



**NATIONAL
SECURITIES
CLEARING
CORPORATION**

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Underlined and boldface text indicates new text

~~Strikethrough and boldface~~ indicates deleted text

RULE 52. MUTUAL FUND SERVICES⁴

A. Fund/Serv

SEC. 2. A Member, Mutual Fund/Insurance Services Member, Data Services Only 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) in such form and by such times as established by the Corporation from time to time.¹² 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. Orders submitted by Data Services Only Members shall not settle 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.

C. DTCC Payment aXis

SEC. 1. The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members, Fund Members and Mutual Fund Processors to transmit commission and fee related data (herein collectively referred to as "Payment aXis Fee Data"), including with regard to investor accounts held **at the Fund Member or Mutual Fund Processor** in on an omnibus account basis **at the Fund Member or Mutual Fund Processor** ("Omnibus"), and to settle such payments between themselves, which service shall be known as the DTCC Payment aXis service.

SEC. 2. (a) Payment aXis Fee Data, if submitted, must be transmitted in such formats and by such times as established by the Corporation from time to time. Submission of Payment aXis Fee Data to the Corporation shall not relinquish, extinguish or affect any legal or regulatory rights or obligations of the Member, Mutual Fund/Insurance Services Member, Fund Members or Mutual Fund Processors pertaining to the commissions or fee payments.

⁴ ~~(Previously known as the Mutual Fund Settlement, Entry and Registration Verification Service)~~

²¹ A Fund Member or Mutual Fund Processor may indicate to the Corporation the parameters and types of orders it is willing to process through the Fund/Serv service.

~~(b) Any Payment aXis Fee Data instructing for the payment of 12b-1 fees³ with regard to investor accounts held in Omnibus must be initiated and submitted to the Corporation by the Member or Mutual Fund/Insurance Services Member. The Corporation will transmit such 12b-1 fee payment instruction to the Fund Member or Mutual Fund Processor in such form and by such times as established by the Corporation from time to time. A Fund Member or Mutual Fund Processor may (i) confirm or reject such 12b-1 fee payment instruction by transmitting such confirmation or rejection to the Corporation in such form and by such time as established by the Corporation from time to time or (ii) release settlement as set forth in Section 3 below (either with or without a confirmation). If the Fund Member or Mutual Fund Processor confirms or rejects such 12b-1 fee payment instruction, the Corporation will transmit such confirmation or rejection to the Member or Mutual Fund/Insurance Services Member having initiated such 12b-1 fee payment instruction.~~

(b) Payment aXis Fee Data instructing for the settlement of certain commission and other fee type payments must be initiated and submitted to the Corporation by the Member, Mutual Fund/Insurance Services Member, Fund Member or Mutual Fund Processor seeking payment thereof (such commission and other fee types are collectively referred to as “Payee Initiated Fee Types”). Payee Initiated Fee Types may include commissions and fees with regard to investor accounts held in Omnibus. The Corporation will transmit such Payee Initiated Fee Type settlement instructions to the applicable Member, Mutual Fund/Insurance Services Member, Fund Member or Mutual Fund Processor from whom payment is being sought (the “Paying Participant”) in such form and by such times as established by the Corporation from time to time. The Paying Participant may (i) confirm or reject such Payee Initiated Fee Type settlement instruction by transmitting a confirmation or rejection to the Corporation in such form and by such time as established by the Corporation from time to time or (ii) release settlement as set forth in Section 3 below (either with or without a confirmation). If the Paying Participant confirms or rejects such Payee Initiated Fee Type settlement instruction, the Corporation will transmit such confirmation or rejection to the Member, Mutual Fund/Insurance Services Member, Fund Member or Mutual Fund Processor that initiated the Payee Initiated Fee Type settlement instruction. Designation of Payee Initiated Fee Types shall be made by the Corporation from time to time, and the Corporation shall provide notice to Members, Mutual Fund/Insurance Services Members, Fund Members and Mutual Fund Processors from time to time of such designation.

SEC. 3. Except as otherwise described with regard to Payee Initiated Fee Types, Settlement of commission and fee payments, including settlement of commission and fee payments with regard to investor accounts held in Omnibus, shall

³ ~~This is a category of fees paid out by the fund out of fund assets to cover distribution expenses and sometimes shareholder service expenses.~~

occur as follows: On the Business Day prior to the day the amount is intended to be debited (hereinafter referred to as "Debit Day") the entity submitting the amount must submit to the Corporation, within the time specified by the Corporation, the dollar value and the appropriate accounts to which such amount is to be credited and debited. If the Debit Day is not a Business Day on which banks in New York are open for business the Debit Day will be the next business day the banks in New York are open for business.

On Debit Day, the Corporation will credit and debit the appropriate accounts in accordance with the instructions of the Member, Mutual Fund/Insurance Services Member, Fund Member or Mutual Fund Processor. Settlement of payments arising out of such instructions shall be made in accordance with Rule 12 and other provisions of these rules.

~~SEC. 4. On Debit Day, the Corporation will credit and debit the appropriate accounts in accordance with the instructions of the Member, Mutual Fund/Insurance Services Member, Fund Member or Mutual Fund Processor. Settlement of payments arising out of such instructions shall be made in accordance with Rule 12 and other provisions of these rules.~~

SEC. ~~4~~**5**. The Corporation will not be responsible for the completeness or accuracy of any Payment aXis Fee Data, including Payment aXis Fee Data with regard to investor accounts held in Omnibus, received from or transmitted to a Member, Mutual Fund/Insurance Services Member, Fund Member or Mutual Fund Processor nor for any errors, omissions or delays which may occur in the absence of gross negligence on the Corporation's part, in the transmission of such Payment aXis Fee Data to or from a Member, Mutual Fund/Insurance Services Member, Fund Member or Mutual Fund Processor.

ADDENDUM A

NATIONAL SECURITIES CLEARING CORPORATION

FEE STRUCTURE

IV. OTHER SERVICE FEES

I. DTCC Payment aXis⁷

1. ~~Non-Omnibus~~ **Commission & Fee Settlement**

a. Membership Fee \$50.00 per month

b. Transaction Fees

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 Invoicing & Fee Settlement**

a. Membership Fee \$500.00 per month

b. Transaction Fees (**excluding Detail Records**):

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.

- 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

c. Detail Record Fees

- i. For the first 500,000 records submitted each month** **\$.30 per hundred records**
- 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**