

IMPORTANT NOTICE

National Securities Clearing Corporation



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Date: FEBRUARY 17, 2009 **REVISED FEBRUARY 27, 2009**
To: ALL PARTICIPANTS
Attention: MANAGER MUTUAL FUNDS OPERATIONS,
MANAGER DATA PROCESSING, MANAGER CASHIERS,
MANAGER P&S DEPARTMENT
From: WEALTH MANAGEMENT SERVICES – MUTUAL FUNDS
Subject: ENHANCEMENTS TO NETWORKING SERVICE

Effective Monday, May 18, 2009, National Securities Clearing Corporation (NSCC) will be implementing enhancements to the Networking Services for DTCC WebDirect and mainframe users.

Following are the planned modifications.

Fund/SERV Control Number on Broker Conversions

The Broker Conversion record (Record Type B50/B51) will now contain a new optional field for a 15 digit Fund/SERV Control Number to help funds identify accounts that remain in a “paid-in-waiting” status. This situation occurs when a Fund/SERV order settles but the associated registration rejects. Firms can now put the control number from the rejected registration on the Networking record. Please note however that the Fund/SERV Control Number will not be validated by the system.

New Transaction Type Values in Networking Activity Records

This enhancement will identify fund activity for Fund Closings, Fund Initiated Small Balance Redemptions, and Target Payment Plans.

The following 3 new optional values will be added to the Transaction Type on the Activity Detail record (Record Type F55, Sequence Number 1):

- 29 = Fund Closing
- 30 = Small Balance Liquidation
- 31 = Target Payment Plan

Non-Confidential

DTCC is now offering enhanced access to all important notices via a new, Web-based subscription service. The new notification system leverages RSS News feeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit http://www.dtcc.com/subscription_form.php.

The system requires the submission of the Cash Disbursement Indicator field on Record Type F55, Sequence Number 3 when the Transaction Type = 29, 30 or 31.

These new values will create settlement via the Networking Settlement File, allowing firms to systematically process the transactions on Broker-Controlled Networking Level 3 accounts. Similar to the settlement process established for Direct Redemption Transaction Types (02) an Activity Settlement Summary Output Detail Record (Record Type N75 on AutoRoute file 429) will be created for Level 3 accounts having a Cash Distribution Indicator of “Cash to Firm” or “Cash to Trust.”

End of Name in Networking Conversions

Participants receiving new or modified Name & Address data need to know where the shareholder’s name ends and where the shareholder’s address begins. The Account Line Indicator field on the Broker Conversion record (Record Type B51) and the Fund Conversion record (Record Type F51) that is optional will become required if any Name & Address information is provided. Acceptable values remain 1, 2, 3 or 4. **PLEASE NOTE: This requires a programming change for funds and firms.**

New Description Codes for Networking Activity

New codes will allow firms to better track fund generated activity on Direct Networking accounts. This table lists the acceptable alpha codes used by a Fund to identify an activity which took place and affected a shareholder's position at the Fund. These codes are used in lieu of certain Transaction Types on the Networking Activity Detail record (Record Type F55) and represents sub-categories of those transactions. Existing codes are in regular type while the new codes are highlighted in **BOLD TYPE**.

Transaction Description Code List

Code	Description
Transaction Type: 01 (Direct Purchase)	
A0	EFT Purchase
A1	Payroll Deduction
A2	Bank Wire
A3	Automated Voice Response System Purchase
A4	Money Fund Draft Purchase (draft drawn on same fund family)
A5	Government Allotment Purchase
A6	Current Year Contribution
A7	Prior Year Contribution
A8	IRA Rollover
A9	Trustee Transfer
AA	Stock Split
AB to AP	Reserved to Indicate Hold Period on Purchased Shares

Transaction Description Code List

Code	Description
AB	Hold 1 Day
AC - AP	Hold 2 Days to 15 Days
AQ	Non IRA Rollover
AR	Roth Conversion
AS	IRA Re-Characterization
AT	Non-Current Contribution beyond prior year
AU	529 Rollover Contribution – Contribution Portion
AV	529 Rollover Contribution – Earnings Portion
AW	529 Contribution – Negative Earnings Portion
AX	529 Contribution – Rollover
AY	529 – Aged Based Roll
Transaction Type: 02 (Direct Redemption)	
BO	EFT
B1	Bank Wire
B2	Automated Voice Response System Redemption
B3	Telephone Redemption
B4	Annual Custodian Fee
B5	Federal Taxes Withheld
B6	Alien Taxes Withheld
B7	Draft Reorder Fee
B8	Bank Wire Fee
B9	Exchange Fee
BA	Full Redemption
BB	Partial Redemption
BC	Reverse Stock Split
BD	Distribution - Death
BE	Distribution - Divorce
BF	Distribution - Premature
BG	Distribution - Hardship
BH	Short-Term Redemption Fee
BI	STR with CDSC
BJ	529 Redemption - Contribution Portion

Transaction Description Code List

Code	Description
BK	529 Redemption - Earnings Portion
BL	529 Redemption – Negative Earnings Portion
BM	529 Redemption – Rollover
Transaction Type: 10 (Exchange Ex-Fund/SERV)	
J0	Systematic Exchange
J1	529 Exchange
Transaction Type: 11 (Fiduciary Fees)	
K0	Account Setup Fee
K1	Annual Custodian Maintenance
K2	Bank Wire
K3	Account Fee
K4	Trustee Fee
K5	Account Set Up Fee Reversal
K6	Annual Custodian Maintenance Fee Reversal
Transaction Type: 15 (Exchange Fee)	
O0	Asset Allocation Advisory Fee
Transaction Type: 16 (Certificate Deposit)	
P0	Certificate Issued
Transaction Type: 18 (Dividend Related Transaction)	
R0	Liquidation Due to Dividend Stock Reversal
R1	Share Adjustment Due to Dividend Stock Reversal
R2	Dividend Adjustment Due to Full Exchange
R3	Dividend Adjustment Due to Full Transfer
R4	Dividend Adjustment Due to Full Liquidation
R5	Dividend Withholding
R6	Dividend Withholding Adjustment
R7	Short Term Cap Gain
R8	Short Term Cap Gain Withholding
R9	Short Term Cap Gain Withholding Adjustment
RA	Long Term Cap Gain
RB	Long Term Cap Gain Withholding
RC	Long Term Cap Gain Withholding Adjustment

Transaction Description Code List

Code	Description
Transaction Type: 21 (Share Adjustment)	
U0	Stock Split Adjustment
U1	State Withholding
U2	State Withholding Adjustment
U3	Federal Withholding Adjustment
U4	Alien Taxes Withholding Adjustment
Transaction Type: 22 (Share Class Exchange)	
V0	Asset Allocation Rebalance Exchange
Transaction Type: 23 (Fund Merger Activity)	
W0	Fund Merger Non-taxable
W1	Fund Merger Taxable

New Systematic Program Codes Added to Networking Conversions

This enhancement allows the proper identification of transactions that are systematic or from unique programs. Fund and Broker Conversions (Record Types B50/51 and F51, respectively) will allow participants to establish and update Networked accounts with these new indicators.

The field name PAC Indicator will be changed to Systematic Contribution Indicator (SIP/PAC/PIP). The values and the edits for this field will not change.

The SWP/PAC Effective Date will be changed to Systematic Withdrawal/Contribution Effective Date. The values and the edits for this field remain the same as they are today.

A new field called Target Date Fund Indicator will be added to the Broker and Fund Conversion records. This indicator is **optional for Record Type B50** and Record Types B51/F51. The allowable values for this field are **space or 0 = No** and **1 = Yes**. A new J3 reject code will be added to state that the **Target Date Fund Indicator is Invalid**.

Enhanced Edit Checks for SDR Records

Additional edits will now be performed for Networking Standardized Data Reporting (SDR.) The Security Issue ID will be validated against fund membership information in Networking or Fund/SERV.

Facilitated Change of Broker/Dealer on Direct Networking Accounts

As-of February 6, 2009, the New/Contra Broker of Record field on the Fund Conversion record (Record Type F51) became optional and is not validated by the system. This facilitates Fund notification of a change in Broker/Dealer on a Direct Account.

Testing

Effective Tuesday, May 12, 2009, testing of the new record layouts and Web screen functionality will be accommodated in the Participant Services Environment (PSE) region. Participants will be affected by these changes and are advised to test. Participants wishing to test must contact the Enterprise Service Center (ESC) by calling the NSCC Production Support Hotline at 212-855-1144, option 5, option 2. To ensure proper setup for the PSE region, we recommend that you send ESC a notice at least three days prior testing.

Documentation

Modified record layouts, DTCC WebDirect User Guides, Technical Manuals, and Best Practices Guides will be available shortly on the Wealth Management Services Web site <http://www.dtcc.com>. Questions and comments regarding this Important Notice may be directed to Wealth Management Services at 212-855-8877, your Relationship Manager, or the undersigned at 212-855-5658

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