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P&S#	7042
Date:	AUGUST 16, 2012
To:	ALL PARTICIPANTS
From:	WEALTH MANAGEMENT SERVICES – MUTUAL FUNDS
Attention:	MANAGER MUTUAL FUNDS OPERATIONS, MANAGER DATA PROCESSING, MANAGER CASHIERS, MANAGER P&S DEPARTMENT
Subject:	MUTUAL FUND - FUND/SERV and NETWORKING ENHANCEMENTS

Effective, **Monday, February 4, 2013**, National Securities Clearing Corporation (NSCC) will implement enhancements to **Fund/SERV** and **Networking**. As part of this release, NSCC will:

- Enhance existing Asset Type Indicator on Fund/SERV records to better define distribution options related to Omnibus processing.
- Add a new NAV Reason Code option to Fund/SERV.
- Enhance existing Fund/SERV and Networking records to support voluntary cross class exchange processing.
- Enhance existing Networking records to further support information necessary for cost basis reporting.
- No longer allow Matrix Level 1 and 2 information to be transmitted through NSCC. NSCC will retire these matrix levels.

The following **Fund/SERV** records will be enhanced to support Asset Type Indicator changes:

- Order Record 001
- As-Of Order/Confirmation/Reconfirmation/Fund Originated Order/Fund Originated As-Of Order/Post Settlement Cancellation by Fund Records 004/005/006/007/009/140
- Correction/Correction Confirmation/Post Settlement Correction by Fund Records 003/025/026

A new Self Directed Brokerage Account value will be added to the NAV Reason code field on the following **Fund/SERV** records:

- Order Record 001
- As-Of Order/Confirmation/Reconfirmation/Fund Originated Order/Fund Originated As-Of Order/Post Settlement Cancellation by Fund Records 004/005/006/007/009/140
- Correction/Correction Confirmation/Post Settlement Correction by Fund Records 003/025/026
- Exchange Order 015
- Exchange Confirmation/Exchange Reconfirmation/Post Settlement Exchange Cancellation Records 016/017/021

New Voluntary Cross Class Exchange values will be added to the following **Fund/SERV** and **Networking** records:

- Fund/SERV Exchange Order 015
- Fund/SERV Exchange Confirmation/Exchange Reconfirmation/Post Settlement Exchange Cancellation 016,017,021
- Networking Activity Reporting F55
- Networking Activity/Balance Trailer F56

The following **Networking** records will be enhanced to further support cost basis reporting and new voluntary cross class exchanges:

- Transfer Detail/Fund Acknowledgment A/B/T52, F53
- Activity Detail Reporting F55

Networking Indicator values Matrix Level 1 and 2 will be removed from all NSCC records.

TESTING

Effective **Friday, January 11, 2013** participants can begin testing in the Participant Services Environment (PSE) test region.

Participants are encouraged to test and must contact their Relationship Manager before testing begins to ensure proper setup for the PSE region. Relationship Managers should be contacted at least three (3) days prior to testing.

DOCUMENTATION

Updated record layouts will be available on or about **August 31, 2012** and can be located on DTCC's website: http://www.dtcc.com/products/wealthmgmt/members/record_layouts.php

Fund/SERV and Networking documents will be updated and available on or about **February 4, 2013**. An email notification will be sent upon posting of the documentation to our website.

The record and field format information provided within this Important Notice is for informational purposes only and does not constitute the final record layouts. NSCC reserves the right to make additional changes to the record layouts prior to implementation.

Questions and comments regarding this Important Notice may be directed to your Wealth Management Services Relationship Manager at 212-855-8877.

Therese Leahy
Product Manager
DTCC Wealth Management Services
212-855-2770

Fund/SERV Enhancements
(Mainframe and WebDirect screens)

Changes to the DCC&S Asset Type Indicator field will affect the following records:

1. **001 - Order Record, 2 of 6 (Part 1)**
2. **004/005/006/007/009/140 - As-Of Order/Confirmation/Reconfirmation/Fund Originated Order/Fund Originated As-Of Order/Post Settlement Cancellation by Fund Records, 2 of 7 (Part 1)**
3. **003/025/026 - Correction/Correction Confirmation/Post Settlement Correction by Fund Records, 2 of 13 (Part 3)**

➤ **Enhance Asset Type Indicator field to include the following:**

- **Change Option L description from**
Omnibus Distribution Reconciliation to Omnibus Dividend Reconciliation
- **Create 2 new Asset Type Indicator options:**
S = Omnibus Short-term Capital Gain Reconciliation
T = Omnibus Long-term Capital Gain Reconciliation

New description and options are intended to better define Omnibus transactions related to distribution pay types, providing further transparency for funds.

Current Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req	Reject Code
Asset Type Indicator	63	63	1	A/N	0 = Not applicable 1 = Current year payment 2 = Prior year payment 3 = IRA rollover 4 = Asset transfer 5 = Employee - prior year 6 = Employee - current year 7 = Employer - prior year 8 = Employer - current year 9 = Non-fund prototype IRA A = Non-fund qualified plan C = Salary Reduction Contribution D = 529 Current Year Contribution E = UGMA account transferred to Section 529 Account F = 529 Underlying Fund Trades G = Share Class Conversion H = Health Savings Account I = Insurance Fund Transactions J = Non-Qualified Retirement Plan K = Qualified Retirement Plan L = Omnibus Distribution Reconciliation M = Variable Annuity N = Wrap Program O = Defined Benefit Plan P = 529 Previous Year Contribution Q = 529 Current Year Contribution D, P and Q relate to Section 529	0 = Not applicable 1 = Current year payment 2 = Prior year payment 3 = IRA rollover 4 = Asset transfer 5 = Employee - prior year 6 = Employee - current year 7 = Employer - prior year 8 = Employer - current year 9 = Non-fund prototype IRA A = Non-fund qualified plan C = Salary Reduction Contribution D = 529 Current Year Contribution E = UGMA account transferred to Section 529 Account F = 529 Underlying Fund Trades G = Share Class Conversion H = Health Savings Account I = Insurance Fund Transactions J = Non-Qualified Retirement Plan K = Qualified Retirement Plan L = Omnibus Dividend Reconciliation M = Variable Annuity N = Wrap Program O = Defined Benefit Plan P = 529 Previous Year Contribution Q = 529 Current Year Contribution S = Omnibus Short-term Capital Gain Reconciliation T = Omnibus Long-term Capital Gain Reconciliation D, P and Q relate to Section 529	R	017

Changes to the TPA/Investment Agent/TPP Number field will affect records:

- 4. **001 - Order Record, 1 of 6 (Part 1)**
- 5. **003/025/026 - Correction/Correction Confirmation/Post Settlement Correction by Fund Records, 1 of 13 (Part 3)**

- **Change Asset Type Indicator requirement references to include new options**
 - Change description field to include 2 new Asset Type Options S (Omnibus Short-term Capital Gain Reconciliation) and T (Omnibus Long-term Capital Gain Reconciliation)

The conditional requirements for this field are modified in order to incorporate the additional Asset Type Indicator options being added.

Current Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req	Reject Code
TPA/Investment Agent/TPP Number	85	88	4	A/N	Required if: Originator type = (T or P or A or V) OR Membership Identifier = 02 or 03 If Originator Type = T or P, then Asset Type Indicator must be F through O (indicating DCC&S)	Required if: Originator type = (T or P or A or V) OR Membership Identifier = 02 or 03 If Originator Type = T or P, then Asset Type Indicator must be F through O, or S or T (indicating DCC&S)	OC	188

- 6. **004/005/006/007/009/140 - As-Of Order/Confirmation/Reconfirmation/Fund Originated Order/Fund Originated As-Of Order/Post Settlement Cancellation by Fund Records, 1 of 7 (Part 1)**

- **Change Asset Type Indicator requirement references to include new options**
 - Change description field to include 2 new Asset Type Options S (Omnibus Short-term Capital Gain Reconciliation) and T (Omnibus Long-term Capital Gain Reconciliation)

Current Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req	Reject Code
TPA/Investment Agent/TPP Number	85	88	4	A/N	Required if: Originator type = (T or A or V) OR Membership Identifier = 02 or 03 If Originator Type = T or P, then Asset Type Indicator must be F through O (indicating DCC&S)	Required if: Originator type = (T or A or V) OR Membership Identifier = 02 or 03 If Originator Type = T or P, then Asset Type Indicator must be F through O, or S or T (indicating DCC&S)	OC	188

Changes to NAV Reason Code field will affect the following records:

7. **001 - Order Record 3 of 6 (Part 1)**
8. **004/005/006/007/009/140 - As-Of Order/Confirmation/Reconfirmation/Fund Originated Order/Fund Originated As-Of Order/Post Settlement Cancellation by Fund Records, 3 of 7 (Part 1)**
9. **015 - Exchange Order Record, 3 of 5 (Part 1)**
10. **016/017/021 - Exchange Confirmation/Exchange Reconfirmation/Post Settlement Exchange Cancellation Records, 3 of 12 (Part 2)**
11. **003/025/026 - Correction/Correction Confirmation/Post Settlement Correction by Fund Records, 3 or 13 (Part 3)**

➤ **Modify NAV Reason Code field**

- Add a new value of Self Directed Brokerage Account to the NAV Reason Code field.

This new code is intended for load funds that agree to waive front end sales and CDSC and agree to offer funds at NAV if the transaction has a NAV Reason Code of Self Directed Brokerage Account.

Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req	Reject Code
NAV Reason Code	78	78	1	A/N	Required if Trans Type = 3. 0 = Other 1 = Net asset value transfer 2 = Repurchase 3 = Employee 4 = Error correction 5 = Wrap fee account 6 = NAV commissionable 7 = Commissionable defined contribution plan 8 = Non-commissionable defined contribution plan 9 = Section 529 Account - Qualified State Tuition Program A = Dividend reinvestment trade B = Trust Company NAV per Agreement C = Refer to Asset Type Indicator D = De minimis Amount Processed at NAV	Required if Trans Type = 3. 0 = Other 1 = Net asset value transfer 2 = Repurchase 3 = Employee 4 = Error correction 5 = Wrap fee account 6 = NAV commissionable 7 = Commissionable defined contribution plan 8 = Non-commissionable defined contribution plan 9 = Section 529 Account - Qualified State Tuition Program A = Dividend reinvestment trade B = Trust Company NAV per Agreement C = Refer to Asset Type Indicator D = Deminimis Amount Processed at NAV E = Self Directed Brokerage Account	OC	104

The addition of Voluntary Cross Class exchanges will affect the following records:

12. 015 - Exchange Order Record, 1 of 5 (Part 1)

13. 016/017/021 - Exchange Confirmation/Exchange Reconfirmation/Post Settlement Exchange Cancellation Records, 1 of 12 (Part 2)

- **Add two options to the Transaction Type field**
 - Add new ‘Voluntary Cross Class Exchange to new account’
 - Add new ‘Voluntary Cross Class Exchange to existing account’

The addition of these new values will allow participants to identify if an exchange is to a new or existing account due to an exchange or a voluntary cross class exchange.

Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req	Reject Code
Transaction Type	57	57	1	A/N	6 = Exchange to new account 7 = Exchange to existing account	6 = Exchange to new account 7 = Exchange to existing account C = Voluntary Cross Class Exchange to new account D = Voluntary Cross Class Exchange to existing account	R	017

14. 015 - Exchange Order Record, 4 of 5 (Part 1)

- **Add a new optional/conditional requirement to Exchange to Account Number field**
 - Add Transaction Type D (Voluntary Cross Class Exchange to Existing Account Number) requirement option

Participants will be required to provide the new ‘to’ side account number.

Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req	Reject Code
Exchange to Account Number	22	41	20	A/N	Required if Transaction Type = 7	Required if Transaction Type = 7 (Exchange to existing account number), or D (Voluntary Cross Class Exchange to Existing Account Number)	OC	011

Networking Enhancements

(Mainframe and WebDirect screens)

15. A/B/T52, F53 – Transfer Detail/Fund Acknowledgment Record, Seq 3

- **Add a new optional/conditional ‘Initiating Firm’ field**
 - Add rule “Required for A/B/T52 if Transaction Type = 4 (Mass Broker to Broker Conversion)”

This new field will define the initiator of a Mass Broker to Broker transfer.

Field Name	Start	End	Len	Type	Current Description	Opt/ Req 52/53
Initiating Firm	86	89	4	A/N	NSCC Participant Number Required for A/B/T52 if Transaction Type = 4 (Mass Broker to Broker Conversion)	OC/O

16. F55 – Activity Reporting Detail Record, Seq 1

- **Transaction Type field**
 - Add new ‘Direct Voluntary Cross Class Exchange’ option 35

This new option will allow a fund to report a transaction processed directly at the fund due to a Voluntary Cross Class Exchange.

Field Name	Start	End	Len	Type	Current Description	New Description	Opt/ Req
Transaction Type	23	24	2	A/N	01 = Direct Purchase 02 = Direct Redemption 03 = Pre-Authorized Check (PAC) 04 = Check Redemption 05 = LOI Adjustment 06 = ROA Adjustment 07 = Dividend Adjustment 08 = Long Term Capital Gain Adjustment 09 = Fund Price Adjustment 10 = Exchange Ex-Fund/SERV 11 = Fiduciary Fees 12 = Reinvest from other Fund 13 = Direct Transfer 14 = Systematic Withdrawal Plan 15 = Exchange Fee 16 = Certificate Deposit 17 = Short Term Cap Gain Adjustment 18 = Dividend Related Transaction 19 = N/A 20 = N/A 21 = Share Adjustment 22 = Share Class Exchange 23 = Fund Merger Activity 24 = Purchase Cancellation 25 = Redemption Cancellation 26 = Gain on Collectables Adjustment 27 = Section 1202 Gain Adjustment 28 = Un-recaptured Section 1250 – Gain Adjustment 29 = Fund Closing 30 = Small Balance Liquidation 31 = Target Payment Plans 32 = Accrual Adjustment (Effective October 17, 2011) 33 = Transfer From – Cancellation 34 = Transfer to – Cancellation 50 = Closing balance record	01 = Direct Purchase 02 = Direct Redemption 03 = Pre-Authorized Check (PAC) 04 = Check Redemption 05 = LOI Adjustment 06 = ROA Adjustment 07 = Dividend Adjustment 08 = Long Term Capital Gain Adjustment 09 = Fund Price Adjustment 10 = Exchange Ex-Fund/SERV 11 = Fiduciary Fees 12 = Reinvest from other Fund 13 = Direct Transfer 14 = Systematic Withdrawal Plan 15 = Exchange Fee 16 = Certificate Deposit 17 = Short Term Cap Gain Adjustment 18 = Dividend Related Transaction 19 = N/A 20 = N/A 21 = Share Adjustment 22 = Share Class Exchange 23 = Fund Merger Activity 24 = Purchase Cancellation 25 = Redemption Cancellation 26 = Gain on Collectables Adjustment 27 = Section 1202 Gain Adjustment 28 = Un-recaptured Section 1250 – Gain Adjustment 29 = Fund Closing 30 = Small Balance Liquidation 31 = Target Payment Plans 32 = Accrual Adjustment (Effective October 17, 2011) 33 = Transfer From – Cancellation 34 = Transfer to – Cancellation 35 = Direct Voluntary Cross Class Exchange 50 = Closing balance record	R

17. F55 – Activity Reporting Detail Record, Seq 2

- **Add 2 new requirement options to Cross Security Issue Number field**
 - Add 22 = Share Class Exchange requirement option
 - Add 35 = Direct Voluntary Cross Class Exchange requirement option

NSCC will include Transaction Type 22 (Share Class Exchange) as a requirement for this field and the addition of the new field (35 = Direct Voluntary Cross Class Exchange). The Cross Security Issue Number field will become required for these Transaction Types.

Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req
Cross Security Issue Number	47	55	9	A/N	Required for Transaction Types 10 (including Transaction Description Code starting with 'J'), 12, and 23 (including Transaction Description code starting with 'W')	Required for Transaction Types 10 = Exchange Ex-Fund/SERV 12 = Reinvest from other Fund 22 = Share Class Exchange 23 = Fund Merger Activity 35 = Direct Voluntary Cross Class Exchange Also Required for Transaction Description Codes starting with 'J' and 'W'	OC

18. F55 – Activity Reporting Detail Record, Seq 4

- **Modify Record Requirement by adding two new conditional requirements to record/sequence 4**
 - If Transaction Type = 33 (Transfer From – Cancellation) in record F55 sequence #1, then record 4 will become required
 - If Transaction Type = 34 (Transfer To – Cancellation) in record F55 sequence #1, then record 4 will become required
- **Modify Opposing Fund Account Number field by adding two optional/conditional requirements**
 - Transfer From – Cancellation (33)
 - Transfer To – Cancellation (34)

This enhancement will require the opposing fund number to be submitted providing firms with further transparency of necessary information for cost basis reporting.

Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req
Opposing Fund Account Number	39	58	20	A/N	Required for Transaction Type 13 (Direct Transfer). Value is generated by the Fund.	Required if Transaction Type = 13 (Direct Transfer) 33 (Transfer From – Cancellation) 34 (Transfer To – Cancellation) Value is generated by the Fund	O/C

19. F55 – Activity Reporting Detail Record, Seq 5

- **Record Requirement – Change rule for F55, Seq 5 from Optional to Optional/Conditional**
 - Create rule - This record is required if Transaction Type =
 - 13 (Direct Transfer) in record F55 sequence #1
 - 33 (Transfer From – Cancellation) in record F55 sequence #1
 - 34 (Transfer To – Cancellation) in record F55 sequence #1
- **Modify Opposing Clearing/Settling Firm field**
 - Change from Optional to Optional/Conditional
 - Add Rule “Required if Transaction Type = Direct Transfer (13), Transfer From – Cancellation (33) or Transfer To – Cancellation (34)”
- **Modify Opposing Network Control Indicator field**
 - Change from Optional to Optional/Conditional
 - Add Rule “Required if Transaction Type = Direct Transfer (13), Transfer From – Cancellation (33) or Transfer To – Cancellation (34)”

This enhancement will require the below fields to be submitted, providing firms with further transparency of necessary information for cost basis reporting.

Field Name	Start	End	Len	Type	Current Description	New Description	Current Opt/Req	New Opt/Req
Opposing Clearing/Settling Firm Number	23	26	4	N	NSCC participant number of the Firm or Fund (in the case of a direct Level 0 Account)	NSCC participant number of the Firm or Fund (in the case of a direct Level 0 Account) Required if Transaction Type = 13 (Direct Transfer) 33 (Transfer From – Cancellation) 34 (Transfer To – Cancellation)	O	O/C
Opposing Network Control Indicator	27	27	1	A/N	0 = Level 0 1 = Level 1 2 = Level 2 3 = Level 3 4 = Level 4	0 = Level 0 ¹ 3 = Level 3 4 = Level 4 Required if Transaction Type = 13 (Direct Transfer) 33 (Transfer From – Cancellation) 34 (Transfer To – Cancellation)	O	O/C

¹ New description also reflects changes to sunsetting matrix levels 1 & 2.

20. F56 – Activity/Balance Input/Output Trailer Record, Seq 2

- **Create new total field for Voluntary Cross Class Exchanges**
 - New field is optional

The total number of voluntary Cross Class Exchanges will be calculated and reported in this new field on the trailer record.

Field Name	Start	End	Len	Type	Description	Opt/ Req
Total Number of Voluntary Cross Class Exchanges	78	82	5	N	Total for Transaction Type 35	O

21. Networking Indicator 1 and 2

Networking Indictors (Matrix Levels) 1 and 2 will be retired; therefore, all applicable record layouts will be updated to remove reference to these matrix levels.