

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6582

P&S#6152

DATE: March 7, 2008
TO: **ALL PARTICIPANTS**
ATTENTION: **OPERATIONS MANAGER/MANAGING PARTNER/OFFICER**
FROM: ELLEN FINE LEVINE
SUBJECT: YEAR-END REFUND FOR 2007

It is NSCC's policy to return to its users such revenues as the Board of Directors believes exceed the funds required for the company's operations.

At its December meeting, the Board determined that excess revenues of approximately \$222.3 million would be refunded to users of NSCC's services in 2007. Of that amount, approximately \$99.9 million has already been refunded through monthly discounts to members.

The company will refund the balance of its earnings (i) to Fund Members and Mutual Fund/Insurance Services Members who use mutual fund services, in an amount equivalent to their contribution to the net excess revenues generated by the mutual fund services during 2007 (approximately \$23.2 million) and (ii) to Members of the Corporation, all excess revenues over those specified in (i) above (projected to be approximately \$99.2 million), with each Member's share to be proportional to its share of the total applicable service fees eligible for discount or refund for the twelve month period ending December 31, 2007.

In 2005, the Board determined that the allocation of discounts and refunds should be adjusted so that those members that funded the cost of SIAC insourcing in prior years would receive first the benefits of any excess revenues attributable to insourcing savings (about \$67 million through 2006). The impact of this insourcing adjustment was reflected in 2005 and in the monthly discounts paid during 2006. The final adjustment of Members' discounts was reflected in the monthly discount for January 2007, and a final adjustment of the discounts on mutual fund services will be included in the calculation of the 2007 year-end refund.

In addition to the refunds noted above, participants received approximately \$218.9 million of interest income on their cash deposits to the NSCC clearing fund in 2007.

Refunds will be reflected on members' February bills.

If you have any questions on this notice, please contact your Relationship Manager or Gary J. LaCara, Vice President & Controller, at (212) 855-3430.

Ellen Fine Levine
Managing Director, CFO & Treasurer