

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 7118
P&S#: 6689
Date: December 15, 2010
To: ALL PARTICIPANTS
Attention: MANAGING PARTNER/OFFICER, OPERATIONS PARTNER/OFFICER,
COMPLIANCE OFFICER
From: GENERAL COUNSEL'S OFFICE
Subject: PROPOSED RULE CHANGE – SR-NSCC-2010-18 - AMENDMENT TO
RULE 57 (“INSURANCE AND RETIREMENT PROCESSING SERVICES”)

On December 10, 2010, National Securities Clearing Corporation (“NSCC”) filed a proposed rule change (SR-NSCC-2010-18) with the Securities and Exchange Commission (the “Commission”) pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934, as amended. The proposed rule change amends Rules and Procedures of NSCC (the “Rules”) to expand its existing Insurance and Retirement Processing Services (“IPS”) to include an Analytics Reporting Service that provides NSCC Members and Limited Members with the ability to perform market analysis (commonly referred to as “benchmarking data”) and conduct peer analysis, based on aggregate transactional data processed through IPS. Examples of data categories to be provided include: geographic location, and type of transaction.

In addition to the benchmarking data, the Analytics Reporting Service will also provide for a relative ranking of products and market participants (i.e., league tables) based on NSCC’s view of the insurance market provided by NSCC’s IPS. The Analytics Reporting Service will provide greater transparency to the insurance market. This proposed service will also assist NSCC Members and Limited Members in better understanding their business and the broader market for insurance products; help them to better understand investor needs; support the efficient development of products that meet investor needs; and assist them in making decisions related to sales, marketing and product development.

The Analytics Reporting Service will utilize IPS related clearing data for benchmarking purposes in a manner that is consistent with the existing Rules. NSCC will only release cleansed or aggregated reporting data to parties not directly involved in the transaction in a manner that will not reveal any proprietary or confidential information to other NSCC Members and Limited Members. Because some NSCC Members and Limited Members that utilize IPS (“IPS Members”) may consider the league tables to be a release of confidential or proprietary information, IPS Members will be permitted to “opt-out” of having IPS data attributed to them for this purpose. NSCC will publish an additional Important Notice notifying IPS Members of the opt-out periods. Additional information on the requirements to “opt-out” is included in the rule filing. This proposed service will also permit IPS Members to prevent the disclosure or attribution of transactions to a specific IPS Member, in order to permit compliance with the laws and regulations governing disclosure of such information prior to earnings reporting. Please contact your Relationship Manager for further details in this regard.

The fees associated with the utilization of the Analytics Reporting Service will be provided in a subsequent proposed rule filing. Until the fees are published, NSCC Members and Limited Members will be able to utilize

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the Analytics Reporting Service without any additional charge to the current Financial Activity Reporting fees. NSCC anticipates making this service available to non-members; however, such parties will not be able to utilize the service until appropriate fees for non-members have been published.

The full text of the rule change (SR-NSCC-2010-18) is available at NSCC's website at www.dtcc.com. Comments, questions or inquiries regarding this Important Notice or the proposed rule change may be directed to Peter Le Piane, Vice President at email plepiane@dtcc.com or (212) 855-5606; any such comments will be forwarded to the Commission. Written comments may also be addressed to the Secretary of the Commission, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549-1090. We request that you provide NSCC with a copy of your comments.