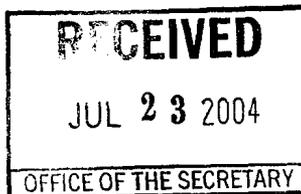


**Carol A. Jameson**  
Vice President and  
Senior Counsel



Tel: 212 855 3213  
Fax: 212 855 3215  
cjameson@dtcc.com



**The Depository Trust &  
Clearing Corporation**  
55 Water Street  
New York, NY 10041-0099

27

July 21, 2004

Mr. Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

Re: **SR-NSCC-2003-21**

Dear Mr. Katz:

This letter confirms certain facts relating to the above-referenced proposed rule change of NSCC to offer a service for the separately managed account industry.

Continued Participation of CheckFree in the Development of the MMI Data Standards and in the Review of the NSCC Prototype for NSCC's Proposed SMA Service.

The MMI Separately Managed Accounts Operations Communications and Data Standards (the "Data Standards") were developed by the MMI Technology and Operations Data Standards Sub-Committee (the "Sub-Committee"). CheckFree has a representative sitting on the Sub-Committee (Christine Rogers) and is granted full participation in Sub-Committee matters. Although Sub-Committee membership is generally restricted to entities which act in the capacity of sponsors or investment managers in the SMA industry, CheckFree's representative was permitted membership on the Sub-Committee by virtue of her committee participation as representative of an investment manager prior to joining CheckFree. CheckFree was the first vendor represented on this Sub-Committee allowed this exception.

CheckFree was also represented on the MMI Technical Working Group for the duration of the first standards review. The Technical Working Group is responsible for the technical review and analysis of the Standards proposed by the Sub-Committee. This group is comprised of individuals with technical expertise, representing both firms and vendors. The Technical Working Group is convened each time the Sub-Committee completes the formulation of a set of standards. The Technical Working Group has not been reconvened to review the second set of standards, as that set is still under formulation by the larger Sub-Committee, and has not been reconvened since the first set of standards were published in late 2002.

CheckFree was also invited to participate in NSCC's SMAS prototype testing phase (January 2003), and the pilot testing phase (April 2003), as well as NSCC's weekly SMAS project review held each Thursday at 11AM ET. Testing Phase invitations were sent via hard copy and email to all participants of the MMI's Sub-Committee and Technical Working Group, as well as to any other member of NSCC or their designated vendor interested in learning more about the proposed service. Conference call reminders are emailed periodically to the same. Although direct access to NSCC products and services is generally restricted to NSCC members (generally, regulated entities such as banks and broker-dealers), vendors frequently provide members with an NSCC-interface and various ancillary services and processes. NSCC is vendor-neutral and, recognizing CheckFree's importance to the SMA industry, included CheckFree in the test phases and conference call invitations.

#### MMI Copyright on MMI Data Standards

The MMI has copyrighted the Data Standards in order to preserve the integrity of the Data Standards as uniform standards arrived at through industry consensus. By maintaining a copyright, the MMI can better assure that the standards are not subsequently altered or customized and then represented as being derived from the industry under the auspices of the MMI.

We have been advised by the MMI that the Standards are and will be available for industry use without charge (see attached letter from Christopher L. Davis, Executive Director of the MMI to Carol Jameson of NSCC). The MMI has added a sentence to their website to this effect ([www.moneyinstitute.com/multimedia/standards.pdf](http://www.moneyinstitute.com/multimedia/standards.pdf))

#### Distinction Between the MMI Data Standards and NSCC's Proprietary Rights in Certain Assets Used in its SMA Service

NSCC developed the schemas and other protocols supporting its proposed SMA Service independent of the MMI and its committees. As is customary, NSCC asserts a proprietary interest in the schemas NSCC developed for use in NSCC's SMA Service. NSCC will make the SMA schemas available to its members for purposes of programming their systems to NSCC's systems in order to utilize the NSCC SMA Service. A vendor such as CheckFree may access NSCC's schemas on behalf of an NSCC member using NSCC SMA service. The vendor would customarily be expected to develop its own proprietary schemas for use in its own products and services. Similar to NSCC, a vendor could use the MMI Data Standards in developing its own proprietary schemas, and would also expect to be permitted to retain its proprietary interest in its own schemas.

In our comment letter filed in respect of the above-referenced proposed rule change,<sup>1</sup> we refer to NSCC's "SMA Service Protocols" (page 15), defined as "the standardized protocols and processes ...for the communication of SMA data between Sponsors and Managers".

---

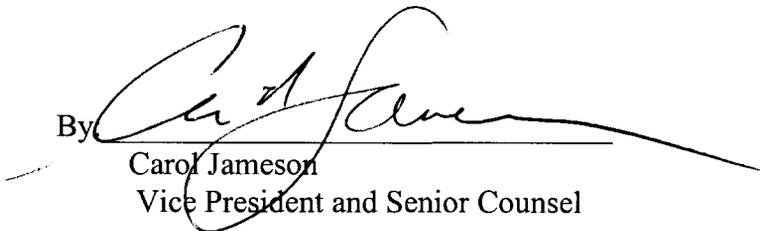
<sup>1</sup> See letter dated February 2, 2004 from Charles Douglas Bethill, Thatcher Proffitt & Wood, LLP to Jonathan G. Katz, Secretary, Securities and Exchange Commission (the "comment letter").

This term "SMA Service Protocols" refers to NSCC's overall technological implementation of our proposed SMA service: the programming, the communications, the processing and communication protocols, etc. The SMA Service Protocols contain elements proprietary to NSCC which were developed by NSCC, at NSCC's sole expense, independent of the MMI, the Subcommittee or any other third parties: elements such as the schemas, the NSCC communications hub, and certain processes and protocols unique to NSCC such as NSCC member numbers, certain exception processing and so forth. For this reason, we state on page 22 of the comment letter that the SMA Service Protocols are open to all users of the SMA Service, and all vendors will be permitted to build interfaces to the SMA Service Hub for the purposes of connecting users to NSCC's SMA Service, but that the SMA Service Protocols would not be available to third parties for the purpose of developing competing technology. We do not assert any proprietary interest in the MMI Data Standards by this statement nor would we seek to preclude any other party from using the MMI Data Standards in their development of their own product or service.

We believe that the SMA Service will provide substantial benefit to the industry, consistent with the conclusion cited in the vast majority of the comment letters filed by industry participants in response to our proposal, and that the proposed rule change should therefore be approved by the Commission without further delay.

Very truly yours,

National Securities Clearing Corporation

By   
Carol Jameson  
Vice President and Senior Counsel

cc: Larry Bergmann, Securities and Exchange Commission  
Jerry Carpenter, Securities and Exchange Commission  
Catherine Moore, Securities and Exchange Commission  
Christopher L. Davis, Money Management Institute



# THE MONEY MANAGEMENT INSTITUTE

1101 17th Street, NW, Suite 703, Washington, DC 20036-4726 • Phone: (202) 347-3858 • Fax: (202) 331-8446 • [www.moneyinstitute.com](http://www.moneyinstitute.com)

June 2, 2004

Carol A. Jameson, Esq.  
Vice President and Senior Counsel  
The Depository Trust & Clearing Corporation  
General Counsel's Office  
55 Water Street  
New York, NY 10041

Re: SR-NSCC-2003-21

Dear Ms. Jameson:

This letter confirms certain facts relating to the above-referenced rule change of NSCC to offer a service for the separately managed account industry.

## Continued Participation of CheckFree in the Development of the MMI Data Standards

The MMI Data Standards were developed by the MMI Technology and Operations Data Standards Sub-Committee. CheckFree has a representative on the Sub-Committee (Christine Rogers) and is granted full participation in Sub-Committee matters. Although Sub-Committee membership is generally restricted to entities which act in the capacity of sponsors or investment managers in the SMA industry, CheckFree's representative was permitted membership on the Sub-Committee by virtue of her committee participation as a representative of an investment manager prior to joining CheckFree. CheckFree was the first vendor represented on this Sub-Committee allowed this exception.

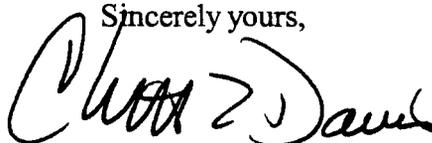
CheckFree was also represented on the MMI Technical Working Group for the duration of the first standards review (the Technical Working Group has not been reconvened to review the second standards set, as that set is still under formation by the larger Sub-Committee). The Technical Working Group is responsible for the technical review and analysis of the Standards proposed by the Sub-Committee. This group is comprised of individuals with technical expertise, representing both firms and vendors. The Technical Working Group is convened each time the Standards Sub-Committee completes the formulation of a set of standards and has not been reconvened since the first set of standards was published in late 2002.

MMI Copyright on MMI Data Standards

The MMI has copyrighted the Data Standards in order to preserve the integrity of the Data Standards as uniform standards arrived at through industry consensus. By maintaining a copyright, the MMI can better assure that the standards are not subsequently altered or customized and then misrepresented as being derived from the industry under the auspices of the MMI.

The MMI will not impose any license fees for use of the data standards and this is so stated on the MMI website where the standards are published. The MMI endorses making the standards available for industry use without charge.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Chris L. Davis". The signature is written in a cursive, flowing style with a large initial "C".

Christopher L. Davis  
Executive Director