UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 79593 / December 19, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17736

In the Matter of NeuStar, Inc., **Respondent.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act") against NeuStar, Inc. ("NeuStar" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

Respondent

1.   NeuStar is a Delaware corporation headquartered in Sterling, Virginia. NeuStar's Class A common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and trades on the New York Stock Exchange. NeuStar files periodic reports, including reports on Forms 10-K and 10-Q, with the Commission pursuant to Section 13(a) of the

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[1]   The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Exchange Act and related rules thereunder. As of December 31, 2015, NeuStar had approximately 2,125 employees.

Facts

A. Statutory and Regulatory Framework Protecting Whistleblowers

2.   The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted on July 21, 2010, amended the Exchange Act by adding Section 21F, "Whistleblower Incentives and Protection." The purpose of these provisions was to encourage whistleblowers to report possible securities law violations by providing, among other things, financial incentives and various confidentiality guarantees. *See* "Implementation of the Whistleblower Provisions of Section 21F of the Securities Exchange Act of 1934," Release No. 34-64545, at p. 197 (Aug. 12, 2011) (the "Adopting Release").

3.   To fulfill this Congressional purpose, the Commission adopted Rule 21F-17, which provides in relevant part:

> (a) No person may take any action to impede an individual from communicating directly with the Commission staff about a possible securities law violation, including enforcing, or threatening to enforce, a confidentiality agreement . . . with respect to such communications.

Rule 21F-17 became effective on August 12, 2011.

B. NeuStar's Nondisparagement Clause

4.   Beginning around 2008, and continuing through approximately May 21, 2015, Respondent entered into voluntary severance agreements with employees who were leaving the company. A severance agreement is a contract between an employer and a former employee documenting the rights and responsibilities of both parties incidental to the employee's departure. Respondent continues to enter into voluntary severance agreements with departing employees, but beginning approximately May 21, 2015, Respondent amended those agreements to strike the language at issue below.

5.   Respondent's severance agreements included a "Nondisparagement" clause (the "Nondisparagement Clause") which read:

> [E]xcept as specifically authorized in writing by NeuStar or as may be required by law or legal process, I agree not to engage in any communication that disparages, denigrates, maligns or impugns NeuStar or its officers, directors, shareholders, investors, potential investors, partners, predecessors, subsidiaries, employees, consultants, attorneys, or any others associated with NeuStar, including but not limited to communications with accountants, investment bankers, commercial bankers, insurance brokers or carriers, media, journalists, reporters, equity analysts, investors, potential investors, customers, suppliers, competitors, joint venture partners and regulators (including but not limited to the ***Securities and Exchange Commission***, the Federal Communications Commission, the Canadian Radio-television Telecommunications Commission, the North American Numbering Council, the Canadian LNP Consortium, Inc., the LNPA Working Group, the United States Department of Commerce, the Internet Corporation for Assigned Names and Numbers, the Alliance for Telecommunications Industry Solutions, the North American

Portability Management, LLC, public utility commissions and industry associations (including but not limited to the GSM Association, the United States Telecom Association, CTIA-The Wireless Association and CompTel)) (emphasis added).

6.   A separate provision of each severance agreement required the former employee to acknowledge that a breach of the Nondisparagement Clause "would cause irreparable injury and damage to Neustar." This provision also compelled forfeiture of all but $100 of any severance compensation paid to the former employee in the event of such a breach (the "Forfeiture Clause").

7.   From August 12, 2011 to approximately May 21, 2015, at least 246 employees signed severance agreements that contained verbatim recitations of the Nondisparagement Clause and the Forfeiture Clause.

8.   Although the Commission is unaware of any instances in which NeuStar took steps to enforce the Nondisparagement Clause, at least one former NeuStar employee was impeded by the Nondisparagement Clause from communicating with the Commission.

Violation

9.   Through its conduct described above, NeuStar violated Rule 21F-17 under the Exchange Act.

Remedial Steps Taken By NeuStar

10.   Promptly after the Commission staff's investigation began and on its own accord, NeuStar revised its severance agreement template by removing any reference to "regulators" from its prohibition on "disparaging" communications and replacing it with language affirmatively advising former employees of their right to contact regulators with concerns about potential legal or regulatory violations. The revised Nondisparagement Clause now states:

> In addition, nothing herein prohibits me from communicating, without notice to or approval by Neustar, with any federal government agency about a potential violation of a federal law or regulation.

Undertakings

11.   NeuStar undertakes that, within sixty (60) days from the date the Commission enters this Order, NeuStar will make reasonable efforts to contact former NeuStar employees who signed a severance agreement at any time between August 12, 2011 and May 21, 2015, and provide them with an Internet link to the Order[2] and a statement that NeuStar does not prohibit former employees from communicating any concerns about potential violations of law or regulation to the Securities and Exchange Commission

12.   NeuStar undertakes to certify, in writing, its compliance with paragraph 11 above. The certification shall provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and NeuStar agrees to provide such evidence. The certification and supporting material shall be submitted to Antonia Chion, Associate

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[2]   NeuStar further agrees to provide a paper copy of the Order to any former employee who requests it.

Director, with a copy to the Office of the Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of completion of the undertakings.

13.   In determining whether to accept the Offer, the Commission has considered each of the undertakings set forth above.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent NeuStar's Offer.

Accordingly, it is hereby ORDERED that**:**

A.   Pursuant to Section 21C of the Exchange Act, Respondent NeuStar cease and desist from committing or causing any violations and any future violations of Rule 21F-17 of the Exchange Act;

B.   Respondent shall comply with the undertakings set forth herein;

C.   Respondent shall, within thirty (30) days of the entry of this Order, pay a civil money penalty in the amount of $180,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying NeuStar as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Antonia Chion, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549.

By the Commission.

Brent J. Fields
Secretary