



Important Notice
National Securities Clearing Corporation

A#:	9333
P&S:	8906
Date:	8/25/2023
To:	All Participants
From:	Equity Risk
Attention:	Director of Operations, CFM Contacts
Subject:	Implementation Date of Enhancements to the Calculation of the National Securities Clearing Corporation's Gap Risk Measure and the VaR Charge

NSCC has proposed enhancements to the calculation of its Gap Risk Measure and VaR Charge. NSCC received regulatory approval for the proposed rule change SR-NSCC-2022-015 on August 8, 2023.

NSCC is providing this notice to its Members to inform them of the planned implementation and effective date of **October 2, 2023**. On the morning of the effective date, the VaR Charge portion of the NSCC Volatility Component will be modified to account for the enhancements to the Gap Risk Measure outlined in the approved rule change.

Currently, the Gap Risk Measure calculation is the applicable VaR Charge for a portfolio if it is the largest of the three separate VaR calculations. It is currently triggered only if a Member's largest net unsettled non-index position has an absolute gross market value exceeding 5% of the entire liquid equity portfolio's value and, if triggered, is calculated by taking a 16% haircut on the gross market value of that position.

With the approval of the proposed rule change, NSCC is enhancing the calculation of the VaR charge by:

- 1) Making the Gap Risk Measure calculation an additive component of the Member's total VaR Charge rather than being the applicable VaR Charge when it is the largest VaR calculation,
- 2) Adjusting the trigger for applying the Gap Risk Measure to when the two largest non-diversified positions in the portfolio together exceed 10% of the portfolio and adjusting the calculation to be a 10% haircut on the largest position plus a 5% haircut on the second largest position,
- 3) Amending which ETF positions are considered non-diversified and excluded from the Gap Risk Measure.

For more detailed information on the direct impact to your account, please reference the impact studies provided in Q1 of this year. NSCC will provide additional notice as we move closer to implementation, or if the implementation date is expected to be moved.

The full text of the Rule Filing may be obtained by visiting the DTCC website at www.dtcc.com/legal/sec-rule-filings.aspx.

Any questions related to this notice should be directed to Equity Risk at (212) 855-5770.

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