

POSTAL SERVICE**Product Change—Priority Mail Express, Priority Mail, and First-Class Package Service Negotiated Service Agreement**

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of notice required under 39 U.S.C. 3642(d)(1):* August 24, 2017.

FOR FURTHER INFORMATION CONTACT: Elizabeth A. Reed, 202–268–3179.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on August 18, 2017, it filed with the Postal Regulatory Commission a *Request of the United States Postal Service to Add Priority Mail Express, Priority Mail, & First-Class Package Service Contract 22 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2017–177, CP2017–278.

Stanley F. Mires,

Attorney, Federal Compliance.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–81439; File No. SR–NSCC–2017–015]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change To Amend and Clarify a Margin Charge Relating to CNS Fails Position

August 18, 2017

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on August 11, 2017, National Securities Clearing Corporation (“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 the clearing agency. The Commission is publishing this notice to

solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change would amend provisions in NSCC's Rules and Procedures (“Rules”)³ regarding an existing margin charge that is applied when a Member fails to settle a Short Position or a Long Position by the applicable settlement date (“CNS Fails Charge”) and would clarify NSCC's current practices with respect to the assessment and collection of the CNS Fails Charge.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

*(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change***1. Purpose**

The proposed rule change would (1) amend provisions in the Rules regarding the CNS Fails Charge, which NSCC currently imposes on each NSCC member (“Member”),⁴ as part of each Member's Required Deposit to the NSCC Clearing Fund, which is due at the start of each business day, when all conditions to the application of the charge, as described below, are met, and (2) clarify NSCC's current practices with respect to the assessment and collection of the CNS Fails Charge.

(i) The Required Deposit and the CNS Fails Charge

NSCC uses a risk-based margin methodology to assess Required Deposits from all Members. The Required Deposit is comprised of a number of risk-based component charges, including the CNS Fails Charge, which are calculated and assessed daily. The objective of the Required Deposit is to mitigate potential

losses to NSCC associated with the liquidation of the Member's portfolio if NSCC ceases to act for a Member.⁵

When a Member does not satisfy its obligation to either pay the net settlement proceeds or deliver the securities due by the applicable Settlement Date, NSCC, as a central counterparty, is exposed to credit and market risks. Such exposures generally increase when the Member's risk of default increases, as reflected by the Member's credit rating derived from the Credit Risk Rating Matrix.⁶ Therefore, in order to reduce the risk exposures to NSCC and to incentivize Members to satisfy their obligations relating to their outstanding trades on Settlement Date, NSCC currently calculates and collects the CNS Fails Charge from Members with Short Positions and/or Long Positions that did not settle on the Settlement Date (“CNS Fails Positions”). The amount of the CNS Fails Charge imposed on a Member varies based on the Member's credit rating derived from the Credit Risk Rating Matrix to reflect the potential increase in credit risk from Members with higher risk of default.

This proposed rule change would amend the Rules regarding the CNS Fails Charge. Specifically, where certain percentages are used to calculate the CNS Fails Charge for a Member, the proposed rule change would amend the Rules to include such specific percentages. In doing so, the proposed rule change would add transparency as well as clarify NSCC's current practices with respect to the assessment and collection of this existing margin charge.

(ii) Calculation of the CNS Fails Charge

For a Member with CNS Fails Positions, the CNS Fails Charge is calculated by multiplying the Current Market Value for such Member's aggregate CNS Fails Positions by a percentage. For a Member that is rated 1 through 4 on the Credit Risk Rating Matrix, the CNS Fails Charge is 5 percent of the Member's aggregate CNS Fails Positions. For a Member that is rated 5 or 6 on the Credit Risk Rating Matrix, the CNS Fails Charge is 10 percent of the Member's aggregate CNS Fails Positions. For a Member that is rated 7 on the Credit Risk Rating Matrix, NSCC is currently charging such Member 20 percent of the Member's

⁵ When NSCC restricts a Member's access to services generally, NSCC is said to have “ceased to act” for the Member. Rule 46 (Restrictions on Access to Services) sets out the circumstances under which NSCC may cease to act for a Member and the types of actions it may take. *Supra* note 3.

⁶ See Exchange Act Release Nos. 80734 (May 19, 2017), 82 FR 24177 (May 25, 2017) (SR–NSCC–2017–002) and 80731 (May 19, 2017), 82 FR 24174 (May 25, 2017) (SR–NSCC–2017–801).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ Capitalized terms not defined herein are defined in the Rules, available at http://www.dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

⁴ The CNS Fails Charge is currently imposed by NSCC pursuant to Procedure XV, Section I.(A)(1)(f). *Id.*