

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 7128
P&S#: 6699
Date: December 29, 2010
To: ALL PARTICIPANTS
Attention: MANAGING PARTNER/OFFICER
OPERATIONS PARTNER/OFFICER
MANAGER P&S DEPARTMENT
MANAGER DATA PROCESSING DEPARTMENT
From: Paula Arthus, Managing Director, Relationship Management
Subject: 2011 NSCC Fee Adjustments

During 2010, DTCC has undertaken a complete appraisal of our risk management practices, processes and methodologies. This effort marks the beginning of a complete transformation for DTCC, as expectations for our risk reduction and risk mitigation role have been significantly raised. This is directly related to the financial crisis that peaked about two years ago. This transformation entails, among other things, the expansion of risk management staff, enhancing risk management systems and processes, implementing a capability for the development of analyses and action plans to address systemic risk issues in DTCC's own systems and in industry functions we support, and other enhancements to the important control functions DTCC provides for the industry.

At the same time, DTCC continues to see significantly depressed transaction volumes and values, as compared with periods before the financial crisis.

Given DTCC's risk management demands and the market environment, at the recommendation of DTCC management, DTCC's Board of Directors has approved a 16% fee increase for selected business lines across the U.S. regulated subsidiaries. These fee adjustments are consistent with our Board's direction to operate at a consolidated margin at or about 15% across the regulated entities, and result in an aggregate increase to NSCC fees of \$41 million, or approximately 20% of NSCC's 2010 revenues. Wealth Management Services and the Insurance and Retirement Services fees will remain unchanged from 2010 levels.

The Equity Clearance & Settlement fee increases are based on the assumptions of a 17% decrease in trade sides and a corresponding 19% decrease of value Into the Net from 2010 levels.

The Equity Clearance & Settlement fee increases for existing services include Equity Trade Recording & Netting, ACATS, Envelope Services and Corporate & Municipal Bond Trade Recording. Additionally, effective April 1, 2011, a new Sub-Penny Clearance fee structure will be introduced to recover the additional costs associated with exception processing and the risk management inherent in this asset class. Wealth Management Services will introduce a new flat monthly fee for transmission of

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Networking Omnibus Activity / Position files (OmniSERV) and the Alternative Investment Product (AIP) Service will introduce a new tiered fee schedule.

Should actual volumes in 2011 deviate from the planning assumptions, management will consider a mid-year fee adjustment.

The details of the revisions to NSCC's fees can be found in the attached 2011 NSCC Participant Fee Adjustment table. Appropriate rule filings will be made with the Securities and Exchange Commission. Concurrent with the implementation of NSCC fee changes, DTC is also issuing an Important Notice for fee changes (see DTC Important Notice B# 7824-10). All fees are scheduled to become effective **January 3, 2011** for billing in February 2011.

If you have any questions regarding the fee revisions or would like to discuss the impact these changes will have to your firm's bill, please contact your Relationship Manager.

2011 NSCC Participant Fee Adjustments

Fee ID	Service	Existing Fee	New Fee	Per
Corporate and Municipals				
2119	Corporate	\$ 0.65	\$ 0.85	Per Side
2121	Municipal	\$ 0.65	\$ 0.85	Per Side
Equities Trade Clearance				
	Equity Clearance	Tiered		Per side. Fee tiers based on total clearing units in the billing month
2481	Tiered Fee Structure			
	0 -35,000 units	\$ 0.02300	\$ 0.03300	Per side per month
	35,001 -42,000,000 units	\$ 0.00126	\$ 0.00183	Per side per month
	over 42,000,000 units	\$ 0.00066	\$ 0.00096	Per side per month
2482	Into the Net Value	\$ 0.151	\$ 0.219	Per million dollars,
2483	Out of the Net Value	\$ 1.360	\$ 1.970	Per million dollars,
ACATS				
2212	Asset addition	\$ 0.03	\$ 0.05	Per Side
2213	Settled Positions	\$ 0.03	\$ 0.05	Per Side
Envelope Services				
2145	Intracity Deliveries	\$ 5.00	\$ 10.00	Per envelope
2149	Receives and Settlement	\$ 5.00	\$ 10.00	Per envelope received and settled
2152	FOSS	\$ 5.00	\$ 10.00	Per envelope delivered, received and reclaimed by the participant via FOSS
2156	Dividend Settlement Service (DSS)	\$ 1.00	\$ 10.00	Per envelope, for both receives and delivers

2011 NSCC Fees - New

Fee ID	Service	Existing Fee	Fee	Per
Sub - Penny Pricing				
TBD	Sub -Penny Clearance Activity Fee	--	TBD	New pricing structure effective Q2 2011
Wealth Management - OmniSERV				
2526	OmniSERV Monthly Membership Fee	--	\$ 2,500.00	Month
Alternative Investment Products (AIP)				
Non-Traded REITS & Managed Futures				
	Records			
	First 0 – 2,999,999 per calendar year		\$ 0.10	Record
	Next 1,000,000 per calendar year		\$ 0.09	Record
	Next 1,000,000 per calendar year		\$ 0.08	Record
	All additional records per calendar year		\$ 0.07	Record
	Trades			
	First 10,000 trades per calendar year		\$5.00	Trade
	Next 10,000 trades per calendar year		\$4.75	Trade
	Next 10,000 trades per calendar year		\$4.00	Trade
	All additional trades		\$4.00	Trade
Hedge Funds & Other Investment Products (Other than Non-Traded REITS and Managed Futures)				
	Records		\$1.00	Per record
	Trades		\$30.00	Per Trade