

**EXHIBIT 5**

**Bold and underlined text** indicates proposed added language

**~~Bold and strikethrough text~~** indicates proposed deleted language

**NATIONAL SECURITIES CLEARING CORPORATION**  
**RULES & PROCEDURES**

## NATIONAL SECURITIES CLEARING CORPORATION RULES

### RULE 1. DEFINITIONS AND DESCRIPTIONS\*

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules, have the meanings herein specified.

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#### *Accounting Operation*

The term “Accounting Operation” includes the ACATS Settlement Accounting Operation, Balance Order Accounting Operation, the Foreign Security Accounting Operation and the CNS Accounting Operation.

#### **Accounting Summary**

**The term “Accounting Summary” has the meaning specified in Rule 11.**

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#### *Buy-In Indemnified Parties*

The term “Buy-In Indemnified Parties” shall have the meaning given to such term in Rule 56.

#### **Buy-In Intent**

**The term “Buy-In Intent” means instructions submitted by Members as set forth in Section J. of Procedure VII.**

#### **Cash Reconciliation Statement**

**The term “Cash Reconciliation Statement” has the meaning specified in Rule 11.**

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#### *Clearing Fund Cash*

The term “Clearing Fund Cash” has the meaning specified in Rule 4.

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\* All products and services provided by the Corporation referenced in these Rules are either registered trademarks or servicemarks of, or trademarks or servicemarks of, The Depository Trust & Clearing Corporation or its affiliates. Other names of companies, products or services appearing in these Rules are the trademarks or servicemarks of their respective owners.

**Closing Money Balance**

**The term “Closing Money Balance” means the closing money balance in the CNS System for a Member at the close of business on any Business Day.**

**Closing Net Market Value**

**The term “Closing Net Market Value” has the meaning specified in Rule 11.**

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*CNS Position*

The term “CNS Position” has the meaning specified in Rule 18.

**CNS Retransmittal Notices**

**The term “CNS Retransmittal Notices” means the notices issued by the Corporation relating to Buy-In Positions set forth in Section J. of Procedure VII.**

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*Exchange Act*

The term “Exchange Act” means the Securities Exchange Act of 1934, as amended.

**Exemptions**

**The term “Exemptions” means instructions submitted by Members as set forth in Section D.1. of Procedure VII.**

\* \* \*

*Final Settlement Date*

The term “Final Settlement Date” means the Business Day on which the final settlement of a transaction is scheduled to occur. If the transaction is an SFT, the Final Settlement Date means the Business Day on which the Final Settlement of the SFT is scheduled to occur in accordance with Rule 56 or, if the SFT is accelerated in accordance with Rule 56, the date to which the Final Settlement obligations have been accelerated.

**FINRA**

**The term “FINRA” means the Financial Industry Regulatory Authority, Inc.**

\* \* \*

### *FRBNY*

The term “FRBNY” means the Federal Reserve Bank of New York.

### *Fund Member*

The term “Fund Member” ~~(previously referred to as a Fund/SERV Member)~~ means any Person who is specified in Section 2.(ii)(b) of Rule 2 and has qualified pursuant to the provisions of Rule 2A.

### **Fund/SERV**

**The term “Fund/SERV” has the meaning specified in Rule 52.**

### *Fund/SERV Eligible Fund*

The term “Fund/SERV Eligible Fund” means a fund or other pooled investment entity included in the list for which provision is made in Section 1.(c) of Rule 3.

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### *Initial Settlement*

The term “Initial Settlement” means the exchange of SFT Securities for SFT Cash described in clause (a) of the definition of Securities Financing Transaction or SFT.

### *Insurance Carrier/Retirement Services Member*

The term “Insurance Carrier/Retirement Services Member” ~~(previously referred to as an Insurance Carrier Member)~~ means any Person who is specified in Section 2.(ii)(c) of Rule 2 and who has qualified pursuant to the provisions of Rule 2A.

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### ~~***Insurance Participant***~~

~~**The term “Insurance Participant” has the meaning specified in Rule 4.**~~

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### *Member*

The term “Member” means any Person specified in Section 2.(i) of Rule 2 who has qualified pursuant to the provisions of Rule 2A. Except where the text of the Rule indicates a contrary intent, the term “Member” shall also include Special Representative.

### **MSRB**

**The term “MSRB” means the Municipal Securities Rulemaking Board.**

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***Mutual Fund Participant***

~~The term "Fund Participant" has the meaning specified in Rule 4.~~

**Mutual Fund Processor**

**The term "Mutual Fund Processor" has the meaning specified in Rule 52.**

***Mutual Fund/Insurance Services Member***

The term "Mutual Fund/Insurance Services Member"<sup>3</sup> means a Person who is specified in Section 2.(ii)(e) of Rule 2 and has qualified pursuant to the provisions of Rule 2A.

\* \* \*

***Off-the-Market Transaction***

The term "Off-the-Market Transaction" shall mean either of the following:

(1) A single transaction that is: (a) greater than \$1 million in gross proceeds and (b) on the day of the submission of the transaction to the Corporation, either higher or lower than the most recently observed market price of the underlying Cleared Security by a percentage amount determined by the Corporation based upon market conditions and factors that impact trading behavior of the underlying Cleared Security, including the volatility, liquidity and other characteristics of such security; or

(2) A series of transactions submitted by or on behalf of two Members within the same settlement cycle that, if looked at as a single transaction, would be encompassed by subsection (1) of this definition.

**Officer of the Corporation**

**The term "Officer of the Corporation" means the Chairman of the Board, President and Chief Executive Officer, Managing Director, Executive Director, Secretary, Assistant Secretary, Treasurer, or Assistant Treasurer of the Corporation.**

**Opening Money Balance**

**The term "Opening Money Balance" means the money balance for a Member in the CNS System at the opening of business on any Business Day.**

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<sup>3</sup> ~~The members now known as "Mutual Fund/Insurance Services Members" were previously known as either "Mutual Fund Services Members" or "Annuities Agency Members". The members known as "Mutual Fund Services Members" were, at one point, referred to as "Mutual Fund Services Broker-Dealers" or "Fund/SERV Broker-Dealers".~~

### **Opening Position**

**The term “Opening Position” means the Long Position or the Short Position of a Member in a security at the opening of business on any Business Day.**

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### **Price Differential**

The term “Price Differential” means:

- (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.

### **Priority Override**

**The term “Priority Override” means instructions submitted by Members as set forth in Section E.2. of Procedure VII.**

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### **Settlement Day**

The term “settlement day” means any Business Day on which banks and transfer agencies in New York State are open and on which deliveries of securities and payments of money may be made through the facilities of the Corporation.

### **Settlement Statement**

**The term “Settlement Statement” has the meaning specified in Rule 12.**

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### **Settling SFT**

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

### **Settling Trades**

**The term “Settling Trades” has the meaning specified in Rule 11.**

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*Sponsoring/Sponsored Membership Program Indemnified Parties or SMP Indemnified Parties*

The term “Sponsoring/Sponsored Membership Program Indemnified Parties” or “SMP Indemnified Parties” shall have the meaning given to such term in Rule 2C.

**Standing Priority Request**

**The term “Standing Priority Request” means instructions submitted by Members as set forth in Section E.1 of Procedure VII.**

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*Watch List*

The term “Watch List” means, at any time and from time to time, the list of Members whose credit ratings derived from the Credit Risk Rating Matrix are ~~6 or 7~~ **12 through 18**, as well as Members and Limited Members that, based on the Corporation’s consideration of relevant factors, including those set forth in Section 4(d) of Rule 2B, are deemed by the Corporation to pose a heightened risk to the Corporation and its Members.

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RULE 2. MEMBERS, LIMITED MEMBERS AND SPONSORED MEMBERS

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SEC. 2. Membership Types

The Corporation shall have the following membership types:

\* \* \*

(ii) Limited Members –

In addition to Members, upon the request of an applicant, the Corporation may approve an application by a Person to become a Limited Member, whose use of the Corporation’s services is limited to those services specified by the Corporation. Such Limited Members will be termed as follows:

(a) Data Services Only Member –

Participates solely in the transmission of data and information, and shall utilize only those features of services that the Corporation

may, from time to time, expressly designate as eligible for access by a Data Services Only Member.

(b) Fund Member –

Participates in the Corporation's ~~Mutual-Fund~~ SolutionsServices, acting as a mutual fund's 1) principal underwriter, 2) co-distributor, 3) sub-distributor, or 4) an entity that is otherwise authorized to process transactions on behalf of a mutual fund.

(c) Insurance Carrier/Retirement Services Member –

Participates in the Corporation's Insurance & Retirement SolutionsServices as provided for in Rule 57.

\* \* \*

(e) Mutual Fund/Insurance Services Member –

Participates in the Corporation's ~~Mutual-Fund~~ SolutionsServices and Insurance & Retirement SolutionsServices as provided for in Rules 52 and 57.

(f) Settling Bank Only Member –

Undertakes to perform settlement services with respect to transactions or matters covered by these Rules on behalf of Members, Fund Members, Mutual Fund/Insurance Services Members and Insurance Carrier/Retirement Services Members.

(g) Third Party Administrator Member –

Participates in the Corporation's ~~Mutual-Fund~~ SolutionsServices for the purpose of communicating order, redemption or other information on behalf of a retirement or other benefit plan.

(h) AIP Member –

Participates in the Corporation's AIP Services as provided in Rule 53.

(i) Investment Manager/Agent Member –

Participates in the Corporation's ~~Mutual-Fund~~ SolutionsServices as or on behalf of one or more investment managers to a managed account or similar program.

(j) Third Party Provider Member –



Participates in the Corporation's ~~Mutual-Fund~~ **SolutionsServices** as a routing platform for financial intermediaries.

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### SEC. 3. Responsible as Principal

A participant who submits, compares, settles or carries out through the Corporation any contract or transaction for a Person who is not also a participant (hereinafter, a "non-Member") shall, so far as the rights of the Corporation and all other participants are concerned, be liable as a principal, except with respect to municipal security transactions compared by a Member on behalf of the non-Member pursuant to a Municipal Comparison Only Multi-Number Agreement, in which case the non-Member shall remain liable as principal on the underlying transactions. A non-Member who compares, settles or carries out transactions through a participant shall not be deemed to possess any of the rights or benefits of a participant.

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## RULE 2A. INITIAL MEMBERSHIP REQUIREMENTS

### SEC. 1. ELIGIBILITY FOR MEMBERSHIP

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#### C. Application Documents

Each applicant shall, as required by the Corporation from time to time, complete and deliver to the Corporation an ~~A~~applicant ~~Q~~questionnaire in such form as prescribed by the Corporation from time to time and shall provide such other reports, opinions, financial and other information as the Corporation may determine are appropriate for each membership type.

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#### E. Membership and Other Agreements

Each Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member, Fund Member, Third Party Administrator Member, Third Party Provider Member, Investment Manager/Agent Member, AIP Member or Data Services Only Member agrees, among other things:

- (a) That the only services or systems which the participant may utilize are those that are permitted by the Corporation. If the participant intends only to use the (i) AIP Services, (ii) ~~Mutual-Fund~~ **SolutionsServices** and/or (iii) the Insurance & Retirement **SolutionsServices**, that the participant will so limit its activities at the Corporation;

\* \* \*

In addition to the above:

\* \* \*

2. Third Party Administrator Members, Third Party Provider Members and Investment Manager/Agent Members:

Third Party Administrator Members, Third Party Provider Members and Investment Manager/Agent Members shall sign and deliver to the Corporation, (i) documentation and/or agreements in such form as required by the Corporation from time to time, for the payment or collection of charges pursuant to Rule 26 for the processing of transactions through the ~~Mutual Fund~~ **Solutions Services** and (ii) a duly completed consent and authorization form, designating the Member(s)/Mutual Fund/Insurance Services Member(s) who will be responsible for the settlement of orders initiated by the participant.

\* \* \*

#### **F. ~~Original Clearing Fund Contribution~~ Initial Required Fund Deposit**

An applicant whose application has been approved by the Corporation shall, if required, pay to the Corporation its initial Required Fund Deposit ~~original contribution to the Clearing Fund~~ determined in accordance with the provisions of Rule 4 and shall, if required, sign and deliver to the Corporation an instrument in writing evidencing any open account indebtedness permitted pursuant to Rule 4.

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### **RULE 2B. ONGOING MEMBERSHIP REQUIREMENTS AND MONITORING**

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#### **SEC. 6. VOLUNTARY TERMINATION**

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A participant's voluntary termination of membership shall not affect its obligations to the Corporation, or the rights of the Corporation, with respect to transactions submitted to the Corporation before the Termination Date (including, but not limited to, any pro-rata charge made by the Corporation pursuant to Section 4 of Rule 4). The return of the participant's Clearing Fund deposit shall be governed by Sections ~~7, 13 and 14~~ of Rule 4, ~~as applicable~~. If an Event Period were to occur after a participant has submitted its Voluntary Termination Notice but on or prior to the Termination Date, in order for such participant to benefit from its Loss Allocation Cap pursuant to Section 4 of Rule 4, the

participant will need to comply with the provisions of Section 6 of Rule 4 and submit a Loss Allocation Withdrawal Notice, which notice, upon submission, shall supersede and void any pending Voluntary Termination Notice previously submitted by the participant

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## RULE 2C. SPONSORING MEMBERS AND SPONSORED MEMBERS

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SEC. 2. Qualifications of Sponsoring Members, the Application Process and Continuance Standards.

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(l) A Sponsoring Member may voluntarily elect to terminate its status as a Sponsoring Member, with respect to all Sponsored Members or with respect to one or more Sponsored Members from time to time, by providing the Corporation with a Sponsoring Member Voluntary Termination Notice. The Sponsoring Member shall specify in the Sponsoring Member Voluntary Termination Notice the Sponsored Member(s) in respect of which the Sponsoring Member is terminating its status (the "Former Sponsored Members") and a desired date for such termination, which date shall not be prior to the scheduled Final Settlement Date of any remaining obligation owed by the Sponsoring Member to the Corporation with respect to the Former Sponsored Members as of the time such Sponsoring Member Voluntary Termination Notice is submitted to the Corporation, unless otherwise approved by the Corporation.

Such termination will not be effective until accepted by the Corporation, which shall be no later than 10 Business Days after the receipt of the Sponsoring Member Voluntary Termination Notice from such Sponsoring Member. The Corporation's acceptance shall be evidenced by a notice to the Corporation's participants announcing the termination of the Sponsoring Member's status as such with respect to the Former Sponsored Members and the Sponsoring Member Termination Date. After the close of business on the Sponsoring Member Termination Date, the Sponsoring Member shall no longer be eligible to submit Sponsored Member Transactions on behalf of the Former Sponsored Members, and each Former Sponsored Member shall cease to be a Sponsored Member unless it is the Sponsored Member of another Sponsoring Member. If any Sponsored Member Transactions is submitted to the Corporation by the Sponsoring Member on behalf of a Former Sponsored Member that is scheduled to settle after the Sponsoring Member Termination Date, such Sponsoring Member's Sponsoring Member Voluntary Termination Notice will be deemed void, and the Sponsoring Member will remain subject to this Rule as if it had not given such Sponsoring Member Voluntary Termination Notice.

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### RULE 3. LISTS TO BE MAINTAINED

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(c) The Corporation shall maintain a list of funds and other pooled investment entities which may be the subject of orders processed through the Corporation's ~~Mutual Fund~~ **SolutionsServices** (hereinafter referred to as "Fund/SERV Eligible Funds") and may from time to time add funds and other pooled investment entities to such list or remove Fund/SERV Eligible Funds therefrom. Unless the Corporation shall otherwise determine, a Fund/SERV Eligible Fund must be assigned a CUSIP<sup>1</sup> number, and may only be: (i) an investment company regulated under the Investment Company Act of 1940, as amended; (ii) a fund or other pooled investment entity that is subject to regulation under applicable federal and state banking and/or insurance law; or (iii) a fund or other pooled investment entity subject to regulation under other applicable law which meets criteria established by the Corporation from time to time.

(d) The Corporation shall maintain a list of insurance products and retirement or other benefit plans or programs which may be the subject of orders processed through the Insurance & Retirement **SolutionsServices** (hereinafter referred to as "I&RS Eligible Products") and may from time to time add I&RS Eligible Products to such list or remove I&RS Eligible Products therefrom. An I&RS Eligible Product must have been assigned a CUSIP number.

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### RULE 7. COMPARISON AND TRADE RECORDING OPERATION (INCLUDING SPECIAL REPRESENTATIVE/INDEX RECEIPT AGENT)

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#### SEC. 4. Index Receipt Agent

(a) ~~For the purposes of these Rules an Index Receipt Agent shall be a Member which has entered into an Index Receipt Authorization Agreement as required by the Corporation from time to time.~~ A Member desiring to become an Index Receipt Agent shall first submit an application to be reviewed by the Corporation.

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### RULE 11. CNS SYSTEM

SEC. 1. (a) The CNS System is a system for accounting and settling CNS Contracts whereby a Member's ~~Settling~~ **Trades** in CNS Securities (**"Settling Trades"**) are netted so that with respect to each issue of CNS Securities in which the Member has activity, the Member is either obligated to deliver units of that security (a

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<sup>1</sup> CUSIP is a registered trademark of the American Bankers Association.

“Short Position”) or is entitled to receive units of that security (a “Long Position”), the delivery obligation being to the Corporation and the right to receive being against the Corporation as more specifically set forth in paragraphs (b) and (c) below; whereby Short Positions or Long Positions outstanding in respect of prior activity are brought forward on a perpetual basis and, together with stock dividends or distributions payable or receivable in respect of Short Positions or Long Positions, miscellaneous entries and CNS Securities delivered to or by Members, are merged, netted and carried forward, leaving in each Member’s account all transactions which have failed in delivery or receipt; and whereby the contract money of all Settling Trades is netted with cash dividends or distributions receivable and payable and increases and decreases in obligations to the Clearing Fund, if applicable, and miscellaneous items resulting in the closing CNS System money balance for each Member **(“Closing Money Balance”)** which, for the purpose of computing the CNS System money settlement (including marking any Long or Short Position of a Member at the close of business to the Current Market Price), is adjusted by the net market value of all Closing Positions **(“Closing Net Market Value”)**.

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SEC. 5. (a) On the morning of each settlement day the Corporation will issue to each Member a ~~Cc~~ash ~~Rr~~econciliation ~~Ss~~tatement **(“Cash Reconciliation Statement”)** showing the amount receivable or payable by the Member in respect of the CNS System for that settlement day on the basis of settlement activity completed prior to the preparation of the Cash Reconciliation Statement. On the morning of each settlement day the Corporation will also issue to each Member a statement which will reflect the receipts and deliveries of securities in settlement of Long or Short Positions for that date which shall have been completed prior to the preparation of the Cash Reconciliation Statement. Thereafter on such settlement day the Corporation will issue to each Member a statement or statements of other receipts and deliveries of securities in settlement of Long or Short Positions which are completed on that date. The Member, on the basis of such statements, shall determine the final amount receivable or payable by the Member in respect of the CNS system for that settlement day in the manner specified in the Procedures.

(b) On each settlement day the Corporation will issue to each Member an accounting summary **(“Accounting Summary”)** which will reflect each CNS Security in which there was activity or in which the Member had an opening Long or Short Position, the Member’s opening Long or Short Position, the Member’s activity in such CNS Securities for that day, the transactions into and out of its Qualified Securities Depository account or receipts and deliveries otherwise effected as described in Section 3 of this Rule or in the Procedures, the Closing Position for that day in each CNS Security and the Closing Position valued at the Current Market Price, resulting in a net long market value or short market value in CNS Securities. The accounting summary also will show the Member’s money activity for that settlement day.

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## RULE 12. SETTLEMENT

SEC. 1. Settlement of money payments with respect to transactions or matters covered by these Rules, shall be made as provided in this Rule or, with respect to settlement of money payments with respect to the AIP Service ("AIP Settlement"), as provided in Rule 53. The Corporation shall debit or credit itself, Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members, Fund Members and AIP Members with the amounts payable and receivable in accordance with the provisions of such Rules. AIP Settlement shall not be subject to the remaining provisions of this Rule 12 and shall be subject to the provisions of Rule 53.

At such time as determined by the Corporation, the Corporation shall produce, each Business Day, a settlement statement ("**Settlement Statement**") which will reflect the debits and credits which have been entered into a Member's, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member's or Fund Member's (each hereinafter referred to as a "participant" for purposes of this Rule 12) account with respect to matters or transactions covered by these Rules, plus debits or credits, if any, reflecting amounts that the Corporation will pay to or receive from any entity under any Clearing Agency Cross-Guaranty Agreement, and shall reflect a net amount payable to or payable by the Corporation. Each such participant shall settle, by such time as established by the Corporation, through a Settling Bank (unless the Corporation permits otherwise), by Federal Funds payment in the manner provided in the Procedures, the net amount reflected on such ~~s~~**S**ettlement ~~s~~**S**tatement.

A participant will be deemed to have failed to settle when the Corporation receives a Refusal from such participant's Settling Bank and the participant has failed to pay its Net Debit Balance (or it has failed to pay its Net Debit Balance if permitted by the Corporation to settle otherwise than through a Settling Bank), or when its Settling Bank has failed to pay the Settling Bank's net-net debit balance by the time specified by the Corporation from time to time.

If the Corporation does not produce such ~~s~~**S**ettlement ~~s~~**S**tatement each such participant shall settle with the Corporation by a Federal Funds wire transfer, by determining the amount payable to or by such participant as reflected on such participant's records. A participant that fails to timely settle may be subject to action by the Corporation pursuant to Rule 46 or 48. Such participant shall also be subject to such fines as the Corporation deems appropriate pursuant to these Rules. Any difference between said amount and the actual net settlement amount which is not settled on that Business Day, shall be settled on the next Business Day by Federal Funds payment by such time as determined by the Corporation.

Notwithstanding any other provisions of these Rules, the Corporation maintains the right to require a participant to furnish to the Board of Directors all documents relied upon by such participant in determining amounts payable to or by the Corporation in respect of this Rule.

In the event the Board of Directors determines that such books, records and documents do not appropriately support amounts tendered pursuant to this Rule, such participant shall be subject to action by the Corporation pursuant to Rule 46 or Rule 48.

At such time as determined by the Corporation, the Corporation shall also produce, each Business Day, a ~~s~~**S**ettlement ~~s~~**S**tatement which shall reflect the information contained in that Business Day's prior ~~s~~**S**ettlement ~~s~~**S**tatement, any adjustments to those amounts and the payments made to or by the Corporation.

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#### RULE 14. TRANSFER TAXES

SEC. 1. The Corporation may accept New York State Stock Transfer Tax reports and remittances from Members pursuant to the provisions of the New York State Tax Law and the regulations promulgated thereunder. Remittances shall be forwarded to the New York State ~~Stock Tax Commission~~**Department of Taxation and Finance** on behalf of the Member.

SEC. 2. The Corporation shall charge each Member's settlement account the amount of the New York State Stock Transfer Tax indicated on reports filed by the Member on its own behalf.

SEC. 3. New York State Stock Transfer Tax credits received by the Corporation shall be returned to the Member in accordance with the instructions of the New York State ~~Tax Commission~~**Department of Taxation and Finance**.

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#### RULE 22. EXTENSION, WAIVER OR SUSPENSION OF RULES

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##### Section 3 – Duration

Any such extension, waiver or suspension may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than 60 calendar days after the date thereof unless it shall be approved **by** the Board of Directors within such period of 60 calendar days.

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#### RULE 23. ACTION BY THE CORPORATION

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Where action by the Board of Directors is required by these Rules, the Corporation may act, to the full extent permitted by law, by the Chairman of the Board,

the President **and Chief Executive Officer**, or any Managing Director or Executive Director, or by such other Person or Persons, whether or not employed by the Corporation, as may be designated by the Board of Directors from time to time.

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#### RULE 26. BILLS RENDERED

**Pursuant to such timeframes that the Corporation shall set forth from time-to-time, ~~the~~** the Corporation will render bills to Members, Sponsored Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members, TPA Members, TPP Members, Investment Manager/Agent Members, Fund Members and AIP Members **(each hereinafter referred to as a “participant” for purposes of this Rule 26), which may reflect adjustments to prior bills, for** charges on account of the business of ~~any month and will charge their respective accounts with the amounts thereof on or before such date as determined by the Corporation from time to time~~ **a prior month, and for fines imposed during any month. Unless otherwise permitted by the Corporation, for each participant, payment of such bill is due upon its receipt, and each participant shall be obligated to pay the bill in accordance with timeframes set forth by the Corporation as part of satisfying its settlement obligation. Members** **Participants** shall receive bills for their respective aggregate Sponsoring Member activity and Agent Clearing Member activity, if applicable, as set forth in the Fee Structure.

**Pursuant to such timeframes that the Corporation shall set forth from time-to-time, ~~the~~** the Corporation will render bills to Data Services Only Members monthly for charges, if any, in connection with the use of the Corporation’s services, ~~and such bills shall be paid immediately in the prior month.~~ **Unless otherwise permitted by the Corporation, for each Data Services Only Member, payment of such bill is due upon its receipt, and each Data Services Only Member shall be obligated to pay the bill in accordance with timeframes set forth by the Corporation.**

**Pursuant to such timeframes that the Corporation shall set forth from time-to-time, ~~the~~** the Corporation will render bills to Municipal Comparison Only Members monthly for charges in connection with the comparison of municipal securities transactions ~~and such bills shall be paid immediately performed in the prior month.~~ **Unless otherwise permitted by the Corporation, for each Municipal Comparison Only Member payment of such bill is due upon its receipt, and each Municipal Comparison Only Member shall be obligated to pay the bill in accordance with timeframes set forth by the Corporation.**

Please refer to Addendum A (Fee Structure) for fee descriptions and charges.

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## RULE 27. ADMISSION TO PREMISES OF THE CORPORATION – POWERS OF ATTORNEY, ETC.

\* \* \*

Any participant ~~or AIP Member~~ shall, if any person in its employ to whom any credentials have been issued pursuant to this Rule or to whom a power of attorney or other authorization has been given to act for it in connection with the work of the Corporation shall for any reason cease to be so employed, give to the Corporation immediate notice in writing of such termination of employment and if any such power of attorney or other authorization is otherwise revoked or canceled, shall likewise give to the Corporation immediate notice in writing of such revocation or cancellation. All credentials issued pursuant to this Rule shall be immediately surrendered to the Corporation upon their revocation by the Corporation or by the employer or upon the termination of the employment of the holder thereof.

\_\_\_\_ Unless revoked by the Corporation, all credentials, authorizations, and powers of attorney issued pursuant to this Rule or in connection with the work of the Corporation shall remain in full force and effect until the Corporation shall have received written notice of the revocation thereof or of the termination of the holder's employment.

\* \* \*

## RULE 33. PROCEDURES

The Board of Directors shall, pursuant to these Rules, prescribe from time to time Procedures and other regulations in respect of the business of the Corporation. The Board of Directors may, by resolution, delegate to the Chairman of the Board, ~~the President, any Senior Managing Director, Managing Director or any other and any~~ Officer of the Corporation the power to prescribe Procedures and regulations. Each Member and Limited Member (each hereinafter referred to as a "participant" for purposes of this Rule 33) will be bound by such Procedures and regulations and any amendment thereto in the same manner as it is bound by the provisions of these Rules.

\* \* \*

## RULE 35. FINANCIAL REPORTS

As soon as practicable after the end of each ~~fiscalcalendar~~ year, the Corporation shall make available to each Member, Mutual Fund/Insurance Services Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, TPP Member, Investment Manager/Agent Member, Fund Member, Data Services Only Member and AIP Member (each hereinafter referred to as a "participant" for purposes of this Rule 35) audited U.S. GAAP financial statements of the Corporation, including the independent auditors' report on the financial statements for such ~~fiscalcalendar~~ year. The Corporation shall undertake to make available such financial statements and report to participants within 60 days following the last day of the Corporation's fiscal year.

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## RULE 36. RULE CHANGES

The Corporation shall promptly notify all Members, Limited Members, **Sponsored Members** and Registered Clearing Agencies of any proposal it has made to change, revise, add or repeal any Rule or Procedure, and of the text or a brief description of the proposed Rule or Procedure and its purpose and effect, by posting such proposal on the NSCC Website. Members, Limited Members, **Sponsored Members** and Registered Clearing Agencies may submit to the Corporation for its consideration their comments with respect to any such proposal, and such comments shall be filed with the Corporation's records and copies thereof delivered to the SEC.

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## RULE 38. GOVERNING LAW AND CAPTIONS

### SEC. 2 Captions

Captions to any Rules **or Procedures** are for information and guidance only, are not part of any Rule **or Procedure** and are to be given no consideration in applying or construing any Rules **or Procedures**.

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## RULE 40. WIND-DOWN OF A MEMBER, FUND MEMBER OR INSURANCE CARRIER/RETIREMENT SERVICES MEMBER

\* \* \*

The Corporation may, in its discretion, impose conditions on, or take actions with respect to, the Wind-Down Member as appropriate to mitigate risk the Corporation perceives may be presented by the Wind-Down Member, including but not limited to, the following:

\* \* \*

- (ii) Permitting the Wind-Down Member to continue **to** use ~~of~~ one or more of the Corporation's services, notwithstanding that it may not meet some or all of the financial or operational requirements for continuance as a Member or Limited Member, as applicable;

\* \* \*

## RULE 41. CORPORATION DEFAULT

\* \* \*

SEC. 2. Certain Definitions. For purposes of this Rule 41:

(a) Notwithstanding anything to the contrary in the Rules, the following events shall constitute a "Corporation Default":

\* \* \*

- (ii) The Corporation (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) institutes a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or presents a petition for its winding-up or liquidation or makes a general assignment for the benefit of creditors; (C) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and, in each case, such proceeding or petition results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or (D) seeks or becomes subject to the appointment of a receiver, trustee, or other similar official pursuant to the federal securities laws or Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act for it or for all or substantially all its assets.

**(b) the "CNS Close-out Value" of a Member means the amount that the Board notifies a Member that the Member owes to the Corporation, or is owed by the Corporation, pursuant to Section 3(b) below.**

~~(b)~~**(c)** the "CNS Position" of a Member in any CNS Security shall be equal to the net of the Member's unsettled Long Positions and Short Positions in such security as of the close of Business on the Default Date (and, for the avoidance of doubt, this shall include both CNS positions that have not yet passed Settlement Date and fail positions);

~~(c)~~**(d)** "Default Date" means the date on which the event that constitutes the Corporation Default occurs; and

~~(d)~~**(e)** "Net Contract Value" means, for each Member's CNS Position in a given CNS Security, the net of the Member's (x) contract price for such net position that, as of the Default Date, has not yet passed Settlement Date, and (y) the Current Market Price in the CNS System on the Default Date for its fail positions, in each case as shown on the applicable reports issued by the Corporation to the Member in accordance with the Procedures applicable to the CNS System.

### SEC. 3 Valuation and Calculation of Claims.

\* \* \*

(b) The Board shall notify each Member of the CNS Close-out Value, taking into account the netting and offsetting provided for in subsections 3(a)(i) to (iv) above. Members who have been notified that they owe an amount to the Corporation shall pay

that amount on or prior to the date specified by the Board, subject to any applicable setoff rights. Members who have a net claim against the Corporation shall be entitled to payment thereof along with other Members' and any other creditors' claims pursuant to the underlying contracts with respect thereto, these Rules and applicable law. For the avoidance of doubt, nothing herein shall limit the rights of the Corporation upon a Member default (including following a Corporation Default), including any rights under any Clearing Agency Cross-Guaranty Agreement or otherwise.

**(c) Valuation and computation of claims relating to SFT Positions shall be performed pursuant to Section 17 of Rule 56.**

\* \* \*

**RULE 45. NOTICES**

SEC. 1. Any notice pursuant to these Rules from the Corporation to an Interested Person as defined in Rule 37 shall be sufficiently served on such Interested Person if the notice is in writing, and is mailed to the Interested Person's office address or e-mailed to the Interested Person's e-mail address. Any notice to an Interested Person, if mailed, shall be deemed to have been given when deposited in the United States Postal Service, with postage thereon prepaid, directed to the Interested Person at its office address, and if e-mailed, shall be deemed to have been given when routed to the e-mail address of the Interested Person.

SEC. 2. Any notice from an Interested Person to the Corporation shall be sufficiently served on the Corporation if the notice is in writing and is delivered or mailed to the Corporation at its principal place of business, Attention: Secretary, or such other place as it designates, with a copy of the notice sent by ~~electronic~~ email to the General Counsel's Office of the Corporation at gcocontractnotices@dtcc.com. Any such notice to the Corporation shall be deemed to have been given when received.

\* \* \*

**RULE 47. INTERPRETATION OF RULES AND PROCEDURES**

The Board of Directors of the Corporation or their designee(s) shall have the authority to interpret the Rules and Procedures of the Corporation. Interpretations of the Board of Directors or their designee(s) shall be final and conclusive.

\* \* \*

**RULE 50. AUTOMATED CUSTOMER ACCOUNT TRANSFER SERVICE**

\* \* \*

SEC. 5. Within the time frame established by the Corporation or, to the extent applicable, the Delivering Member's Designated Examining Authority ("DEA"), and, to the extent applicable, pursuant to reasons permitted by the Delivering Member's DEA,

the Delivering Member must either reject a customer account transfer request by submitting a rejection to the Corporation in such form as determined by the Corporation from time to time, or submit to the Corporation detailed customer account asset data in such format as established by the Corporation from time to time; provided, however, that if Fund/SERV Eligible Fund assets are to be transferred through ~~Mutual Fund Solutions Services~~, the Delivering Member must specify the quantity of each Fund/SERV Eligible Fund asset to be processed and indicate whether each such transfer shall be a full or a partial transfer<sup>2</sup>. A Delivering Member who rejects a transfer request must indicate the reason for the rejection. Any transfer request that is not responded to by a Delivering Member within such time frame as established by the Corporation from time to time will be deleted from ACATS by the Corporation and the Receiving and Delivering Member's will be notified accordingly. A Receiving Member who desires to resubmit a transfer request that is deleted will be required to reinitiate the request as if one had never been previously submitted.

\* \* \*

SEC. 7. Upon receipt by the Corporation from the Delivering Member of customer account asset data, the Corporation will use its best efforts to validate the data for edit errors. However, the Corporation will not assume the responsibility for such validation process. If no edit errors or format errors are discovered by the Corporation in the asset data, details of the account will be reported to both the Delivering Member and the Receiving Member in such manner and by such time as established by the Corporation from time to time. If the Corporation discovers that customer account asset data contains one or more edit errors or, format errors, the Corporation will notify the Receiving Member in such manner and by such time as determined by the Corporation from time to time that customer account asset data has been received from the Delivering Member but that it contains edit errors or format errors. The Corporation will notify the Delivering Member in such manner and by such time as determined by the Corporation from time to time of all customer account asset data reported, indicating that which contains errors. The Delivering Member will be required to correct those items that contain edit errors or format errors in order to permit delivery of the customer's account to occur within the time frame as established by the Delivering Member's DEA. If the Delivering Member fails to correct edit errors or format errors within such time frame established by the Corporation, the Corporation will delete the transfer request from ACATS. A Receiving Member who desires to resubmit a transfer request that is deleted will be required to reinitiate the request as if one had never been previously submitted.

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<sup>2</sup> A full transfer will cause all Fund/SERV Eligible Fund account assets, whether greater or lesser than the quantity specified, to be transferred. A partial transfer will cause only the Fund/SERV Eligible Fund account asset quantity specified or such lesser amount to be transferred.

SEC. 8. A Receiving Member will have one (1) Business Day after receipt from the Corporation of the report detailing the customer account asset data to review the account and accept all assets, or, to the extent permitted by the Receiving Member's DEA, if applicable, reject one or more assets within a DEA determined asset category, request the Delivering Member to make adjustments to it or, as permitted by the Corporation or, to the extent applicable, the Receiving Member's DEA, reject the account. No action is required by the Receiving Member if it determines to accept all assets in an account. A Receiving Member may accelerate the transfer of the customer account by either (i) providing an acceleration instruction to the Corporation upon receipt of the customer account asset data list from the Corporation and accepting all assets or (ii) deleting nontransferable assets as defined by the Receiving Member's DEA and as permitted by the Corporation and accepting the remaining assets. Once a Receiving Member has accelerated the transfer, the transfer will be in accelerated status. During the one (1) Business Day time period, the Delivering Member will be able to add, delete or change an item, provided that the Receiving Member did not accelerate the transfer, by delivering to the Corporation such information in such form and by such time as established by the Corporation from time to time; however, the Receiving Member may delete nontransferable assets as defined by the Receiving Member's DEA and as permitted by the Corporation during the one (1) Business Day time period. Once the Receiving Member accelerates the transfer, the Delivering Member will be prohibited from making any adjustments to the account. If the transfer is not in an accelerated status, each Business Day that a Delivering Member causes an adjustment to be made to an account will give the Receiving Member an additional one (1) Business Day to review the account. If Fund/SERV Eligible Fund assets and/or I&RS Eligible Products ("MF/I&RS Products") are to be transferred the Receiving Member shall also, within one (1) Business Day after receipt from the Corporation of the report detailing the MF/I&RS Products data or simultaneous with the submission of an acceleration instruction, submit to the Corporation detailed transfer instructions in such format as established by the Corporation from time to time, which instructions shall be processed through ~~Mutual Fund~~ **SolutionsServices** in accordance with Section 16 of Subsection A of Rule 52 or through I&RS in accordance with Section 6 of Rule 57, as applicable. If a Receiving Member submits instructions and determines that a modification must be made to such instruction, such modifications must be submitted within the same deadline. Modifications to an already submitted instruction will not be permitted if the transfer is in accelerated status. Each Business Day that the Delivering Member causes an adjustment to be made to an account will give the Receiving Member an additional one (1) Business Day to submit such transfer information. With respect to Fund/SERV Eligible Fund assets, if the Receiving Member fails to properly submit such transfer information within the required time period, the Corporation shall transmit through ~~Mutual Fund~~ **SolutionsServices** such standing transfer information as the Corporation shall determine. Each day the Corporation will produce a report indicating the transfer instructions that have been received by the Corporation, if any, and, with respect to Fund/SERV Eligible Fund assets, if no instructions have been received, the standing instructions which will be submitted to the Mutual Fund Processor or Fund Member. Each day the Corporation will produce a report to the Receiving and Delivering Member, indicating the Fund/SERV Eligible Fund customer

account asset transfers which have been confirmed or rejected by the Mutual Fund Processor or Fund Member in accordance with Section 16 of Subsection A of Rule 52. Such report will also indicate those transfers which the Mutual Fund Processor or Fund Member has not confirmed or rejected or which have been deleted. Each day the Corporation will produce a report to the Receiving and Delivering Member, indicating the I&RS Eligible Products transfers which have been confirmed or rejected by the Insurance Carrier/Retirement Services Member in accordance with Section 6 of Rule 57, or which have been deleted.

\* \* \*

SEC. 10. To the extent a transfer is between a Member and another Member:

\* \* \*

(iii) On Settlement Date, as indicated on the ACAT Settlement Report, the Corporation will debit and credit the Member's settlement account for the value of the Fund/SERV Eligible Fund assets which were specified by the Delivering Member to be processed through ~~Mutual Fund~~ **Solutions Services** in accordance with Section 16 of Subsection A of Rule 52. The Corporation will credit the settlement account of the Member whose settlement account was debited and debit the settlement account of the Member whose settlement account was credited, for the value of the Fund/SERV Eligible Fund assets within such time frame as specified by the Corporation from time to time following receipt from the Mutual Fund Processor or Fund Member of the transfer data confirmation.

\* \* \*

## RULE 51. OBLIGATION WAREHOUSE

### SEC. 1. General

The Corporation may offer a service to Members for: (i) the comparison of securities transactions that are not otherwise submitted by or on behalf of Members for trade comparison or recording through other NSCC systems or services, (ii) tracking, storage and maintenance of obligations either compared through the service, or forwarded to it from other NSCC accounting operations or services in accordance with the Rules and Procedures through the time of settlement of such obligations (such obligations shall collectively be referred to as "OW Obligations"), (iii) the repricing and updating of fail obligations, (iv) the pair off of certain eligible open obligations. As regards to tracking and maintenance, the Corporation will cause CNS-eligible OW Obligations to be entered into the CNS Accounting Operation on a regular basis.<sup>3</sup> This service shall be known as the "Obligation Warehouse" service. In addition, in

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<sup>3</sup> ~~This functionality will be made available to Members at a date no less than 10 Business Days following announcement of its implementation by Important Notice.~~

accordance with this Rule and the Obligation Warehouse Procedure, a Member shall submit to the Obligation Warehouse for repricing, netting and allotting, fail data with respect to transactions already compared through the facilities of the Corporation or other facilities.

\* \* \*

## RULE 52. **MUTUAL-FUND SOLUTIONSSERVICES**

\* \* \*

SEC. 1. The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members, TPA Members, TPP Members, Investment Manager/Agent Members, and Fund Members to process and/or settle, as the case may be, on an automated basis purchase and redemption orders and transactions in interests in Fund/SERV Eligible Funds (such interests, whether structured as shares, units, or other denominations shall be referred to as “shares” for purposes of these Rules), transmit registration instructions and/or to enable, as the case may be, the transfer on an automated basis of the value of Fund/SERV Eligible Fund shares. Such automated processing of Fund/SERV Eligible Fund shares shall be known as “Fund/SERV” and will be accomplished in accordance with the provisions of this Rule.

SEC. 2. A Member, Mutual Fund/Insurance Services Member, TPA Member, TPP Member or Investment Manager/Agent Member who desires to submit a Fund/SERV Eligible Fund order (e.g. purchase, redemption, exchange) or transaction to another Member (referred to as a “Mutual Fund Processor”) or Fund Member may do so by submitting order data to the Corporation on the day the order is intended to take place (“Trade Date”) or, to the extent established by each Fund Member, any day thereafter (hereinafter referred to as “As-Of” orders) or any day prior to the Trade Date, in such form and by such times as established by the Corporation from time to time.<sup>1</sup> An order submitted by a Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or TPA Member that does not indicate otherwise shall be settled through the facilities of the Corporation. An order processed through Fund/SERV but not settled through the Corporation’s facilities is referred to hereinafter as a “Fund/SERV Processing Only Transaction,” and the settlement of such transactions is the responsibility of the parties thereto.

SEC. 3. Upon receipt of the order data, the Corporation will review the order data for such information which the Corporation determines from time to time to be necessary (including applicable Fund Member or Mutual Fund Processor parameters). If such order data does not contain the information required by the Corporation, the Corporation will reject the order data and will advise the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or the TPA Member, as the case may be, of such rejection in such form and by such times as established by the Corporation from time to time. If the order data appears to contain the information required by the Corporation, subject to any rights the Corporation may have as provided in the Rules generally, the Corporation will transmit



the order data to the Mutual Fund Processor or Fund Member and, if submitted by a TPP Member, TPA Member or Investment Manager/Agent Member, to the corresponding Member or Mutual Fund/Insurance Services Member with the obligation to settle the order (hereinafter referred to as the “TTP/TPA/IMA Settling Entity”), in such form and by such times as established by the Corporation from time to time. To the extent the Corporation has knowledge that it is unable to transmit the order data to the Mutual Fund Processor or Fund Member, the Corporation will use its best efforts to contact the Mutual Fund Processor or Fund Member and so advise. Notwithstanding the foregoing, to the extent a Mutual Fund Processor or Fund Member fails to receive the order data, the Mutual Fund Processor or Fund Member, as soon as practicable, must contact the Corporation. Upon request by the Mutual Fund Processor or Fund Member, the Corporation may make summary order data available to the Mutual Fund Processor or Fund Member to the extent the Corporation has such data available. A Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or a TPA Member who desires to resubmit an order that has been rejected must resubmit the order as if it had never been submitted and such order shall be submitted within the time frames established by the Corporation from time to time.

\* \* \*

SEC. 11. (a) All money market purchase orders and all other confirmed or reconfirmed orders and money only related charges for which settlement is to take place through the facilities of the Corporation, except for orders that have been deleted, rejected or exited, or for which releases to settlement have not been submitted by the Fund Member or Mutual Fund Processor, will settle in accordance with the time frames as established by the Corporation from time to time, or in such extended or shortened time frame as established by agreement of the submitting parties; provided however, that such modified time frame shall be no shorter than T. On settlement date, the Corporation will debit and credit the appropriate Members', Mutual Fund/Insurance Services Members', Mutual Fund Processors' or Fund Members' account for the value of such orders and money only related charges.

(b) Settlement of money payments between Fund Members, Mutual Fund Processors and Members and Mutual Fund/Insurance Services Members arising out of orders and money only related charges for ~~Mutual Fund~~ **SolutionsServices** transactions submitted through Fund/SERV for which settlement is to take place through the facilities of the Corporation, shall be made in accordance with Rule 12 and other provisions of these Rules. Settlement of all other transactions and charges shall be made directly between, and are the responsibility of, the parties thereto.

\* \* \*

## RULE 55. SETTLING BANKS AND AIP SETTLING BANKS

\* \* \*

SEC. 5. If a Settling Bank<sub>1</sub> or, the participant in the case of a Refusal, fails to settle in the manner and at the time prescribed in the Procedures, the Settling Bank<sub>1</sub> or, the participant in the case of a Refusal, will be charged interest on the amount of the required payment calculated in the manner specified in the Procedures and the charge shall be made to the Settling Bank's, or in the case of a Refusal the participant's, account with the Corporation. In the event of the insolvency of a Settling Bank the charge shall be made against the Settling Bank's member account to the extent sufficient collateral exists in the account; any remaining charge will be made pro rata against the other Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members or Fund Members represented by that Settling Bank. The Corporation may also assess penalties against a Settling Bank<sub>1</sub> or, the participant in the case of a Refusal, ~~the participant~~ as specified in the Procedures, in the event the Settling Bank<sub>1</sub> or, the participant in the case of a Refusal, ~~the participant~~, fails to settle.

\* \* \*

SEC. 7. In the event the Settling Bank fails to settle in the manner and at the time prescribed in the Procedures, due to ~~theits~~ insolvency or other cause, each Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member and Fund Member represented by that Settling Bank shall be obligated to the Corporation for its Net Debit Balance, and the Corporation shall pay to such participant the amount of its Net Credit Balance; provided, however, if the Corporation has made payment to the failed Settling Bank the Corporation shall have no obligation to any such participant for a Net Credit Balance.

SEC. 8. Based on its judgment that adequate cause ~~exists~~ to do so, the Corporation may at any time terminate a Member's right to act as a Settling Bank.

\* \* \*

SEC. 9.

\* \* \*

(b) DTC will act as "Settlement Agent" (as that term is used in the Federal Reserve Board's Operating Circular 12 and in the Corporation's Rules & Procedures) for the Corporation and the AIP Settling Banks. By the AIP Acknowledgment Cutoff Time, AIP Settling Banks, without exception, must acknowledge to the Settlement Agent via the settlement interfaceterminal system their AIP Debit Balance and their AIP Credit Balance and (1) their intention to settle with the Corporation their AIP Debit Balance and their AIP Credit Balance by the settlement deadlines, or (2) their refusal to settle for particular AIP Members or AIP Non-Member Funds.

\* \* \*

(d) If the AIP Settling Bank sends refusal messages for one or more AIP Members or AIP Non-Member Funds for which it is the designated AIP Settling Bank, the Settlement Agent shall remove from the AIP Debit Balance and AIP Credit Balance the settlement balance(s) of the AIP Member(s) or AIP Non-Member Fund(s) for which the Settling Bank has refused to settle, and will provide the AIP Settling Bank with a new AIP Credit Balance and AIP Debit Balance. The AIP Settling Bank must acknowledge to the Settlement Agent by the AIP Acknowledgement Cutoff Time via the settlement interface terminal system its new AIP Debit Balance and AIP Credit Balance and its intention to settle such amounts with the Corporation by the settlement deadlines. This new AIP Debit Balance and AIP Credit Balance shall be subject to subsection (c) above.

\* \* \*

SEC. 14. In the event the AIP Settling Bank fails to settle in the manner and at the time prescribed in the Procedures, due to ~~the~~its insolvency or other cause, the Corporation in its discretion may permit an AIP Member or an AIP Non-Member Fund represented by that AIP Settling Bank to pay the Corporation for its AIP Debit Balance, and the Corporation shall pay the contra side AIP Member's account (including any contra side AIP Settling Sub-Account) the amount of its AIP Credit Balance (or AIP Adjusted Credit Balances, if applicable) to the extent such funds have been received by such AIP Member or AIP Non-Member Fund; provided, however, if the Corporation has made payment to the failed AIP Settling Bank the Corporation shall have no obligation to any AIP Member (including any AIP Fund Administrator with respect to any AIP Settling Sub-Account) or to any AIP Non-Member Fund for an AIP Credit Balance or AIP Adjusted Credit Balance, as applicable.

\* \* \*

## RULE 56. SECURITIES FINANCING TRANSACTION CLEARING SERVICE

\* \* \*

### SEC. 12. Clearing Fund Obligations

\* \* \*

(c) The Corporation shall calculate the amount of each such SFT Member's required deposit for SFT Positions, subject to a \$250,000 minimum (excluding the minimum contribution to the Clearing Fund as required by Procedure XV, Section II.(A)), by applying the Clearing Fund formula for CNS Transactions in Sections I.(A)(1) (a), (b), (c), (e), (f), (g)<sup>1</sup> of Procedure XV as well as the additional Clearing Fund formula in

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<sup>1</sup> For the purpose of applying Section I.(A)(1)(g) of Procedure XV (Margin Liquidity Adjustment (MLA) charge), SFT Positions shall be categorized in the same asset groups or subgroups as the underlying SFT Securities in such SFT Positions. In the event a Member's portfolio contains both (x) SFT

Section I.(B)(5) (Intraday Mark-to-Market Charge) and (6) (Intraday Volatility Charge) of Procedure XV, except as noted otherwise, in the same manner as such sections apply to CNS Transactions submitted to the Corporation for regular way settlement, plus, with respect to any Non-Returned SFT, an additional charge that is calculated by (x) multiplying the Current Market Price of the SFT Securities that are the subject of such Non-Returned SFTs by the number of such SFT Securities that are the subject of the SFT and (y) multiplying such product by (i) 5% for SFT Members rated 1 through 94 on the Credit Risk Rating Matrix, (ii) 10% for SFT Members rated 10 through 135 ~~or 6~~ on the Credit Risk Rating Matrix, or (iii) 20% for SFT Members rated 14 through 187 on the Credit Risk Rating Matrix shall be applied to each SFT Member that is a party thereto (collectively, the "Required SFT Deposit"); provided, however, notwithstanding anything to the contrary, (x) a minimum of 40% of an SFT Member's Required SFT Deposit shall be made in the form of cash and/or Eligible Clearing Fund Treasury Securities and (y) the lesser of \$5,000,000 or 10% of an SFT Member's Required SFT Deposit, with a minimum of \$250,000, must be made and maintained in cash; provided, further, the additional Clearing Fund formula in Sections I.(B) (1) (Additional Deposits for Members on the Watch List), (2) (Excess Capital Premium), (3) (Backtesting Charge), and (4) (Bank Holiday Charge) of Procedure XV, as well as the Minimum Clearing Fund and Additional Deposit Requirements in Sections II.(A), II.(B), II.(C), and II.(D) of Procedure XV, shall apply to SFT Members in the same manner as such sections apply to Members.

\* \* \*

## RULE 57. INSURANCE & RETIREMENT SOLUTIONS~~SERVICES~~

SEC. 1. (a) The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Data Services Only Members (collectively, "I&RS Members") to transmit such data and information relating to I&RS Eligible Products (the "I&RS Data") and, with respect to Members, Mutual Fund/Insurance Services Members and Insurance Carrier/Retirement Services Members, to settle payments relating to I&RS Eligible Products ("I&RS Payments") between themselves. Such services shall be known as the Insurance & Retirement Solutions~~SERVICES~~ ("I&RS") and will be accomplished in accordance with the provisions of this Rule.

\* \* \*

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Positions and (y) Net Unsettled Positions or Net Balance Order Unsettled Positions, the Corporation shall calculate the MLA charge as the greater of (a) the sum of (1) MLA charges separately calculated for SFT Positions and (2) MLA charges separately calculated for Net Unsettled Positions and Net Balance Order Unsettled Positions and (b) the MLA charge calculated from combining the SFT Positions, Net Unsettled Positions and Net Balance Order Unsettled Positions.

## RULE 58. LIMITATIONS ON LIABILITY

\* \* \*

SEC. 1. Notwithstanding any affiliation between the Corporation and any other entity, including another clearing agency, except as otherwise expressly provided by written agreement between the Corporation and such other entity:

(a) the Corporation shall not be liable for any obligations of such other entity nor shall the ~~Clearing Fund~~**any fund** or any other assets of the Corporation be available to such other entity (or any person claiming through such other entity) for any purpose, and no Member shall assert against the Corporation any claim based upon any obligations of any other entity to such Member; and

(b) such other entity shall not be liable for any obligations of the Corporation, nor shall ~~the Participants Fund~~**any fund** or any other assets of such other entity be available to the Corporation (or any person claiming through the Corporation) for any purpose, and no Member shall assert against such other entity any claim based upon any obligations of the Corporation to such Member.

SEC. 2. Notwithstanding any other provision in the Rules:

\* \* \*

(c) With respect to instructions given to the Corporation by a Special Representative/Index ~~Receipt~~**Recipient** Agent, the Corporation will not be responsible for the completeness or accuracy of such instructions and shall have no responsibility or liability for any errors which may occur in the course of transmissions or recording of any transmissions or which may exist in any ~~magnetic tape~~, document or other media so delivered to the Corporation.

\* \* \*

(g) The Corporation will not be responsible for the completeness or accuracy of any AIT Data (as defined in Rule 59) received from or transmitted to a Member through the AIT service, nor for any errors, omissions or delays which may occur in the transmission of such AIT Data to or from a Member.

\* \* \*

**SEC. 3. No participant shall be entitled to set off against any liability to the Corporation any liability that the Corporation may have to such participant pursuant to this Rule.**

\* \* \*

## NATIONAL SECURITIES CLEARING CORPORATION PROCEDURES

\* \* \*

### PROCEDURE II. TRADE COMPARISON AND RECORDING SERVICE

\* \* \*

#### C. Debt Securities

##### 1. Trade Input and Comparison

\* \* \*

(b) Trade data may be submitted during the timeframes specified by the Corporation from time to time, and shall include quantity, security identification, identification of the marketplace of execution, contra-broker, trade value, settlement date (which may be no greater than 50 Business Days beyond the trade date), trade date, unique reference number (x-ref), MPID (the market participant identifier issued by ~~the Financial Industry Regulatory Authority, Inc., or “FINRA”~~), and other identifying details as the Corporation may require or permit and shall be in such formats as specified by the Corporation relative to the method utilized for trade submission.

\* \* \*

(i) (i) \* \* \*

(ii) The Corporation provides Members and Municipal Comparison Only Members with the ability to submit Special Trades for comparison-only processing. Trade input must indicate that the trade is being submitted for comparison-only processing and such trade will not be reflected on a Consolidated Trade Summary. Trades submitted for comparison-only processing are subject to the rules of the ~~Municipal Securities Rulemaking Board (“MSRB”)~~. Information made available with respect to such trades will not designate such trades as being CNS-eligible, non-CNS-eligible, or trade-for-trade Special Trades.

\* \* \*

#### D. When-Issued and When-Distributed Securities

\* \* \*

##### 2. Debt

(A) The following provisions apply to municipal debt securities:

\* \* \*

- (2) Trade input, comparison/trade recording, resolution of uncomparing trades and settlement for transactions accepted by the Corporation pursuant to subsection (1)(a) of this subsection 2(A) above function in the same manner as with respect to regular way transactions, except for the following:
  - (a) When the initial Settlement Date and all required pricing information for an issue has been submitted to the Corporation (and, if deemed necessary by the Corporation, confirmed in a manner satisfactory to the Corporation), the Corporation shall calculate the final settlement amount for all transactions that do not have a final settlement amount, and trades are deemed compared if either (i) the final settlement amounts are identical or (ii) the final settlement amounts fall within the money tolerances set forth in subsection (c) of Section C.1 of this Procedure II. In addition, when the initial Settlement Date has been changed and the Corporation is notified of a new initial Settlement Date at least 2 days prior to such date (and, if deemed necessary by the Corporation, confirmed in a manner satisfactory to the Corporation), the Corporation recalculates the final settlement amounts for all affected transactions (whether or not the original final settlement amount was calculated by the Corporation), and the new final settlement amounts are set forth on the applicable contract lists or other applicable output made available by the Corporation.

\* \* \*

## PROCEDURE II.A OBLIGATION WAREHOUSE

### A. Introduction

\* \* \*

Members may submit to the Corporation trade data relating to securities eligible for OW processing as provided in this Procedure. Obligations eligible for submission must have a valid CUSIP or ISIN and be denominated in U.S. Dollars or such other currencies as the Corporation determines from time to time. NSCC will designate certain security or transaction types as eligible for the OW process from time to time. Comparison of items submitted directly by Members to the OW shall occur daily on a real-time basis in accordance with the OW Comparison process set forth below. Each OW Obligation shall be assigned a unique "OW Control Number" to facilitate tracking the obligation through its settlement, cancellation or closure. OW Obligations (as defined in Rule 51) will be tracked, stored, and maintained until settled or otherwise cancelled by Members or otherwise removed by the Corporation in accordance with the Rules and Procedures. In addition, for those Members participating in the OW Service,

transactions exited from CNS, ACATS Receive and Deliver transactions (e.g., either ACATs deliveries that were never eligible for the ACATS Settlement Accounting Operation or those exited from the ACATS Settlement Accounting Operation), Balance Orders, and Special Trades shall automatically be entered by the Corporation into the OW for storage and for Reconfirmation and Pricing Service ("RECAPS") processing, as set forth below. Additionally, pursuant to Procedure XVIII, uncompleted transactions in the ACATS Settlement Accounting Operation at the end of day whereby the Corporation has issued ACATS Receive and Deliver transactions shall also be automatically entered by the Corporation into the OW Service (if eligible). In addition, the Corporation will cause CNS-eligible OW Obligations to be entered into the CNS Accounting Operation on a regular basis.

\* \* \*

## PROCEDURE VII. CNS ACCOUNTING OPERATION

\* \* \*

### C. Receipt and Delivery of Securities

\* \* \*

#### 3. Night Cycle

After the procedures described in paragraph 1 have been completed, each Member's positions are passed to the Designated Depository. Subject to the limitations imposed by Exemptions (see subsection D) and Procedure XVIII, securities are transferred from the Member's applicable Designated Depository account to satisfy its short positions. If the quantity on deposit is insufficient to settle the entire short position, a partial movement occurs. Securities received from Members in settlement of short positions are placed in the Corporation's applicable account at the Designated Depository. The Corporation then provides instructions to deliver those securities from its account at that depository to the Designated Depository accounts of those Members which have long positions.

The results of the night allocation are recorded on the CNS Settlement Activity Statement distributed the following morning. All security movements in Designated Depositories are made on a "free" basis. Money settlement associated with such security movements is accounted for by the Corporation as a separate function. The Current Market Value of each entry is shown on the Settlement Activity Statement for informational purposes.

\* \* \*

### F. Computation of CNS Money Settlement

The computation of the Net CNS Money Settlement Amount is based on the Accounting Summary and the Cash Reconciliation Statement. The Net CNS Money



Settlement is then recorded in the Settlement Statement (described in **Section Procedure VIII**) and is netted with settlement obligations resulting from other services.

\* \* \*

The part of the Accounting Summary which deals with security accounting shows the Member's Opening Position, Settling Trades, stock dividends and miscellaneous activity, receipts and deliveries, Closing Position, and Current Market Value of Closing Positions for each security in which it had a position or activity that day. The Current Market Value of closing long positions and closing short positions is totaled at the end of the report. The net of these two figures is the **Closing** Net Market Value of the Member's account at the end of the day and represents the net value of securities which the Member owes to the Corporation or which the Corporation owes to the Member.

The last section of the Accounting Summary reflects the Member's Opening Money Balance, net money amounts for Settling Trades, cash dividends and interest, miscellaneous activity and Closing Money Balance. The Closing Money Balance represents the net amount of money which the Member owes to the Corporation or which the Corporation owes to the Member.

The net CNS Money Settlement Amount is calculated by subtracting the Net Market Value from the Closing Money Balance. The effect of this calculation is to bring (PROCEDURE VII) 307 the Member's money balance into agreement with the market value of its Closing Positions.

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## PROCEDURE VIII. MONEY SETTLEMENT SERVICE

\* \* \*

### D. Settling Bank Procedures

#### 1. Settling Bank Obligations

\* \* \*

(b) By the Acknowledgment Cutoff Time, Settling Banks, without exception, must acknowledge to the Settlement Agent via the **settlement interfaceterminal system** their Settlement Balances and (1) their intention to settle with NSCC their net-settlement amount by the settlement deadline, or (2) their refusal to settle for particular Settlement Members. Notwithstanding the foregoing, a Settling Bank that is a Member and settles solely for its own accounts may opt, pursuant to such procedures as the Corporation may, from time to time, establish, to not acknowledge its Settlement

Balance;<sup>4</sup> if such Settling Bank opts to not acknowledge its Settlement Balance, it shall not be subject to subsections (c) and (e) below.<sup>5</sup> A Settling Bank that is a Member may not refuse to settle for itself.

\* \* \*

## PROCEDURE X. EXECUTION OF BUY-INS

\* \* \*

Members with Short Positions who receive CNS Retransmittal Notices and do not satisfy them assume liability for the loss, if any, which occurs as a result of the buy-in execution.<sup>1</sup>

\* \* \*

## PROCEDURE XIII. DEFINITIONS

CNS Stock Record - The CNS System accounting of all CNS Securities owed to and by the Corporation which operates on a perpetual inventory basis providing each Member a single long or short position per CNS Security.

Contract - A Balance Order Contract or CNS Contract.

~~**Contract List** — Reports and/or output prepared by the Corporation showing compared trades, uncompared trades and advisory data.~~

Contract Money - The unit price of the securities traded multiplied by the quantity of securities traded or the stated value agreed to by both parties to the trade.

Current Market Value - The number of units of a security multiplied by the Current Market Price per unit.

Current Position - The long or short position of a Member in the CNS Stock Record at any time or, when the term is used in a report or statement to a Member, at the time the report or statement is prepared.

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<sup>4</sup> If the Settling Bank is also a settling bank at DTC, then to be eligible for such "opt out", it must also settle at DTC solely for its own accounts, and any such "opt out" must apply to both its NSCC and DTC settlement balances.

~~<sup>5</sup> If the Settling Bank is also a settling bank at DTC, then to be eligible for such "opt out", it must also settle at DTC solely for its own accounts, and any such "opt out" must apply to both its NSCC and DTC settlement balances.~~

<sup>1</sup> If the originator ~~transmits~~ does not timely rescind a Buy-In Order, notwithstanding any agreements that may have been entered into with Member(s) with Short Positions away from the Corporation, such Member(s) with Short Positions shall remain liable for the executed buy-in.

Designated Depository - The Qualified Securities Depository designated by a Member.

ESS - The Envelope Settlement Service provided for under Section 1 of Rule 9.

IESS - The Intercity Envelope Settlement Service provided for under Section 2 of Rule 9.

**Non-Participant - ~~A participant in a Qualified Clearing Agency who is not a Member.~~**

NYSE - New York Stock Exchange LLC.

**NYSE Alternext - ~~NYSE Alternext US LLC.~~**

OCC - The Options Clearing Corporation.

OTC - The over-the-counter securities market.

Qualified Clearing Agency - A Registered Clearing Agency which has entered into an agreement or agreements with the Corporation pursuant to which transactions submitted to the Corporation or the Registered Clearing Agency may be transferred to the other for comparison and/or settlement.

Real-time - The term "Real-time", with respect to the submission of trade data to the Corporation, means the submission of trade data on a trade-by-trade basis promptly after trade execution, in any format and by any communication method acceptable to the Corporation.

Security - A cleared security.

**SIAC - ~~Securities Industry Automation Corporation~~**

T - T denotes the day on which the trade occurred. T+1 is normally the Settlement Date.

when-issued transaction - Typically, a transaction in a security which has occurred prior to the issuance of such security and is determined to be a when-issued transaction by the marketplace or exchange on which it trades.

when-distributed transaction - Typically, a transaction in a security which has occurred prior to the initial distribution of such security and is determined to be a when-distributed transaction by the marketplace or exchange on which it trades.

## PROCEDURE XV. CLEARING FUND FORMULA AND OTHER MATTERS<sup>6</sup>

\* \* \*

### II. Minimum Clearing Fund and Additional Deposit Requirements

(A) Each Member of the Corporation shall be required to contribute a minimum of \$250,000 (the “minimum contribution”), excluding Required SFT Deposit. The first 40% (but no less than \$250,000) of a Member’s Required Fund Deposit (excluding Required SFT Deposit) must be in cash and the remaining amount, may be evidenced by open account indebtedness secured by the pledge of Eligible Clearing Fund Securities. **The valuation of such Eligible Clearing Fund Securities shall be at current market value, which shall be determined by the Corporation not less frequently than on a daily basis, less an applicable haircut, which shall be valued, for collateral purposes,** as set forth in a haircut schedule (described in subsection 1. below).

\* \* \*

### ADDENDUM A

### NATIONAL SECURITIES CLEARING CORPORATION

### FEE STRUCTURE

\* \* \*

### IV. OTHER SERVICE FEES

\* \* \*

#### G. ~~Mutual~~ Fund **Solutions** Services

##### 1. Fund/SERV<sup>®</sup>

\* \* \*

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<sup>6</sup> All calculations shall be performed daily or, if the Corporation deems it appropriate, on a more frequent basis.

H. Insurance & Retirement **SolutionsServices**<sup>7, 8</sup>

\* \* \*

ADDENDUM B

QUALIFICATIONS AND STANDARDS OF FINANCIAL RESPONSIBILITY,  
OPERATIONAL CAPABILITY AND BUSINESS HISTORY

\* \* \*

SEC. 3. FUND MEMBERS

A. Qualification

To qualify for membership as a Fund Member, an applicant or Fund Member shall be:

(i) a principal underwriter as defined in Section 2(a)(29) of the Investment Company Act of 1940, as amended, or a co-distributor, sub-distributor, or is otherwise authorized to process transactions through the Corporation's ~~Mutual~~-Fund **SolutionsServices**, and is a Registered Broker-Dealer; or

\* \* \*

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<sup>7</sup> Unless otherwise noted, all Insurance & Retirement **SolutionsServices** transaction fees are per transaction, per side, and both sides are charged for each item. Volume is calculated on an aggregate basis among qualified carrier members or qualified distributor members, as applicable.

Multiple destination fees apply. Participants directing NSCC to deliver Insurance & Retirement Service files to more than two (2) destinations will be charged an additional monthly fee, per product, as follows: (i) Participants directing NSCC to deliver Insurance & Retirement Service files to three (3), four (4) or five (5) destinations will be charged an additional \$50 per month, per product; and (ii) Participants directing NSCC to deliver Insurance & Retirement Service files to more than five (5) destinations will be charged an additional \$100 per month, per product.

<sup>8</sup> Extraordinary Event Pricing: if arranged in advance with NSCC, a Participant may qualify for a credit on transaction fees incurred due to extraordinary events such as mergers or mass reconciliations that generate unusually high transaction volume for a limited duration. With respect to transaction types for which the participant has no history of prior usage, the credit is in the amount of 85% of the transaction fees chargeable in respect of the transaction type, with an additional credit in the amount of 5% if the participant continues use of the transaction type after the event. With respect to transaction types for which the participant has a history of prior usage, the credit is in an amount sufficient to produce an aggregate fee for the transaction type that is no more than 120% of the average amount charged to the participant in respect of such transactions in the prior three months.

## ADDENDUM D

### STATEMENT OF POLICY

ENVELOPE SETTLEMENT SERVICE, ~~MUTUAL FUND SOLUTIONS SERVICES~~,  
INSURANCE & RETIREMENT ~~SOLUTIONS SERVICES~~ AND OTHER SERVICES  
OFFERED BY THE CORPORATION

\* \* \*

Specifically, but not in limitation of the foregoing, Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Fund Members are hereby advised that with respect to the ~~Mutual Fund Solutions Services~~ and Insurance & Retirement ~~Solutions Services~~, if at any time the Corporation fails to receive payment from a Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member or Fund Member which payment was to be used to make payment to the contra side of the ~~Mutual Fund Solutions Services~~ or Insurance & Retirement ~~Solutions Services~~ transaction, the Corporation, in its discretion, may reverse in whole or in part any credit previously given to any Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member or Fund Member who is the contra side to the ~~Mutual Fund Solutions Services~~ or Insurance & Retirement ~~Solutions Services~~ transaction within such time frame as determined by the Corporation from time to time.

\* \* \*

## ADDENDUM O

### ADMISSION OF NON-U.S. ENTITIES AS MEMBERS AND LIMITED MEMBERS<sup>1</sup>

Policy Statement on the Admission of Non-U.S. Entities as Members and Limited Members, ~~Mutual Fund/Insurance Services Members, Fund Members, or Insurance Carrier/Retirement Services Members~~: The policy permits entities that are organized in a country other than the United States and that are not otherwise subject to U.S. federal or state regulation ("non-U.S. entities") to be eligible to become Members or Limited Members, ~~Mutual Fund/Insurance Services Members, Fund Members or Insurance Carrier/Retirement Services Members~~. Under the policy, NSCC will require that the non-U.S. entity execute the standard NSCC membership agreement and enter into an additional series of undertakings and agreements and provide additional certifications and other assurances that are designed to address jurisdictional and certain tax concerns, and to assure that NSCC is provided with audited financial information that is acceptable to NSCC.

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<sup>1</sup> ~~This policy statement excludes non-U.S. entities that are insurance companies.~~

Certain of these criteria may be waived where inappropriate to a particular applicant or class of applicants (e.g., a foreign government, international or national central securities depositories) **or with respect to certain membership types.**

\* \* \*