

sign new Settler Agreements to cover NSCC's NSS settlement. Instead, as provided in NSCC Procedure VIII, the Settler Agreements they provide to DTC for delivery to the FRB designating DTC as their NSS settlement agent will be deemed to include the settling bank's NSCC settlement obligations as well as its DTC settlement obligations.

As is currently required, each settling bank will be required to acknowledge its NSCC net-net balance at the end of the day. However, any settling bank that is an NSCC Member and settles solely for its own account may elect to not acknowledge its net-net settlement balance at the end of the day.<sup>7</sup> This option will not be made available to settling banks that settle for others because the acknowledgement process includes the option to refuse to pay for a participant for whom the settling bank provides settlement services. Unless a settling bank has elected not to acknowledge its net-net settlement balance as provided above, DTC will not send a settling bank's net-net debit balance to a FRB for collection until the settling bank has acknowledged its balance.

As NSCC's settlement agent, DTC will send a "preadvice" to each settling bank, notifying the settling bank that DTC is about to send its NSS transmission to the FRB. If a settling bank does not have sufficient funds in its FRB account to enable DTC, as settlement agent, to debit the full amount of its settlement balance or should NSS not be available to a settling bank for any reason, the settling bank will be obligated to wire all such amounts to DTC prior to the designated cut-off time.<sup>8</sup>

A new item 4 in NSCC Procedure VIII sets forth the netting and payment obligations among common settling banks, NSCC, and DTC. For each common settling bank, DTC, as settlement agent, will aggregate or net the net-net debit or net-net credit as applicable due by or due to such bank from or to NSCC and DTC. If the common settling bank owes a settlement debit to both clearing agencies, DTC will debit the FRB account the sum of the

debit amounts. If the bank is owed a settlement credit from both, DTC will wire the bank the sum of the credit amounts.

Where the common settling bank owes a debit to one clearing agency and is owed a credit from the other, the common settling bank will be obligated to pay the net amount of that sum (if a net debit) or be entitled to receive the net amount (if a net credit). The clearing agency which prenet owes the settlement credit to the common settling bank will pay the net credit difference to the other clearing agency if the other clearing agency has a prenet debit.<sup>9</sup> NSCC will implement its failure to settle procedures if any common settling bank that had a net-net debit to NSCC before aggregation or netting of such amounts with the common settling bank's DTC settlement balance fails to pay its aggregate NSCC/DTC net debit amount, referred to as the "consolidated settlement debit amount," in full by the time specified in NSCC and DTC's procedures.

### III. Discussion

Section 19(b)(2)(B) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.<sup>10</sup> Because the proposed rule changes reduce the risk that a clearing bank will be late in fulfilling its settlement obligation, the proposed rule changes should better enable DTC and NSCC to fulfill their safeguarding obligations under Section 17A(b)(3)(F).

NSCC and DTC have requested that the Commission approve the proposed rule changes prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for approving the proposed rule changes prior to the thirtieth day after the date of publication of the notice of the filing because accelerated approval will give DTC and NSCC adequate time to notify their participants/members and to provide their participants/members with sufficient time to prepare for

implementation of the proposed rule changes before year end.

### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule changes are consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act, that the proposed rule changes (File Nos. SR-NSCC-2003-19 and SR-DTC-2003-11) be and hereby are approved on an accelerated basis.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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## SOCIAL SECURITY ADMINISTRATION

[Social Security Ruling, SSR 03-03p.]

### Titles II and XVI: Evaluation of Disability and Blindness in Initial Claims for Individuals Aged 65 or Older

**AGENCY:** Social Security Administration.

**ACTION:** Notice of Social Security ruling.

**SUMMARY:** In accordance with 20 CFR 402.35(b)(1), the Commissioner of Social Security gives notice of Social Security Ruling, SSR 03-03p. We are revising Social Security Ruling (SSR) 99-3p, Title XVI: Evaluation of Disability and Blindness in Initial Claims for Individuals Age 65 or Older (64 FR 33337, June 22, 1999). SSR 99-3p was confined to individuals who apply for disability payments under title XVI of the Social Security Act (the Act). In this revised ruling, we are adding provisions for individuals who apply for disability benefits under title II of the Act. Section 216(l) of the Act phases in gradual increases in the full retirement age from age 65 to age 67. As a result of these increases we will be processing some disability claims under title II of the Act for individuals who are aged 65 or older. Therefore, this Ruling clarifies the Social Security Administration's standards and procedures for the adjudication of disability and blindness claims for individuals aged 65 or older under titles II and XVI of the Act. This Ruling supersedes SSR 99-3p.

In addition to the revisions made to incorporate instructions for title II

<sup>7</sup> Settling banks electing not to acknowledge their settlement balance will be required to sign an Acknowledgement Option Form. A common settling bank may not elect to opt out of acknowledging its balances unless it settles solely for its own account at both DTC and NSCC in which case that election will cover both the bank's NSCC and DTC net settlement balances.

<sup>8</sup> If a settling bank is experiencing extenuating circumstances and as a result needs to opt out of NSS for one business day and send its wire directly to DTC's FRBNY account for its debit balance, that settling bank must notify NSCC/DTC prior to acknowledging its settlement balance.

<sup>9</sup> For example, if NSCC owes the common settling bank \$5 million, and DTC is owed \$2 million by the common settling bank, NSCC will pay DTC \$3 million dollars which DTC will pay to the common settling bank using NSS.

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>11</sup> 17 CFR 200.30-3(a)(12).