



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information**

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change.
  - (a) The proposed rule change (which contains detailed information on the specific fee changes described below) is annexed hereto as Exhibit 5.
  - (b) Not applicable.
  - (c) Not applicable.
2. Procedures of the Self-Regulatory Organization.
  - (a) The proposed changes were approved by the NSCC Operations and Planning Committee on November 17, 2006.
3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.
  - (a) The purpose of the proposed rule change is to revise fees for certain services provided by NSCC.

These changes include the following fee reductions to align fees with costs of delivering services:

- Significant fee reductions in Continuous Net Settlement Services,
- Fee reductions in Automated Customer Account Transfer Services (ACATS), and
- Reductions in Mutual Fund Networking activity fees.

In addition, NSCC is introducing new fees for dividend and interest payment processing (and related research), which will help standardize and simplify fees between NSCC and DTC. Additionally, NSCC is also introducing a new disincentive fee for CNS Fails to Deliver to encourage participants to address aged fails.

Information on specific fee changes is included in the attached Exhibit 5.

Except as otherwise noted on Exhibit 5, the proposed fee changes will become effective on January 2, 2007.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, because it updates NSCC's fee schedule. As such, it provides for the equitable allocation of fees among its participants.

4. Self-Regulatory Organization's Statement on Burden on Competition.

NSCC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others.

Written comments relating to the proposed rule change have not yet been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

6. Extension of Time Period for Commission Action.

NSCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D).

(a) The proposed rule change is to take effect pursuant to paragraph A of Section 19(b)(3).

(b) The proposed rule change establishes or changes a due, fee, or other charge applicable only to a member.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission.

The proposed rule change is not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

Exhibit 1 - Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 - n/a

Exhibit 3 - n/a

Exhibit 4 - n/a

Exhibit 5 - Proposed Rule Text

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**

**(Release No. 34-\_\_\_\_\_ ; File No. SR-NSCC-2006-19)**

**SELF-REGULATORY ORGANIZATIONS**

Proposed Rule Change by NATIONAL SECURITIES CLEARING CORPORATION  
("NSCC") to modify its fee schedule.

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Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on \_\_\_\_\_, NSCC filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The text of the proposed rule change is attached hereto as Exhibit 5.

**II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, NSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NSCC has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of such statements.

**A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.**

(i) The purpose of the proposed rule change is to revise fees for certain services provided by NSCC.

These changes include the following fee reductions to align fees with costs of delivering services:

- Significant fee reductions in Continuous Net Settlement Services,

- Fee reductions in Automated Customer Account Transfer Services (ACATS), and
- Reductions in Mutual Fund Networking activity fees.

In addition, NSCC is introducing new fees for dividend and interest payment processing (and related research), which will help standardize and simplify fees between NSCC and DTC. Additionally, NSCC is also introducing a new disincentive fee for CNS Fails to Deliver to encourage participants to address aged fails.

Information on specific fee changes is included in the attached Exhibit 5.

Except as otherwise noted on Exhibit 5, the proposed fee changes will become effective on January 2, 2007.

(ii) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, because it updates NSCC's fee schedule. As such, it provides for the equitable allocation of fees among its participants.

**B. Self-Regulatory Organization's Statement on Burden on Competition.**

NSCC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

**C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others.**

Written comments relating to the proposed rule change have not yet been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

- Electronic comments may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or send an e-mail to [rule-comment@sec.gov](mailto:rule-comment@sec.gov). Please include File No. SR-NSCC-2006-19 on the subject line.
- Paper comments should be sent in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-1090.

All submissions should refer to File Number SR-NSCC-2006-19. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C 552, will be available for inspection and copying in the Commission's Public Reference Room Section 100 F Street, NE, Washington DC 20549-1090. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submission should refer to the file number above and should be submitted within \_\_\_\_\_ days after the date of publication.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Nancy M. Morris

TEXT OF PROPOSED RULE CHANGE

**Underlined, boldface** text indicates additions.

~~**Struck-through boldface**~~ text indicates deletions.

**Shaded** text indicates pending changes (pending SEC approval or pending implementation)

ADDENDUM A

NATIONAL SECURITIES CLEARING CORPORATION

FEE STRUCTURE

I. TRADE COMPARISON AND RECORDING SERVICE FEES - represents the fees to enter and correct original trade data.

A. Trade Comparison:

1. Each side of each stock, warrant or right trade submitted - \$.010 per 100 shares, with a minimum fee of \$.030 and a maximum fee of \$.60 being applicable.
2. Each side of each bond trade submitted - \$1.00 per side.
3. Each side of a compared trade in Foreign Securities - \$0.75, in addition to the fees provided for in I.A.1. above.

B. Trade Correction Fees:<sup>1</sup>

1. OTC Equity System Correction Fees:

a. All supplemental input after the night of Trade Date Advisory, As Of:

- (1) T+1 - \$.40 to the submitter
- (2) T+2 - \$.60 to the submitter
- (3) after T+2 - \$1.00 to the submitter

2. Listed Equity System Correction Fees:

Suggested Name Deletes submitted to the Corporation directly by participants on T+1 - \$.40 to both sides.

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<sup>1</sup> Trade Submission Fees (see I.A. above) will be charged in addition to the Trade Correction Fees detailed in I.B. Trade Correction Fees will not be applied on OCS, IDC and ACT input.

3. Bond Correction Fees:
    - a. All supplemental input after T (Advisory, As Of, Withhold) except for Trades Deleted:
      - (1) T+1 - \$.60 to the submitter
      - (2) T+2 - \$.90 to the submitter
      - (3) after T+2 - \$1.50 to the submitter
    - b. Trades Deleted:
      - (1) T+1 - \$.60 to both sides
      - (2) T+2 - \$.90 to both sides
      - (3) after T+2 - \$1.50 to both sides
  4. Trade Rejection Fee: \$.50 per bond reject.
- C. Trade recording fees will be charged as follows on those items originally compared by other parties, but cleared through the Corporation:<sup>2</sup>
1. Each side of each stock, warrant or right item entered for settlement, but not compared by the Corporation - ~~[\$.0015 per 100 shares, with a minimum fee of \$.0045 and a maximum fee of \$.09]~~ **the sum of a) a fixed fee of \$.0025, and b) a fee of \$.0006 per 100 shares, with a minimum fee of \$.0006 per 100 shares and a maximum fee of \$0.60 per 100,000 shares** being applicable.
  2. Each side of each bond item entered for settlement, but not compared by the Corporation - \$1.00 per side.
  3. Each side of a foreign security trade entered for settlement, but not compared by the Corporation - \$.75 per side.
- D. RECAPS<sup>3\*\*</sup>
- ~~1. Submission for Pricing - \$.50 per submission.~~
  - ~~2. Sides submitted for re-comparison - \$.75 per side.~~
- E. Index Receipts
1. Index Creation and Redemption Units - each side of each Index Creation and Redemption instruction submitted - \$30 per side.

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<sup>2</sup> Trade Recording Fees will be charged for all OCS and IDC input except for sides originally submitted correctly to the Corporation's comparison system.

<sup>3</sup> **The changes indicated below in this Section D shall take effect as of March 1, 2007.**

**\*\* The footnotes following this new footnote no. 3 will be renumbered accordingly.**

//. TRADE CLEARANCE FEES - represents fees for netting, issuance of instructions to receive or deliver, effecting book-entry deliveries, and related activity.

~~A. Receipts from CNS to satisfy a long valued position<sup>4</sup> - \$.30 per issue received.~~

~~B. Deliveries to CNS in the night processing cycle to cover a short valued position - \$.30 per delivery.~~

~~C. A.~~ Deliveries to CNS in the day processing cycle to cover a short valued position - ~~\$.75~~ \$.40 per delivery.

~~D. B.~~ Fails to Deliver to CNS (Short-In CNS) –

1. \$.25 per item short in CNS for 1 to 30 days at close of business.

2. \$.50 per item short in CNS for 31 to 60 days at close of business.

3. \$.75 per item short in CNS for 61 to 90 days at close of business.

4. \$1.00 per item per item short in CNS for more than 90 days at close of business.

~~E. C.~~ Trade Netting [Clearance (netting)] – The sum of \$[.007] .003 per side, plus 1) a “value into the net” fee of \$.19 per million dollars of processed value (i.e. for CNS and Balance Order netting, the sum of the contract amount and any CNS fail value), and 2) a “value out of the net” fee of \$.69 per million dollars of settling value (i.e. the absolute value of the CNS Long and Short Positions).

~~F. D.~~ Designated valued deliveries<sup>5</sup> (transaction processing) entered into the clearance system through special representative procedures - ~~\$[.05]~~ .0125 per side.

~~G. E.~~ Flip Trades - ~~\$[.005]~~ .0025 per side.

<sup>4</sup> Multiple receipts made in a deposit during a daily period due to partial delivery procedures as a result of timing differences will be considered as a single receipt and counted on a per-issue basis.

<sup>5</sup> A designated valued delivery is an instruction from a Special Representative to CNS to transfer a valued position from one participant to another participant or to a non-participant through a clearing interface.

**H. F.** Security orders generated<sup>6</sup> - \$.40 per item.

**I. G.** CNS Buy-In (long Broker and short Broker) - \$5.00 per item.

**J. H.** Clearing Interface Exemption or Inclusion Instruction to the Corporation - \$.75 per item.

**K. I.** Reorganizations

1. Mandatory Reorganizations - \$2.50 each

**Mergers, Redemptions and Liquidations**

2. Voluntary Reorganizations –

a. Long Broker (per input) \$15.00 each  
Automated Input

**Manual Input \$20.00 each**

b. Short Broker (per reorganization) ~~\$15~~ **\$35.00** each

**L. J.** Foreign Securities Transactions \$.50 per item in  
(Netted) addition to **H.F.** above

**K. Dividends**

**1. CNS Stock Dividend Payment (Long) - \$12.00 per item.**

**2. CNS Cash Dividend & Interest Payment (Long) - \$1.40 per item.**

**3. CNS Stock Dividend Payment (Short) - \$12.00 per item.**

**4. CNS Cash & Interest Payment (Short) - \$1.40 per item.**

**5. Research on invalid CNS dividend or interest claim - \$70 per claim**

**/// DELIVERY SERVICE FEES**

**A. Envelope Settlement Service:**

1. Intra-City Deliveries (ESS)<sup>7</sup>

<sup>6</sup> A security order, or non-CNS settling item, is an instruction to deliver or receive securities outside of the CNS system. These instructions will be generated when cleared securities are not eligible for CNS or when both parties to a transaction wish to settle in this manner. Security orders may be issued on an item-by-item basis or netted through Abalance order@ procedures.

	Night Zone Up to 9:15 a.m.	\$2.00 per envelope
	Early a.m. Zone 9:16 a.m. to 11:00 a.m.	\$3.00 per envelope
	Late a.m. Zone 11:01 a.m. to 11:30 a.m.	\$5.00 per envelope
	Reclamations 11:31 a.m. to 2:00 p.m.	\$5.00 per envelope
2.	ESS Receives	\$2.00 per envelope
3.	Inter-City Deliveries or Receives (IESS)	\$5.00 per envelope
B.	Funds Only Settlement Service <sup>8</sup>	
1.	Deliveries or Reclamations (except for reclamations of original deliveries made in the reclaim zone, for which there is no charge to the reclaiming participant)	\$5.00 per envelope
2.	Receives	\$5.00 per envelope
C.	Dividend Settlement Service (DSS)	\$1.00 per envelope
D.	New York State Transfer Taxes	\$1.00 per Form

#### IV. OTHER SERVICE FEES

A.	Deliver - Physical:	
1.	Over-the-Window Deliveries:	\$18.00 per envelope
2.	International receives through International Securities Clearing Corporation	\$.75 per envelope

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<sup>7</sup> At present, New York City.

<sup>8</sup> At present, New York City.

B. Receive - Physical:<sup>9</sup>

- |    |   |                            |
|----|---|----------------------------|
| 1. | Without collection (at other than primary receive location) | \$7.00 per item            |
| 2. | Against payment   | \$7.00 per item            |
| 3. | Over the Window Receives                                    | \$10.00 per item           |
| 4. | Other Envelopes   |                            |
| a. | FOSS Receives   | \$7.00 per item            |
| b. | DSS Receives  | \$3.50 per valued envelope |

C. Underwriting Pick-Up \$22.50 per pick-up

D. Customer Transfer in which the participant instructs the Corporation to physically act on their behalf: \$2.70 per item plus pass-through of any direct charges

E. Depository Handling Fees in which the the participant instructs the Corporation to act on their behalf:

- |    |  |                 |
|----|--|-----------------|
| 1. | Each physical item withdrawn from a participant's account in a depository by the Corporation at the participant request        | \$3.00 per item |
| 2. | Each physical item deposited by the Corporation to a participant's account plus any depository fees charged to the Corporation | \$.45 per item  |
| 3. | Deposit Rejects by a Depository  | \$3.00 per item |

F. Preparation Fees

- |    |   |   |
|----|---|---|
| 1. | Preparing DTC forms                                   | \$1.80 per item                               |
| 2. | Preparing securities and other envelopes for delivery | \$3.60 per item plus cost of delivery service |

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<sup>9</sup> Under instructions, the Corporation will receive envelopes from third parties, at the Corporation's offices.

	3.	Preparing securities for physical transfer, physical collateral loan or drafting	\$3.60 per item
	4.	Preparing DSS envelopes	\$3.60 per item
G.		Reorganizations	\$10.00 per item
H.		Non-CNS Buy-ins	\$10.00 per item
I.		Check and Draft processing	\$165.00 per month
J.		Reconciliation and Proof of Settlement	\$100.00 per month
K.		Processing Daily Settlement activity entered on Settlement Statement	\$1.00 per item (minimum \$25.00; maximum \$250.00 per month)
L.		Special EDP Tape Output	\$ 45.00 per report as requested by participant
M.		Automated Customer Account Transfer Service	
	1.	Transfer Initiation Form	
	a.	Standard	<del>\$.40</del> <u>\$.15</u> per submission
	b.	Non-Standard	<del>\$.40</del> <u>\$.15</u> per submission
	2.	Recording	
	a.	Asset Delivers	<del>\$.12</del> <u>\$.05</u> per asset which is reported by the delivering firm
	b.	Asset Receives	<del>\$.12</del> <u>\$.05</u> per asset which is received by the receiving firm
	3.	Corrections	<del>\$.12</del> <u>\$.05</u> per asset
		Asset additions, deletions, or changes	

- |    |                                       |  |
|----|---------------------------------------|--|
| 4. | Insurance Registrations               | \$.25 per insurance registration submitted, to the receiver and the deliverer  |
| 5. | Non-CNS Receive/Deliver Orders        | <del>\$.25</del> <b>\$.10</b> per order issued   |
| 6. | Adjustment of customer account number | \$.12 per adjustment   |
| 7. | Account Transfer Rejects*             | \$1.00 per full account reject per side where both parties are required by their designated examining authority or other regulatory body to use an automated customer account transfer service |

N.	Cost Basis Reporting Service	\$.09 per asset
O.	Fund/Serv <sup>10</sup>	
1.	Membership Fee: for each participating <b>[Settling]</b> Member, <b>Mutual</b> <b>Fund/Insurance Services</b> <b>Member</b> and Fund Member regardless of activity level	\$50.00 per month
2.	Transaction Fees:	\$.110 per side per order or transfer request settling through the Corporation  \$.175 per side per Fund/Serv Processing Only order or transfer request, both sides of which are payable by the Fund Member or Mutual Fund Processor <sup>11</sup>
P.	Networking <sup>9</sup>	
1.	Membership Fee: for each participating <b>[Settling]</b> Member, <b>Mutual</b> <b>Fund/Insurance Services</b> <b>Member</b> and Fund Member regardless of activity level	\$200.00 per month
2.	Activity Fee	<del>\$.0025</del> <b>\$.0015</b> per record
Q.	Mutual Fund Commission Settlement <sup>9</sup>	
1.	Membership Fee	\$50.00 per month
2.	Transaction Fees:	
a.	For the first 500,000 records submitted each	\$.30 per hundred records, \$50 minimum

<sup>10</sup> The maximum cumulative Membership Fee for Items O, P and Q, shall be \$200 per month.

<sup>11</sup> As defined in NSCC's Rule 52, a Mutual Fund Processor is a **[Settling]** Member **or Mutual Fund/Insurance Services Member** that is acting in the capacity of a Fund Member in connection with the issuance or redemption of fund shares.

month

- b. For each record in excess of 500,000, but not exceeding 1,000,000 submitted each month     \$.20 per hundred records
- c. For each record in excess of 1,000,000 submitted each month     \$.10 per hundred records

R. Fund/SPEED<sup>12</sup>

All Fund/SPEED fees are payable by the applicable Fund Member or Mutual Fund Processor.

- |    |   |  |
|----|---|--|
| 1. | Fund/SPEED Membership Fees for each participating Fund Member and Mutual Fund Processor <sup>10</sup> | \$250 per month for members with less than 25 Fund/SERV Eligible Funds<br><br>\$1,000 per month for such members with between 25 and 99 Fund/SERV Eligible Funds<br><br>\$2,500 per month for such members with 100 or more Fund/SERV Eligible Funds |
| 2. | Account Inquiry Fee   | \$.005 per inquiry (request and fund response)   |
| 3. | New Account Trade Transmission <sup>13</sup>  | \$.75 per order  |
| 4. | Subsequent Trade Transmission <sup>13</sup>   | \$.50 per order or transfer request  |
| 5. | Account Maintenance   | \$.25 per transaction  |

S. Profile

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<sup>12</sup> Fund/SPEED and Profile fees are payable in addition to any applicable fees payable under O, P & Q above.

<sup>13</sup> Refers to transmission of trade data via NSCC's XML communication's interface to Fund/SERV.

1. Membership Fee:<sup>11</sup>  
for each participating **[Settling]**  
Member, **Mutual Fund/Insurance**  
**Services Member** and Fund  
Member regardless of activity level.
  - a. Phase I (price and rate) only \$325.00 per month
  - b. Phases I and II \$750.00 per month

T. New York Window

1. Over The Window -  
Receives/Deliveries
  - a. 1-50 daily \$12.00 per item
  - b. 51-100 daily \$10.00 per item
  - c. 101 - and up daily \$8.00 per item
2. Branch Receives
  - a. With SIC validation \$3.50 per item
  - b. Without validation \$2.50 per item
3. Envelope Settlement Service/  
Receives
  - a. 1-100 daily \$6.00 per item
  - b. 101-150 daily \$5.00 per item
  - c. 151 - and up daily \$4.00 per item
4. Envelope Settlement Services/  
Deliveries \$6.00 per item
5. FOSS/DSS - Receives/Deliveries  
(Money Only) \$3.50 per item
6. Transfers \$15.00 per item
7. Reorganizations
  - a. One-Way \$15.00 per item

	b. Two-Way	\$18.00 per item
8.	Underwritings (Coordinating Distribution)	\$35.00 per hour
9.	Special Handling	\$35.00 per hour
10.	Custody (Per CUSIP)	\$.05 per day
11.	Return to Firm (Securities)	\$.10 per item
12.	Internal Cross - Receives/Deliveries	\$7.00 per item
13.	Messenger Service (Accommodation)	\$7.50 per hour
14.	Accommodation Handling	\$3.50 per item
15.	DTC Receives/Deliveries	\$3.00 per item
16.	Internal Tri-Party - Receives/Deliveries	\$7.00 per transaction plus \$1.00 per security
17.	Settlement Reconciliation	\$25.00 per day
U.	Insurance and Retirement Processing Services	
1.	Membership Fee <sup>14</sup> :	\$335 per month
	<p>Provided that the Membership Fee for 2-5 qualified<sup>15</sup> Memberships shall be \$550 per month, and the Membership fee for 6 or more qualified Memberships shall be \$750 per month.</p>	
2.	Transaction Fees <sup>16, 17</sup>	

<sup>14</sup> Payable from the time an applicant is approved as a new participant or, if a current participant, when it is approved for use of the service.

<sup>15</sup> Members are qualified if they are related by a common ownership scheme ~~and/or, if there is an operational support services agreement in existence between entities.~~

<sup>16</sup> Payable both for test and production transactions, provided that a participant in a pilot test program will not be charged for the transmission of pilot test files for the period from the date the participant commences participation in the pilot program, through the date that is the last business day of the calendar month immediately following the month during which the pilot

a. Positions (both Full and Focused)	
From 0 to 500,000 items/month	\$8.00 per 1,000 items
From 500,001 to 2,000,000 items/month	\$4.50 per 1,000 items
From 2,000,001 to 4,000,000 items/month	\$3.75 per 1,000 items
For 4,000,001 or more items/month	\$3.50 per 1,000 items
b. Asset Pricing	
From 0 to 49,999 items/month	\$0.75 per 1,000 items
From 50,000 to 249,999 items/month	\$0.65 per 1,000 items
From 250,000 to 999,999 items/month	\$0.55 per 1,000 items
More than 999,999 items/month	\$0.45 per 1,000 items
c. Commissions	
From 0 to 999 items/month	\$40.00 per 1,000 items
From 1,000 to 9,999 items/month	\$35.00 per 1,000 items
From 10,000 to 29,999 items/month	\$30.00 per 1,000 items
More than 29,999 items/month	\$25.00 per 1,000 items
d. Initial Application Information (APP)	
For members for whom settlement is available:	
From 0 to 1,999 items/month	\$3.00 per item

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enhancement or new IPS product is first released by NSCC into production.

<sup>17</sup> All Transaction Fees are per side, and both sides are charged for each item. **Volume is calculated on an aggregate basis among qualified carrier members or qualified distributor members, as applicable.**

	From 2,000 to 3,499 items/month	\$2.00 per item
	More than 3,499 items/month	\$1.00 per item
	For members for whom settlement is not available:	
	From 0 to 1,999 items/month	\$1.50 per item
	More than 1,999 items/month	\$1.00 per item
e.	Subsequent Activity (SUB)	\$0.50 per item
f.	Financial Activity Report (FAR)	\$0.05 per item
g.	Licensing and Appointments	(L&A)
	L&A Transaction	\$0.35 per item
	Periodic Reconciliation	\$0.15 per item
3.	File Fee <sup>13, 18</sup>	\$15.00 per file, per day
4.	Inforce Transaction Fees <sup>19</sup>	
a.	Customer Account Transfer Output	\$0.95 per transaction, charged to insurance carrier only
b.	Customer Account Transfer Confirm	\$0.40 per transaction, charged to both the insurance carrier and the receiving firm
c.	Time Expired Transaction	\$0.95 per transaction, charged to both the insurance carrier and the receiving firm
d.	Beneficiary Update	No Charge

<sup>18</sup> File Fee is applicable to all files, other than files that contain Licensing and Appointments (L&A) transmissions.

<sup>19</sup> Payable both for test and production transactions. Fees for test transactions will not be applicable until January 1, 2006.

Request

e.	Beneficiary Confirm	No Charge
f.	Registered Representative Change Request	\$0.70 per transaction, charged to both the insurance carrier and the firm
g.	Registered Representative Change Confirm	\$0.30 per transaction, charged to both the insurance carrier and the firm
h.	Brokerage Identification Number Change Request	\$0.50 per transaction, charged to both the insurance carrier and the firm
i.	Brokerage Identification Number Change Confirm	\$0.20 per transaction, charged to both the insurance carrier and the firm

V. Global Clearance Network Service

1. Instruction Processing Fees

a.	Receipt of transaction instructions from a Member via CPU/CPU or I.P.C.	\$2.25 per item
b.	Rejects - each instruction submitted resulting in a rejection	\$.75 per item
c.	Processing of Accepted Instructions - forwarding of instruction to agent bank	\$.75 per item

2. Reporting Fees

Receipt of Reports - fee charged each day a Member is sent a set of reports, per location, based on the method of distribution

- a. Machine Readable Output (MRO) \$10.00 per item
  - b. Print Image Output \$20.00 per item
  - c. Hardcopy or Mail \$50.00 per item
- W. International Link Service-Transaction Fees Per Agreement with Link Service Participant
- X. Account Information Transmission Service for each Member participating in the service \$200.00 per month**

V. PASS-THROUGH AND OTHER FEES

A. Participant Fees - represents the monthly fee for each number assigned to a Member or Municipal Comparison Only Member for participation by each Member or Municipal Comparison Only Member under such number in one or more of the specified services provided by the Corporation. The seven services and their related base fees are:

1. Trade Processing System

- a. For Members or Municipal Comparison Only Members with 10 or less assigned numbers \$1.00 per side for the first 150 sides compared per month under each assigned number with a minimum monthly fee of \$100.00 for Municipal Comparison Only Members and \$50.00 for other Members<sup>20</sup>
- b. For Members or Municipal Comparison Only Members with 11 or more assigned numbers<sup>21</sup> \$100.00 per month for each of the first 10 assigned numbers and \$25.00 per month for each number

<sup>20</sup> The first 150 sides per month is based on total sides compared by the Corporation, sides compared by other parties and forwarded to the Corporation for settlement, and sides entered by special representatives through transactions processing procedures (see II.F. above). It includes both stock and bond transactions and is applicable to sides settled through CNS, security order or interface processing.

<sup>21</sup> This fee shall apply only for those Members that do not require the Corporation to provide training to the organizations or entities on whose behalf the Member has requested the additional numbers. If the Corporation provides such training, then the fee provided for in subsection V.A.1.a. shall be applied and not this fee.

		assigned thereafter
2.	Envelope Settlement System (ESS, IESS and FOSS)	\$50.00 per month
3.	Dividend Settlement Service (DSS)	\$50.00 per month
4.	Qualified Special Representative	\$250.00 per month
5.	Trade input, either (a) as a Service Bureau or (b) by an affiliated Service Bureau	\$250.00 per month
6.	Global Clearance Network Service	\$100.00 per month
7.	International Link Service	Per Agreement with Link Service Participant

The maximum cumulative charge per number for items 1 through 3:

- a. For Members or Municipal Comparison Only Members with 10 or less assigned numbers \$200.00 per month

or

- b. For Members or Municipal Comparison Only Members with 11 or more assigned numbers<sup>22</sup> \$150.00 per month for each of the first 10 assigned numbers and \$75.00 per month for each number assigned thereafter

The minimum Participant Fee per number: \$100.00 per month for Municipal Comparison Only Members, \$50.00 per month for other Members, (except for numbers in excess of 10 assigned to Members or Municipal Comparison Only Members, where the

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<sup>22</sup> As with subsection V.A.1. above, this maximum charge shall apply only for those Members or Municipal Comparison Only Members that do not require the Corporation to provide training to the organizations or entities on whose behalf the Member or Municipal Comparison Only Member has requested the additional numbers. If the Corporation provides such training, then the maximum charge shall be \$200 per number.

minimum monthly  
Participant Fee is \$25.00  
per month)

B. Special Service Fees:

1. Commission Billing:
  - a. Debit \$\$.50 per item
  - b. Credit \$\$.50 per item
2. DTC Sponsored Accounts – available to each CNS participant who is not also a participant of DTC: Cost
3. For each broker/dealer on whose behalf participants have indicated they will act as provided in Rule 3, Section 3(e) \$5.00 per month
4. Output Fees
  - a. Machine Readable Output \$10.00 per tape
  - b. Service Bureau Tapes \$2.50 per tape
  - c. Magnetic Tape not returned \$20.00 per tape
  - d. Printed Output Reports:
    - For Members with less than 20,000 lines per month No charge
    - For Members with 20,000 or more lines per month \$4.00 per each 1000 lines
5. Microfiche Reports \$3.00 per fiche
6. Special Research \$25.00 per hour
7. Fees in which the participant requests the Corporation to receive and submit transactions by courier \$25.00 per month
8. Domestic Portfolio Composition File \$125.00 per month per file

Foreign Portfolio Composition File \$125.00 per month per file

C. Pass-Through Expenses:

1. Transportation and Insurance:
  - a. Physical handling and envelope delivery service outside of New York City Cost
  - b. Identifiable insurance costs, if any, incurred in shipping securities between branch offices Cost
2. Communications
  - a. Communications Access Cost
  - b. Telephone toll calls Cost
  - c. Failure to migrate from legacy networks to SMART and/or SFTI Cost<sup>23</sup>
3. Forms Cost
4. Certificate Fees incurred by the Corporation to process transfers Cost
5. Postage Costs Cost
6. Miscellaneous Expenses: Cost  
Any other expense not specified above, whether one-time or recurring, which the Corporation may incur on behalf of a Member at a Member's request

D. Production of Clearing Data<sup>24</sup>

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<sup>23</sup> The entire cost of supporting the legacy network connections will be allocated among the remaining users pro rata.

<sup>24</sup> In establishing fees for the production of clearing data, the Corporation will include its costs of developing requested programs, running such programs and any additional costs to distribute such data as produced, including an appropriate allocation of The Corporation's general and administrative expenses and an appropriate allocation of the Corporation's development costs of the system or service from which the data is developed, provided, however, that

	To provide a bi-monthly ranking within a pre-selected group of municipal bonds (not to exceed fifty in number), based upon the Corporation's comparison activity.	\$1,025 per month for the first 12 months; \$500 per month thereafter.
E.	(1) Each item submitted in paper form (except Envelope Settlement Service, Funds Only Settlement Service, Dividend Settlement Service, Correspondent Delivery and Collection Service, and Automated Customer Account Transfer Service Transfer Initiation Form)	\$.50 per item
	(2) Each ACAT Transfer Initiation Form submitted in paper form	\$1.00 per item
F.	Line of Credit Commitment Fee	Current month's cost -- pro rata monthly among Letter of Credit users based upon previous month's utilization
G.	Global Clearing Network Service P.C. Access/Hunt group Fee	\$125.00 per month

VI. COLLECTION CHARGE

The Corporation may also bill **[Settling] Members and Mutual Fund/Insurance Services Members** for, and include on **[Settling] Members' and Mutual Fund/Insurance Services Members' (referred to in this section collectively as "participants")** settlement statements, fees and charges which may be imposed on such **[Settling Members] participants** by third parties such as: (a) other subsidiaries of The Depository Trust & Clearing Corporation (b) self-regulatory organizations and other security industry organizations or entities, where such third party has represented to the Corporation that it has an agreement with the **[Member] participant** allowing the **[Member's] participant's** payment of such fees and charges; and (c) other organizations and entities which provide services or equipment to **[Members] participants** which are integral to services provided by the Corporation. Any amounts so

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such latter allocation shall not exceed 25% of the above combined costs.

collected will be remitted to the appropriate organization or entity imposing such fee or charge.

Such fees and charges may include those of companies that identify themselves as being an affiliate of the **[Member] participant**. **[Members] Participants** should check their settlement statements, which shall reflect all such charges, and report any problems to the Corporation immediately.

#### VII. APPLICATION OF FEES

With the exception of certain registered clearing agencies, all fees will be charged uniformly to all participants and collected through the settlement system if possible. Charges will not be made to registered clearing agencies for inter-clearing corporation OTC trade comparison if the agency provides its own intra-clearing corporation OTC trade comparison, or for interface processing. Fees for other standard services provided to registered clearing agencies will be the same as those charged to other participants. Special services performed for other registered clearing agencies such as intra-clearing corporation OTC trade comparison and sharing of branches, will be contracted on an individual basis.

#### VIII. NSCC PRICING POLICY

The Corporation's policy is to retain only those revenues which are required to maintain an adequate revenue base in order to liquidate current production costs, provide for a continuance of product enhancements and development, provide for a discount when volume levels equal or exceed projections and provide for retained earnings as directed by the Board. In order to meet such objectives, the Corporation will:

If the Corporation's gross billable revenues before adjustment (i.e., revenues before discount) exceed the approximate level of costs, adjust downward (i.e., discount) participants' invoices.

If the Corporation's gross billable revenues before adjustment (i.e., revenues before surcharge) are less than the approximate level of costs, adjust upward (i.e., surcharge) participants' invoices.

Both the discount and the surcharge when applicable will be reflected directly on participants' invoices.