



NATIONAL
SECURITIES
CLEARING
CORPORATION

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Underlined and boldface text indicates new text

~~Strikethrough and boldface~~ indicates deleted text

ADDENDUM A

NATIONAL SECURITIES CLEARING CORPORATION

FEE STRUCTURE

I. TRADE COMPARISON AND RECORDING SERVICE FEES - represents the fees to enter and correct original trade data.

A. Trade Comparison:

1. Each side of each bond trade submitted - \$0.85 per side.

B. Trade Correction Fees:¹

1. Listed Equity System Correction Fees:

Suggested Name Deletes submitted to the Corporation directly by participants on T+1 - \$.40 to both sides.

2. Bond Correction Fees:

a. All supplemental input after T (Advisory, As Of, Withhold) except for Trades Deleted:

- (1) T+1 - \$.60 to the submitter
- (2) T+2 - \$.90 to the submitter
- (3) after T+2 - \$1.50 to the submitter

b. Trades Deleted:

- (1) T+1 - \$.60 to both sides
- (2) T+2 - \$.90 to both sides
- (3) after T+2 - \$1.50 to both sides

3. Trade Rejection Fee: \$.50 per bond reject.

C. Trade recording fees will be charged as follows on those items originally compared by other parties, but cleared through the Corporation²:

1. Each side of each bond item entered for settlement, but not compared by the Corporation - \$0.85 per side.

¹ Trade Submission Fees (see I.A. above) will be charged in addition to the Trade Correction Fees detailed in I.B. Trade Correction Fees will not be applied on OCS, IDC and ACT input.

² Trade recording fees for equities are incorporated into the Clearance Activity Fee set forth in II.A. below.

2. Each side of a foreign security trade entered for settlement, but not compared by the Corporation - \$.75 per side.

D. OBLIGATION WAREHOUSE

1.	Warehouse Fee for each compared item	\$0.02
2.	Matching Fee for each submission	\$0.75
3a.	Fee for each pending comparison advisory aged 5 days or more (July through September 2011)	\$1.00
3b.	Fee for each pending comparison advisory aged 5 days or more (October through December 2011)	\$2.50
3c.	Fee for each pending comparison advisory aged 5 days or more (January 2012 and forward)	\$5.00
4.	Fee to close an obligation and send to CNS	\$0.20
5.	Fee to withhold an obligation from being closed and sent to CNS	\$0.05
6.	Fee to apply mandatory corporate action events to compared obligations warehoused in Obligation Warehouse	\$2.50
7.	Fee for OW delivery notification request advisories aged 2 days or older	\$1.00
8.	Fee for OW pending cancel request advisories aged 2 days or older	\$1.00
9.	Fee for each obligation closed due to RECAPS (charged per RECAPS cycle)	\$0.20
10.	Fee for each obligation closed due to Pair Off (charged per obligation side)	\$1.50

E. Index Receipts

1. Index Creation and Redemption Units - each side of each Index Creation and Redemption instruction submitted for regular way (T+3) settlement - \$30 per side.

2. Index Creation and Redemption Units – each side of each Index Creation and Redemption instruction submitted for shortened settlement - \$50 per side.
- II. TRADE CLEARANCE FEES - represents fees for trade recording, netting, issuance of instructions to receive or deliver, effecting book-entry deliveries, and related activity.
- A. Clearance Activity Fee – The sum of: (a)(i) \$0.021593 per side for zero to 35,000 monthly sides, (ii) \$0.001197 per side for 35,001 to 42,000,000 monthly sides, and (iii) \$0.000628 per side for over 42,000,000 monthly sides, plus (b) a “value into the net” fee of \$0.331940430 per million of processed value (i.e. for CNS and Balance Order netting, the sum of the contract amount and any CNS fail value), plus (c) a “value out of the net” fee of \$2.36844405 per million of settling value (i.e. the absolute value of the CNS Long and Short Positions).
 - B. Deliveries to CNS in the day processing cycle to cover a short valued position - \$.40 per delivery.
 - C. Fails to Deliver to CNS (Short-In CNS) –
 1. \$.25 per item short in CNS for 1 to 30 days at close of business.
 2. \$.50 per item short in CNS for 31 to 60 days at close of business.
 3. \$.75 per item short in CNS for 61 to 90 days at close of business.
 4. \$1.00 per item short in CNS for more than 90 days at close of business.
 - D. Flip Trades - \$.00060 per side.
 - E. Security orders generated³³ - \$.40 per item.
 - F. CNS Buy-In (long Broker and short Broker) - \$5.00 per item.
 - G. Clearing Interface Exemption or Inclusion Instruction to the Corporation - \$.75 per item.
 - H. Reorganizations
 1. Mandatory Reorganizations - \$2.50 each

³³ A security order, or non-CNS settling item, is an instruction to deliver or receive securities outside of the CNS system. These instructions will be generated when cleared securities are not eligible for CNS or when both parties to a transaction wish to settle in this manner. Security orders may be issued on an item-by-item basis or netted through a balance order@ procedures.

- 2. Voluntary Reorganizations –
 - a. Long Broker (per input **submitted on the business day prior to the protect expiration date or, when there is no protect period, the business day prior to the expiration date**) Automated Input \$15.00 each
 - b. Long Broker (per input or add submitted on the protect expiration date or, when there is no protect period, on the expiration date) Automated Input \$500.00 each**
 - bc.** Short Broker (per reorganization) \$35.00 each
- I. Foreign Securities Transactions (Netted) \$.50 per item in addition to F. above
- J. Dividends
 - 1. CNS Stock Dividend Payment (Long) - \$12.00 per item.
 - 2. CNS Cash Dividend & Interest Payment (Long) - \$1.40 per item.
 - 3. CNS Stock Dividend Payment (Short) - \$12.00 per item.
 - 4. CNS Cash & Interest Payment (Short) - \$1.40 per item.
 - 5. Research on invalid CNS dividend or interest claim - \$70 per claim
- III. DELIVERY SERVICE FEES
 - A. Envelope Settlement Service:
 - ESS Deliveries or Receives⁴ \$10.00 per envelope
 - B. New York State Transfer Taxes \$1.00 per Form

⁴ This fee applies to all ESS deliveries and receives (including intercity).

IV. OTHER SERVICE FEES

A.	Reorganizations	\$10.00 per item
B.	Non-CNS Buy-ins	\$10.00 per item
C.	Check and Draft processing	\$165.00 per month
D.	Reconciliation and Proof of Settlement	\$100.00 per month
E.	Processing Daily Settlement activity entered on Settlement Statement	\$1.00 per item (minimum \$25.00; maximum \$250.00 per month)
F.	Automated Customer Account Transfer Service	
	1. Transfer Initiation Form	
	a. Standard	\$.15 per submission
	b. Non-Standard	\$.15 per submission
	2. Recording	
	a. Asset Delivers	\$.05 per asset which is reported by the delivering firm
	b. Asset Receives	\$.05 per asset which is received by the receiving firm
	3. Corrections	\$.05 per asset
	Asset additions, deletions, or changes	

4.	Insurance Registrations	\$.25 per insurance registration submitted, to the receiver and the deliverer
5.	Non-CNS Receive/Deliver Orders	\$.10 per order issued
6.	Adjustment of customer account number	\$.12 per adjustment
7.	Account Transfer Rejects*	\$1.00 per full account reject per side where both parties are required by their designated examining authority or other regulatory body to use an automated customer account transfer service
G. Fund/SERV®		
1.	Membership Fee: for each participating Member, Mutual Fund/Insurance Services Member and Fund Member regardless of activity level	\$50.00 per month
2.	Transaction Fee:	\$0.0700 per side per order or transfer request settling through the Corporation
H. Networking ⁷		
1.	Membership Fee: for each participating Member, Mutual Fund/Insurance Services Member and Fund Member regardless of activity level	\$200.00 per month
2.	Activity Fee (all types except for Networking Omnibus Activity Position Files (Omni/SERV))	\$.001 per record
3.	Networking Omnibus Activity/Position Files (Omni/SERV)	\$2,500 monthly file fee for omnibus file transmissions

I. DTCC Payment aXis⁷

1. Non-Omnibus

- a. Membership Fee \$50.00 per month
 - i. For the first 500,000 records submitted each month \$.30 per hundred records, \$50 minimum
 - ii. For each record in excess of 500,000, but not exceeding 1,000,000 submitted each month \$.20 per hundred records
 - iii. For each record in excess of 1,000,000 submitted each month \$.10 per hundred records

2. Omnibus

- a. Membership Fee \$500.00 per month
- b. Transaction Fees:
 - i. For the first 500,000 records submitted each month \$.10 per record
 - ii. For each record in excess of 500,000, but not exceeding 1,000,000 submitted each month \$.08 per record
 - iii. For each record in excess of 1,000,000 submitted each month \$.06 per record

J. Profile

- 1. Membership Fee:
for each participating Settling Member and Fund Member regardless of activity level.

- a. Phase I (price and rate) only \$325.00 per month
- b. Phases I and II \$2,000.00 per month⁵

K. Insurance and Retirement Processing Services^{6, 7}

1. Transaction Fees

- a.(i) Positions (both Full and New)
 - From 0 to 500,000 items/month \$8.00 per 1,000 items
 - From 500,001 to 2,000,000 items/month \$4.00 per 1,000 items
 - From 2,000,001 to 4,000,000 items/month \$3.00 per 1,000 items
 - For 4,000,001 or more \$2.00 per 1,000 items

⁵ Users of Profile II with 25 or fewer funds in their family will receive a \$1,150 credit per month against the base \$2,000 per month fee. Thus, the net fee for fund families which meet this criterion will be \$850 per month.

⁶ Unless otherwise noted, all Insurance and Retirement Processing Services transaction fees are 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.

BIN and REP Incentive Discount: Effective October 1, 2009, Participants that submit BIN or REP transactions (i.e., In Force Transactions-Registered Representative Change Requests or Confirms (2.f. and 2.g. of this Section T., also referred to as "REP" transactions) and -Brokerage Identification Number Change Requests or Confirms (2.h. and 2.i. of this Section T., also referred to as "BIN" changes) will receive the first \$350 in such transactions, each month, at no cost.

In addition, effective October 1, 2009, Participants that submit BIN or REP transactions will receive a credit of 30% of the BIN and REP transaction costs (net of the monthly \$350 discount) to be applied to fees charged (but not to exceed the amount charged) in respect of Insurance and Retirement Services "Core Products". Core Products are the following: Positions, Commissions, Financial Activity Reporting, Applications/Subsequent Premiums, and Asset Pricing.

⁷ 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.

items/month

- (ii) Positions (Focused)
 - From 0 to 500,000 items/month \$3.00 per 1,000 items
 - From 500,001 to 2,000,000 items/month \$1.50 per 1,000 items
 - From 2,000,001 to 4,000,000 items/month \$1.50 per 1,000 items
 - For 4,000,001 or more items/month \$0.50 per 1,000 items

- b. Asset Pricing
 - From 0 to 49,999 items/month \$0.75 per 1,000 items
 - From 50,000 to 249,999 items/month \$0.65 per 1,000 items
 - From 250,000 to 999,999 items/month \$0.55 per 1,000 items
 - More than 999,999 items/month \$0.45 per 1,000 items

- c. Commissions
 - From 0 to 999 items/month \$40.00 per 1,000 items
 - From 1,000 to 9,999 items/month \$35.00 per 1,000 items
 - From 10,000 to 29,999 items/month \$30.00 per 1,000 items
 - More than 29,999 items/month \$25.00 per 1,000 items

- d. Initial Application Information (APP) ⁸

⁸ Each initial application with a new business attachment will be subject to a \$0.25 discount.

For members for whom settlement
is available:

- From 0 to 1,999 items/month \$1.50 per item
- From 2,000 to 3,499 items/month \$1.00 per item
- More than 3,499 items/month \$0.50 per item

For members for whom settlement
is not available:

- From 0 to 1,999 items/month \$1.50 per item
- More than 1,999 items/month \$1.00 per item
- e. Subsequent Activity (SUB) \$0.50 per item
- f. Financial Activity Report (FAR)
 - \$0.05 per zero to 100,000 items
 - \$0.04 per 100,001 to 150,000 items
 - \$0.03 per 150,001 to 200,000 items
 - \$0.02 per 200,001 or greater items
- g. Analytic Reporting Service

Monthly Fee

Version ⁹	Tier 1 ¹⁰	Tier 2 ¹¹	Tier 3 ¹²	Opt-Out
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⁹ Roll out of each subsequent Release Version will be based on client feedback and the timing of functionality enhancements. Roll out of each subsequent Release Version supersedes and replaces the immediately preceding Release Version.

¹⁰ Tier 1 = Carriers with \$25 billion or more in assets; Dealers with 10,000 or more financial advisors.

¹¹ Tier 2 = Carriers with \$4 billion or more, but less than \$25 billion, in assets; Dealers with 3,000 or more, but less than 10,000, financial advisors.

¹² Tier 3 = Carriers with less than \$4 billion in assets; Dealers with less than 3,000 financial advisors.

				Members
Release 1.0	\$1,000	\$750	\$500	\$1,667
Release 2.0	\$3,000	\$2,250	\$1,500	\$5,000
Release 3.0	\$8,000	\$6,000	\$4,000	\$13,333
Release 4.0	\$10,500	\$7,875	\$5,250	\$17,500
Release 5.0	\$12,000	\$9,000	\$6,000	\$20,000

2. Other Service Fees

TIER	FEE	SERVICES
TIER 1	\$.05	All Attachments (per attachment, per side)
TIER 2	\$0.15	Licensing and Appointments (L&A) Periodic Reconciliation (per item)
TIER 3	\$0.35	Licensing and Appointments (L&A) Transaction (per item) Registered Representative Change Confirm (per transaction, per side) Brokerage Identification Number Change Request (per transaction, per side) Brokerage Identification Number Change Confirm (per transaction, per

side)

Values Inquiry (per inquiry, includes response, per side)

TIER 4	\$0.65	<p>Customer Account Transfer Output (per transaction, charged to Insurance Carrier/Retirement Services Member only)</p> <p>Customer Account Transfer Confirm (per transaction, per side)</p> <p>Settlement Processing (per transaction, per side)</p> <p>Request for Replacement Status (a/k/a Pending Case Status) – Receiving Carrier (per Request for Replacement Status)</p> <p>Request for Replacement Status (a/k/a Pending Case Status) – Deliverer (per Request for Replacement Status)</p> <p>Registered Representative Change Request (per transaction, per side)</p> <p>Time Expired Transaction (per transaction, per side)</p>
TIER 5	\$1.25	<p>Fund Transfer (per request, per side)</p> <p>Withdrawals (per request, per side)</p> <p>Arrangements (per request, per side)</p> <p>Request for Replacement - Delivering Carrier (per request)</p> <p>Request for Replacement - Receiving Carrier (per request)</p>

L. Global Clearance Network Service

1. Instruction Processing Fees

- a. Receipt of transaction instructions from a Member via CPU/CPU or I.P.C. \$2.25 per item
- b. Rejects - each instruction submitted resulting in a rejection \$.75 per item
- c. Processing of Accepted Instructions - forwarding of instruction to agent bank \$.75 per item

2. Reporting Fees

Receipt of Reports - fee charged each day a Member is sent a set of reports, per location, based on the method of distribution

- a. Machine Readable Output (MRO) \$10.00 per item
- b. Print Image Output \$20.00 per item
- c. Hardcopy or Mail \$50.00 per item

M. International Link Service-Transaction Fees Per Agreement with Link Service Participant

N. Account Information Transmission Service for each Member participating in the service \$200.00 per month

O. Alternative Investment Products

1. Higher Volume¹³ Eligible AIP Product Fees

- i. Records
 - A. The first 2,999,999 records \$0.10 per record per calendar year

¹³ Higher volume Eligible AIP Products are identified in subsection 3.

	B.	The next 1,000,000 records per calendar year ¹⁴	\$0.09 per record		
	C.	The next 1,000,000 records per calendar year ¹⁵	\$0.08 per record		
	D.	All additional records ¹⁶	\$0.07 per record		
	ii.	Trades			
	A.	The first 10,000 trades per calendar year	\$5.00 per trade		
	B.	The next 10,000 trades per calendar year ¹⁷	\$4.75 per trade		
	C.	The next 10,000 trades per calendar year ¹⁸	\$4.50 per trade		
	D.	All additional trades ¹⁹	\$4.00 per trade		
2.	Lower Volume ²⁰ Eligible AIP Product Fees				
	i.	Records	\$1.00 per record		
	ii.	Trades	\$30.00 per trade		
3.	ELIGIBLE AIP PRODUCT		HIGHER VOLUME	LOWER VOLUME	FEE ²¹ CAP
	Hedge Fund			√	

¹⁴ i.e., the 3,000,000th to 3,999,999th records submitted in a calendar year.

¹⁵ i.e., the 4,000,000th to 4,999,999th records submitted in a calendar year.

¹⁶ i.e., the 5,000,000th and higher records submitted in a calendar year.

¹⁷ i.e., the 10,001st to 20,000th trades submitted in a calendar year.

¹⁸ i.e., the 20,001st to 30,000th trades submitted in a calendar year.

¹⁹ i.e., the 30,001st and higher trades submitted in a calendar year.

²⁰ Lower volume Eligible AIP Products are identified in subsection 3.

²¹ If column is checked, the applicable fees apply to all entities processing such products through AIP; however, the maximum charge for AIP Distributors in this regard is a cumulative maximum (for submission of records and trades) of \$50,000 per calendar year.

3. ELIGIBLE AIP PRODUCT	HIGHER VOLUME	LOWER VOLUME	FEE ²¹ CAP
Fund of Funds		√	
Private Equity Fund		√	
Managed Debt Fund		√	
Private Debt Fund		√	
Managed Currency Fund		√	
Commodity Pool Fund		√	
REIT	√		√
Managed Future Fund	√		√
Business Development Corporation (BDC)	√		√
Registered Hedge Fund ²²	√		
Oil & Gas Public	√		√
Oil & Gas Private	√		√
Equipment Leasing Public	√		√
Equipment Leasing Private	√		√
Futures Public	√		√
Futures Private	√		√
Notes Public	√		√
Notes Private	√		√
Real Estate Public	√		√
Real Estate Private	√		√

²² For purposes of the Alternative Investment Products fee structure, "Registered Hedge Fund" shall mean hedge funds that are registered under the Investment Company Act of 1940, as amended.

3. ELIGIBLE AIP PRODUCT	HIGHER VOLUME	LOWER VOLUME	FEE ²¹ CAP
Closed End Management Investment Company	√		√
All Other		√	

V. PASS-THROUGH AND OTHER FEES

A. Participant Fees - represents the monthly fee for each number assigned to a Member or Municipal Comparison Only Member for participation by each Member or Municipal Comparison Only Member under such number in one or more of the specified services provided by the Corporation. The services and their related base fees are:

1. Trade Processing System

For Members	\$300.00 per month, per account
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2. Trade input, either (a) as a Service Bureau or (b) by an affiliated Service Bureau

	\$250.00 per month
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3. Global Clearance Network Service

	\$100.00 per month
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4. International Link Service

	Per Agreement with Link Service Participant
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B. Special Service Fees:

1. Commission Billing:
 - a. Debit

	\$.50 per item
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 - b. Credit

	\$.50 per item
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2. DTC Sponsored Accounts – available to each CNS participant who is not also a participant of DTC:

	Cost
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3. Output Fees

a.	Machine Readable Output	\$10.00 per tape
b.	Service Bureau Tapes	\$2.50 per tape
c.	Magnetic Tape not returned	\$20.00 per tape
d.	Printed Output Reports:	
	For Members with less than 20,000 lines per month	No charge
	For Members with 20,000 or more lines per month	\$4.00 per each 1000 lines
4.	Microfiche Reports	\$3.00 per fiche
5.	Special Research	\$25.00 per hour
6.	Domestic Portfolio Composition File	\$125.00 per month per file
7.	Foreign Portfolio Composition File	\$125.00 per month per file
8.	Subscription-based Portfolio Composition File Reporting	<p>\$53.00 per unit per month for the first zero to 200 average daily units²³</p> <p>\$32.00 per unit per month for the next 300 average daily units (201st to 500th units)</p> <p>\$21.00 per unit per month for all average daily units above 500 (501st and above)</p> <p><u>\$600 minimum;²⁴ \$1,550 maximum per month</u></p>
C.	Pass-Through Expenses:	
1.	Communications	
a.	Communications Access	Cost

²³ "Units" refers to the number of portfolio subscriptions for each billing month. Unit charges are calculated by applying the tiered fee structure to the average daily number of units subscribed for by the Member in the billing month.

²⁴ **From June 2, 2014 until December 31, 2015, the minimum will be \$300 per month and, thereafter the minimum will increase to \$600 per month and this footnote will be deleted.**

	b.	Telephone toll calls	Cost
	c.	Failure to migrate from legacy networks to SMART and/or SFTI	Cost ²⁴²⁵
	2.	Forms	Cost
	3.	Miscellaneous Expenses: Any other expense not specified above, whether one-time or recurring, which the Corporation may incur on behalf of a Member at a Member's request	Cost
D.	(1)	Each item submitted in paper form (except Envelope Settlement Service, Funds Only Settlement Service, Dividend Settlement Service, Correspondent Delivery and Collection Service, and Automated Customer Account Transfer Service Transfer Initiation Form)	\$.50 per item
	(2)	Each ACAT Transfer Initiation Form submitted in paper form	\$1.00 per item
E.		Line of Credit Commitment Fee	Current month's cost -- pro rata monthly among Letter of Credit users based upon previous month's utilization
F.		Global Clearing Network Service P.C. Access/Hunt group Fee	\$125.00 per month

VI. COLLECTION CHARGE

The Corporation may also bill Members and Mutual Fund/Insurance Services Members for, and include on Members' and Mutual Fund/Insurance Services Members' (referred to in this section collectively as "participants") settlement statements, fees and charges which may be imposed on such participants by third parties such as: (a) other subsidiaries of The Depository Trust & Clearing Corporation (b) self-regulatory organizations and other security industry organizations or entities, where such third party has represented to the Corporation that it has an agreement with the participant allowing the

²⁴²⁵ The entire cost of supporting the legacy network connections will be allocated among the remaining users pro rata.

participant's payment of such fees and charges; and (c) other organizations and entities which provide services or equipment to participants which are integral to services provided by the Corporation. Any amounts so collected will be remitted to the appropriate organization or entity imposing such fee or charge.

Such fees and charges may include those of companies that identify themselves as being an affiliate of the participant. Participants should check their settlement statements, which shall reflect all such charges, and report any problems to the Corporation immediately.

VII. APPLICATION OF FEES

With the exception of certain registered clearing agencies, all fees will be charged uniformly to all participants and collected through the settlement system if possible. Fees for other standard services provided to registered clearing agencies will be the same as those charged to other participants. Special services performed for registered clearing agencies will be contracted on an individual basis.

VIII. NSCC PRICING POLICY

The Corporation's policy is to retain only those revenues which are required to maintain an adequate revenue base in order to liquidate current production costs, provide for a continuance of product enhancements and development, provide for a discount when volume levels equal or exceed projections and provide for retained earnings as directed by the Board. In order to meet such objectives, the Corporation will:

If the Corporation's gross billable revenues before adjustment (i.e., revenues before discount) exceed the approximate level of costs, adjust downward (i.e., discount) participants' invoices.

If the Corporation's gross billable revenues before adjustment (i.e., revenues before surcharge) are less than the approximate level of costs, adjust upward (i.e., surcharge) participants' invoices.

Both the discount and the surcharge when applicable will be reflected directly on participants' invoices.