Limitations on Liability)*
12. *Rule 64 (DTCC Shareholders Agreement)*
13. *Procedure XV (Clearing Fund Formula and Other Matters)*
14. *Addendum B (Qualifications and Standards of Financial Responsibility, Operational Capability and Business History)*
15. *Addendum P (Fine Schedule)*

** (vii) Impact of the Proposed SFT Clearing Service on Various Persons **

1. *Expected Effect on, and Management of, Risks to the Clearing Agency, Its Participants and the Market*
2. *Market Risk*
3. *Liquidity Risk*
4. *Credit Risk*
5. *Operational Risk*
6. *Consistency with the Clearing Supervision Act*

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-----THIS SECTION NEEDS REORGANIZING (Discusses Liquidity Drain and Fire Sale Risk Mitigations)

[Basically, they are fully aware that fire sale risk comes primarily from the rehypothecation of securities, which is why pledged collateral CANNOT be re-pledged. (thanks 005)](<https://preview.redd.it/yz7cshkkj9d71.png?width=1397&format=png&auto=webp&s=0d2f62e9a313b6b804f166749f64eaba312b2d5f>)

(<https://preview.redd.it/i58lli7rj9d71.png?width=1397&format=png&auto=webp&s=4a7b758b8bab684be00634cbf8d6d484ae23b9aa>)(<https://preview.redd.it/i58lli7rj9d71.png?width=1397&format=png&auto=webp&s=4a7b758b8bab684be00634cbf8d6d484ae23b9aa>)

If these mofos get caught with the "hot potato", or the "fuckloads of shit collateral", NSCC can liquidate their gross positions. (thanks 002). See how it all is coming together?

LIQUIDIY DRAIN:(sounds like a Warlock DOT)

(<https://preview.redd.it/dwkj1fnhl9d71.png?width=1391&format=png&auto=webp&s=382efa451092793de75289b2ad5be7bdd402effd>)(<https://preview.redd.it/dwkj1fnhl9d71.png?width=1391&format=png&auto=webp&s=382efa451092793de75289b2ad5be7bdd402effd>)

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TL;DR

This filing is bigger than my wife's boyfriend's D*ck.

I'll provide continuous updates as I move through this.

Community help is welcomed and appreciated.

Basically, they're creating a service for securities lending, where the NSCC is assuming all risk, therefore making significant regulatory, capital, and other requirements in order to **receive the netting benefits** that come with the service. The NSCC is fully aware of the risks involved with re-hypothecating collateral, or re-pledging collateral, and have designed this service to prevent that from occurring.

The real TL;DR? One sentence, directly from the filing:

(<https://preview.redd.it/fhv2ur8hl9d71.png?width=663&format=png&auto=webp&s=ef1b2c989b4455805e631f7826f9663cf4d69c53>)(<https://preview.redd.it/fhv2ur8hl9d71.png?width=663&format=png&auto=webp&s=ef1b2c989b4455805e631f7826f9663cf4d69c53>)

Keep in mind, this likely won't see approval for sometime.

Hopefully it gets enacted before MOASS, as this really leads me to believe that if it isn't, MOASS truly will destroy this market, in my dumbass opinion of course. We'll see!

Until then, I hodl.

I just sobered up.. I'm scared to scroll up.

Cya on the next update!

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