

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 7093
P&S#: 6664
Date: November 4, 2010
To: ALL PARTICIPANTS
Attention: MANAGING PARTNER/OFFICER, OPERATIONS
PARTNER/OFFICER, COMPLIANCE OFFICER
From: GENERAL COUNSEL'S OFFICE
Subject: PROPOSED RULE CHANGE – SR-NSCC-2010-15 - AMENDMENT
TO RULE 57 (“INSURANCE AND RETIREMENT PROCESSING
SERVICES”)

The National Securities Clearing Corporation (“NSCC”) filed for immediate effectiveness, SR-NSCC-2010-15, with the Securities and Exchange Commission (“SEC”) to amend NSCC’s Rules related to the Insurance and Retirement Processing Service (“IPS”) to offer a service related to the automation of the process to transfer, replace and exchange (collectively referred to as “Replace”) existing insurance contracts. The proposed IPS service will permit NSCC to centralize the processing of Replacements, automate that service to provide a uniform platform for Replacements and provide uniform rules and procedures. This service will also incorporate and automate the settlement of Replacements into NSCC’s existing settlement process for IPS.

NSCC has also proposed to update the Fee schedule to incorporate the fees associated with processing a Request for Replacement. The fee associated with a Request for Replacement and notification, including submitting incremental replacement status messages and money settlement, will be \$5.00 per Request for Replacement. The cost will be divided between the carriers associated with the transaction. The Receiving Carrier will pay \$3.75 per transaction, which is $\frac{3}{4}$ of the cost of the Replacements service. The Delivering Carrier will be responsible for the remaining \$1.25 fee, which is $\frac{1}{4}$ of the cost. The fee associated with obtaining the status of a pending Request for Replacement, including incremental statuses, is \$1.00 per pending status request. The cost will be divided evenly between the Receiving Carrier and the Distributor, each of which is responsible for paying a fee of \$0.50.

NSCC intends for the Replacements service to be implemented on or after January 1, 2011. Members will be notified of the implementation of this service via Important Notice.

The full text of the rule change is available at our website, www.dtcc.com. Comments, questions or inquiries regarding this Important Notice or the proposed rule change may be directed to Peter Le Piane, Director at email plepiane@dtcc.com or (212) 855-5606; any such comments will be forwarded to the SEC. Written comments may also be addressed to the Secretary of the Commission, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549-9303. We request that you provide NSCC with a copy of your comments.

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