

OMB APPROVAL

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Page 1 of 44

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 Form 19b-4

File No. SR - 2008 - 04
 Amendment No. []

Proposed Rule Change by National Securities Clearing Corporation
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial Amendment Withdrawal Section 19(b)(2) Section 19(b)(3)(A) Section 19(b)(3)(B)

Pilot Extension of Time Period for Commission Action Date Expires []

Rule
 19b-4(f)(1) 19b-4(f)(4)
 19b-4(f)(2) 19b-4(f)(5)
 19b-4(f)(3) 19b-4(f)(6)

Exhibit 2 Sent As Paper Document Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the proposed rule change (limit 250 characters).

The proposed rule change amends the rules of the National Securities Clearing Corporation regarding membership and use of NSCC's mutual fund services to allow an investment manager in a managed account program to access NSCC's mutual fund services without money settlement.

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Carol Last Name Jameson
 Title Vice President, Senior Counsel and Deputy General Counsel
 E-mail cjameson@dtcc.com
 Telephone (212) 855-3213 Fax (212) 855-3214

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 06/24/2008

By Carol A. Jameson
 (Name)

Vice President, Senior Counsel and Deputy General Counsel
 (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Carol Jameson, cjameson@dtcc.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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.

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Exhibit 1 - Notice of Proposed Rule Change

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)

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

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.

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Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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.

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Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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.

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Exhibit 5 - Proposed Rule Text

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.

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Partial Amendment

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.

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1. Text of the Proposed Rule Change.

- (a) The text of the proposed rule change is annexed hereto as Exhibit 5.
- (b) Not applicable.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

- (a) The proposed rule change was approved by the NSCC Credit and Market Risk Management Committee.

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

- (a) The proposed rule change amends the rules of the National Securities Clearing Corporation (“NSCC”) regarding membership and use of NSCC’s mutual fund services to allow an investment manager in a managed account program to access NSCC’s mutual fund services without money settlement.

Currently, there is no centralized and automated communication process that supports mutual fund transactions in managed account programs. Generally, the investment manager must input the transaction into one or more sponsor or service provider managed account systems; the transaction must then be moved to the sponsor’s broker/dealer system for communication to the mutual fund via NSCC’s Fund/SERV® or directly to the fund outside of Fund/SERV. After the transaction is processed through Fund/SERV® or directly with the fund, the sponsor(s) or service provider’s managed account system must then be updated to reflect the mutual fund transaction and to communicate it to the investment manager. As a consequence, inclusion of mutual funds in managed accounts entails operational and technological restraints, requires additional processing, incurs added costs and is more susceptible to error. This solution will remove the operational obstacles to adding mutual funds to managed account offerings, allow investment managers one entry point for mutual fund transactions, and automate the reconciliation of managed account platforms direct to Fund/SERV®.

The proposed rule change will allow an investment manager for a managed account program, or a service provider to the investment manager, to access NSCC’s mutual fund services in respect of mutual fund transactions for which the managed account program sponsor will settle. The investment manager or the service provider that maintains the investment manager’s platform will become a non-settling member, called an Investment Manager/Agent Member or IMA Member, with access to Fund/SERV® and NSCC’s other mutual fund services for transactions in managed account programs, analogous to

that of a Third Party Administration (“TPA”) Member under NSCC’s Defined Contribution Clearance & Settlement (DCC&S) mutual fund services.

An NSCC settling member (generally the sponsor for the managed account program) will agree with NSCC to settle the IMA Member’s transactions at NSCC. The settling member will receive a report showing all the transactions of the IMA Member and can cancel any transaction intraday (similar to the TPA/DCC&S functionality). The settling member must be an NSCC Member or Mutual Fund/IPS Member, therefore subject to NSCC’s standards of membership as apply were it to be settling its own transactions in mutual fund services at NSCC.

(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 applicable to NSCC. The proposed rule change will not affect the safeguarding of funds or securities in NSCC’s custody and control, or for which it is responsible.

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

NSCC does not believe that the proposed rule change will impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

NSCC has not solicited or received any written comments on this proposal. NSCC will notify the Commission of any written comments it receives.

6. Extension of Time Period for Commission Actions.

NSCC does not consent to an extension of 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) of the Act and Rule 19-4(f)(4).
- (b) Because the proposed rule change effects a change in an existing service of NSCC that (i) does not adversely affect the safe-guarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and (ii) does not significantly affect the respective rights and obligations of the clearing agency or persons using the service, it has become effective pursuant to Section 19 (b)(3)(A)(iii) of the Act and Rule 19b-4 (f)(4) promulgated 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.

(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-2008-04)

SELF-REGULATORY ORGANIZATIONS

Propose Rule Change by National Securities Clearing Corporation (“NSCC”).
Relating to use of NSCC’s mutual fund service by investment managers in managed account programs.

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 proposed rule change amends the rules of the National Securities Clearing Corporation (“NSCC”) regarding membership and use of NSCC’s mutual fund services to allow an investment manager in a managed account program to access NSCC’s mutual fund services without money settlement.

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.

The proposed rule change amends the rules of the National Securities Clearing Corporation (“NSCC”) regarding membership and use of NSCC’s mutual fund services to allow an investment manager in a managed account program to access NSCC’s mutual fund services without money settlement.

Currently, there is no centralized and automated communication process that supports mutual fund transactions in managed account programs. Generally, the investment manager must input the transaction into one or more sponsor or service provider managed account systems; the transaction must then be moved to the sponsor's broker/dealer system for communication to the mutual fund via NSCC's Fund/SERV® or directly to the fund outside of Fund/SERV. After the transaction is processed through Fund/SERV® or directly with the fund, the sponsor(s) or service provider's managed account system must then be updated to reflect the mutual fund transaction and to communicate it to the investment manager. As a consequence, inclusion of mutual funds in managed accounts entails operational and technological restraints, requires additional processing, incurs added costs and is more susceptible to error. This solution will remove the operational obstacles to adding mutual funds to managed account offerings, allow investment managers one entry point for mutual fund transactions, and automate the reconciliation of managed account platforms direct to Fund/SERV®.

The proposed rule change will allow an investment manager for a managed account program, or a service provider to the investment manager, to access NSCC's mutual fund services in respect of mutual fund transactions for which the managed account program sponsor will settle. The investment manager or the service provider that maintains the investment manager's platform will become a non-settling member, called an Investment Manager/Agent Member or IMA Member, with access to Fund/SERV® and NSCC's other mutual fund services for transactions in managed account programs, analogous to that of a Third Party Administration ("TPA") Member under NSCC's Defined Contribution Clearance & Settlement (DCC&S) mutual fund services.

An NSCC settling member (generally the sponsor for the managed account program) will agree with NSCC to settle the IMA Member's transactions at NSCC. The settling member will receive a report showing all the transactions of the IMA Member and can cancel any transaction intraday (similar to the TPA/DCC&S functionality). The settling member must be an NSCC Member or Mutual Fund/IPS Member, therefore subject to NSCC's standards of membership as apply were it to be settling its own transactions in mutual fund services at NSCC.

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.

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. Please include File No. SR-NSCC-2008-04 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-2008-04. 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

EXHIBIT 5

Underlined, Boldfaced Text indicates additional language
~~**[Bracketed, Strikethrough, Boldfaced Text]**~~ indicates deleted language

* * *

NATIONAL SECURITIES CLEARING CORPORATION RULES

* * *

RULE 1. DEFINITIONS AND DESCRIPTIONS

* * *

Insurance Entity

The term "Insurance Entity" means an insurance company, partnership, corporation, limited liability corporation or other organization or entity who is licensed to sell insurance products and is subject to supervision or regulation pursuant to the provisions of state insurance laws.

Investment Manager/Agent Member

The term "Investment Manager/Agent Member" (or "IMA Member") means any partnership, corporation, limited liability corporation or other organization or entity that acts on behalf of one or more investment managers to a managed account or similar program, who is not a Member, but who is specified and has qualified pursuant to the provisions of Rule 60A.

* * *

RULE 3. LISTS TO BE MAINTAINED

* * *

SEC. 11. Members, Fund Members, Insurance Carrier/Retirement Services Members, Municipal Comparison Only Members, TPA Members, **Investment Manager/Agent Members** and AIP Members shall not:

* * *

RULE 5. GENERAL PROVISIONS

* * *

SEC. 2. Every Member, Settling Bank Only Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Fund Member, Data Services Only Member and AIP Member (each hereinafter referred to as a “participant” for purposes of this Rule 5), shall designate a representative that is authorized in the name of the participant to sign all instruments, to correct errors and to perform such other duties as may be required under these Rules and to transact all business requisite in connection with the operations of the Corporation which representative shall be capable of taking such action in a manner consistent with the daily time schedules and other requirements established by or pursuant to these Rules. If the representative of the participant is not a general partner or officer of the participant, such representative shall, in the case of a firm, be authorized to act by written power of attorney, or in the case of a corporation, by resolution by the board of directors of such corporation. Such power of attorney or resolution, as the case may be, shall be in such form as approved by the Corporation.

Settling Members, Settling Bank Only Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, TPA Members, **Investment Manager/Agent Members**, Fund Members and Data Services Only Members shall file with the Corporation the signatures of the members of their firms or the officers of their corporations and of the representatives of such firms or corporations who are authorized to sign checks, agreements, receipts, orders and other papers necessary for conducting business with the Corporation together with the powers of attorney or other instruments giving such authority.

Each participant will be allotted a number which must be included in all submissions by him in connection with the operations of the Corporation.

The official date of the Comparison Operation, the Accounting Operation and the settlement of contracts is the Settlement Date for such contracts and summaries, security balance orders, security orders, CNS System reports, checks relating thereto, except as may be otherwise directed by the Corporation, either in general or in particular instances, shall bear that date even though they may be issued on a preceding day.

SEC. 3. A participant may appoint one or more persons as its agent(s) with respect to all data, contracts or transactions, transmitted or received, compared, confirmed, accounted for, settled, delivered or carried out through or by the Corporation and all matters relating thereto, provided that such appointment has been consented to by the Corporation and is evidenced by such appointments, authorizations, certifications and other agreements in such form as may be required by the Corporation.

SEC. 4. The Corporation may, in its discretion, require participants to provide appropriate staff in their offices during specified hours on non business days when such is deemed necessary by the Corporation to insure the integrity of its systems and/or for the protection of the Corporation.

SEC. 5. All reports in electronic format shall be deemed delivered to and received by each participant when made available for retrieval by the Corporation, and each such entity shall be obligated to retrieve and review such reports and notify the Corporation promptly of any error contained in such reports.

RULE 6. DISTRIBUTION FACILITIES

The Corporation will maintain distribution facilities which may, subject to such regulations as the Corporation may from time to time prescribe, be used by Settling Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, TPA Members, **Investment Manager/Agent Members**, Fund Members, Data Services Only Members and AIP Members (each hereinafter referred to as a “participant” for purposes of this Rule 6) for the distribution of tickets, checks, papers, documents and other material incidental to the ordinary course of business.

Each participant shall send an authorized representative to the Corporation's distribution facilities at frequent intervals to pick-up documents or material made available to the participant by the Corporation.

The Corporation's distribution facilities will remain open on business days during the hours specified by the Corporation. The Corporation may admit authorized persons holding valid passes issued pursuant to Rule 27 at other hours.

* * *

RULE 15 FINANCIAL RESPONSIBILITY AND OPERATIONAL CAPABILITY

SEC. 1. The Corporation shall establish, as it deems necessary or appropriate, standards of financial responsibility, operational capability, experience and competence for membership applicable to a Member, Non-Clearing Member, Municipal Comparison Only Member, Fund Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Data Services Only Member or AIP Member (each hereinafter referred to as a “participant” for purposes of this Rule 15). The Corporation shall also establish guidelines for the application of such membership standards.

* * *

SEC. 3. (a) Each **participant** [~~Member, Non-Clearing Member, Fund Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member and Data Services Only Member~~] shall promptly inform the Corporation, both orally and in writing, if it is no longer in compliance with any of the relevant qualifications and standards for

membership set forth in these Rules as applicable to its type of membership (regardless of whether in effect at the time the participant was admitted), or with respect to any additional qualifications as required by the Corporation in connection with approval of its admission to, or continued participation in, the Corporation. Such notification must be given by the participant as soon as practicable and in any event must be received by the Corporation within two business days from the date on which the participant first learns of its non-compliance.

* * *

RULE 17. FINE PAYMENTS

The Corporation may impose a fine on a Settling Member, Municipal Comparison Only Member, **Investment Manager/Agent Member** Fund Member, Insurance Carrier/Retirement Services Member, TPA Member, Data Services Only Member, Settling Bank Only Member, AIP Member or AIP Settling Bank Only Member pursuant to these Rules. Fines shall be payable in the manner and at such time as determined by the Corporation from time to time.

* * *

RULE 18. PROCEDURES FOR WHEN THE CORPORATION DECLINES OR CEASES TO ACT

SEC. 1. When the Corporation has declined or ceased to act for a Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Fund Member, Data Services Only Member or AIP Member (each hereinafter referred to as a “participant” for purposes of this Rule 18) pursuant to Rule 46, it shall provide participants with notice pursuant to the provisions of Section 3 of Rule 45.

* * *

SEC. 7. (a) After the Corporation has declined or ceased to act for a **participant [Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, Fund Member or Data Services Only Member]** either in respect to a particular transaction or transactions generally, the Corporation shall nevertheless have the same rights and remedies in respect to any debit balance due from such **participant [Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, Fund Member or Data Services Only Member]** or any liability incurred on his behalf as though it had not ceased to act for him.

* * *

RULE 20. INSOLVENCY

SEC. 1. A Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Fund Member, Data Services Only Member or AIP Member (each hereinafter referred to as a “participant” for purposes of this Rule 20) who fails to perform his contracts or obligations or determines that he is unable to do so or is insolvent shall immediately notify the Corporation pursuant to Section 4 of Rule 45.

SEC. 2. A participant shall be treated by the Corporation in all respects as insolvent:

(a) upon receipt of oral or written notice, pursuant to Section 1 of this Rule, or

(b) if the participant shall be a member of Securities Investor Protection Corporation, in the event that a court finds that the participant meets any one of the conditions set forth in clauses (i), (ii), (iii), (iv) or (v) of Section 5(b)(1)(A) of the Securities Investor Protection Act of 1970, or

(c) in the event that the participant is determined by the Corporation to be insolvent or in the event of the entry of a decree or order by a court having jurisdiction in the premises adjudging the participant bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the participant under the Federal Bankruptcy Code or any other applicable Federal or State law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the participant or of any substantial part of his property, or ordering the winding up or liquidation of his affairs or the institution by the participant of proceedings to be adjudicated a bankrupt or insolvent or the consent by him to the institution of bankruptcy or insolvency proceedings against him, or the filing by him of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other applicable Federal or State law, or the consent by him to the filing of any such petition, or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the participant or of any substantial part of his property, or the making by him of an assignment for the benefit of creditors, or the admission by him in writing of his inability to pay his debts generally as they become due, or the taking of corporate action by the participant in furtherance of any such action.

SEC. 3. The Corporation shall notify participants pursuant to the provisions of Section 4 of Rule 45 of actions taken by the Corporation, pursuant to Rule 46.

RULE 22. SUSPENSION OF RULES

The time fixed by these Rules, the Procedures or any regulations issued by the Corporation for the doing of any act or acts may be extended or the doing of any act or acts required by these Rules, the Procedures or any regulations issued by the Corporation may be waived or any provision of these Rules, the Procedures or any regulations issued by the Corporation may be suspended by the Board of Directors or by the Chairman of the Board, the President, the General Counsel or such other officers of the Corporation as the Board of Directors may designate whenever, in its or his judgment, such extension, waiver or suspension is necessary or expedient.

A written report of any such extension, waiver or suspension (other than an extension of time of less than eight hours), stating the pertinent facts, the identity of the person or persons who authorized such extension, waiver or suspension and the reason such extension, waiver or suspension was deemed necessary or expedient, shall be promptly made and filed with the Corporation's records and shall be available for inspection by any Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Fund Member, Data Services Only Member or AIP Member during regular business hours on business days. Any such extension or waiver may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than 60 calendar days after the date thereof unless it shall be approved the Board of Directors within such period of 60 calendar days.

* * *

RULE 24. CHARGES FOR SERVICES RENDERED

SEC. 1. Each Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Members, **Investment Manager/Agent Member**, Fund Member, Data Services Only Members and AIP Member (each hereinafter referred to as a "participant" for purposes of this Rule 24) shall pay such fees and charges to the Corporation as shall be specified by the Corporation or in the Procedures and approved by the Board of Directors on a reasonable and non-discriminatory basis.

SEC. 2. A participant may be charged for any unusual expenses caused directly or indirectly by it including but without limitation, the cost of producing records pursuant to a court order or other legal process in any litigation or other legal proceeding to which such participant is a party or in which such records relating to such participant are so required to be produced, whether such production is required at the instance of such participant, or of any other party other than the Corporation.

* * *

RULE 26. BILLS RENDERED

The Corporation will render bills to Members, Insurance Carrier/Retire Services Members, TPA Members, **Investment Manager/Agent Members**, Fund Members and AIP Members for charges on account of the business of any month and will charge **their respective** accounts ~~[of Members, Insurance Carrier/Retirement Services Members, TPA Members and Fund Members]~~ with the amounts thereof on or before such date as determined by the Corporation from time to time.

The Corporation will render bills to Non-Clearing Members monthly for charges in connection with the settlement of commissions and such bills shall be paid immediately upon presentation.

The Corporation will render bills to Data Services Only Members monthly for charges, if any, in connection with the use of the Corporation's services, and such bills shall be paid immediately.

The Corporation will render bills to Municipal Comparison Only Members monthly for charges in connection with the comparison of municipal securities transactions and such bills shall be paid immediately.

* * *

RULE 27. ADMISSION TO PREMISES OF THE CORPORATION-- POWERS OF ATTORNEY, ETC.

No person will be permitted to enter the premises of the Corporation as the representative of any Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Fund Member, Data Services Only Member or AIP Member (**each hereinafter referred to as a "participant" for purposes of this Rule 27**) unless he has first been approved by the Corporation and has been issued such credentials as the Corporation may from time to time prescribe and such credentials have not been canceled or revoked. Such credentials must be shown on demand, and may limit the portions of the premises to which access is permitted thereunder. Any credentials issued pursuant to this Rule may be revoked at any time by the Corporation in its discretion, and prompt notice of such revocation shall be given to the employer of the person whose credentials have been so revoked.

Every person to whom, as a representative of a Member credentials have been or may hereafter be issued by the Corporation authorizing such person to have access, during the hours when securities or envelopes are to be received and delivered, to the portion of the Corporation's premises in which such activity occurs, shall be deemed to have been authorized by such Member to receive and deliver securities or envelopes on behalf of such Member.

Any ~~participant [Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, Fund Member or Data Services Only Member]~~ shall, if any person in its employ to whom any credentials have been issued pursuant to this Rule or to whom a power of attorney or other authorization has been given to act for it in connection with the work of the Corporation shall for any reason cease to be so employed, give to the Corporation immediate notice in writing of such termination of employment and if any such power of attorney or other authorization is otherwise revoked or canceled, shall likewise give to the Corporation immediate notice in writing of such revocation or cancellation. All credentials issued pursuant to this Rule shall be immediately surrendered to the Corporation upon their revocation by the Corporation or by the employer or upon the termination of the employment of the holder thereof.

Unless revoked by the Corporation, all credentials, authorizations, and powers of attorney issued pursuant to this Rule or in connection with the work of the Corporation shall remain in full force and effect until the Corporation shall have received written notice of the revocation thereof or of the termination of the holder's employment.

* * *

RULE 33. PROCEDURES

The Board of Directors shall, pursuant to these Rules, prescribe from time to time Procedures and other regulations in respect of the business of the Corporation. The Board of Directors may, by resolution, delegate to the Chairman of the Board, the President, any Senior Managing Director, Managing Director or any other officer of the Corporation the power to prescribe Procedures and regulations. Each Settling Member, Municipal Comparison Only Member, Fund Member, Insurance Carrier/Retirement Services Member, TPA Member, Investment Manager/Agent Member, Data Services Only Member, Settling Bank Only Member, AIP Member and AIP Settling Bank Only (each hereinafter referred to as a "participant" for purposes of this Rule 33) will be bound by such Procedures and regulations and any amendment thereto in the same manner as it is bound by the provisions of these Rules. Participants, [Settling Members, Municipal Comparison Only Members, Fund Members, Insurance Carrier/Retirement Services Members, TPA Members, Data Services Only Member and Settling Bank Only Members] shall be given 10 business days' notice of any proposed amendment to the Procedures.

RULE 34. INSURANCE

The Corporation shall use its best efforts to maintain, or arrange for the maintenance of, such insurance, including fidelity bonds, in such amounts and

having such coverage regarding the business of the Corporation as the Board of Directors shall deem appropriate. The insurance policies or contracts pursuant to which such insurance is provided shall be open to the inspection of the Settling Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, TPA Members, **Investment Manager/Agent Members**, Fund Members, Data Services Only Members and AIP Members (**each hereinafter referred to as a “participant” for purposes of this Rule 34**) at the offices of the Corporation during regular business hours on business days. If the Corporation shall materially reduce the amount or coverage of any such insurance or the persons providing such insurance shall notify the Corporation of a material reduction in the amount of coverage thereof, the Corporation shall promptly notify each [~~Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, Fund Members and Data Services Only Members~~] **participant** and the Securities and Exchange Commission thereof stating the effective date of such reduction.

RULE 35. FINANCIAL REPORTS

As soon as practicable after the end of each calendar year, the Corporation shall provide to each Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Fund Member, Data Services Only Member and AIP Member (**each hereinafter referred to as a “participant” for purposes of this Rule 35**) financial statements of the Corporation audited and covered by a report prepared by independent public accountants for such calendar year. The Corporation shall undertake to provide such financial statements and report to **participants** [~~Settling Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, TPA Members, Fund Members and Data Services Only Members~~] within 60 days following the close of the Corporation's fiscal year.

The Corporation shall also undertake to make available to **participants** [~~Settling Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, TPA Members, Fund Members and Data Services Only Members~~] unaudited financial statements of the Corporation within 30 days following the close of the Corporation's fiscal quarter for each of the first three fiscal quarters of each year.

RULE 36. RULE CHANGES

The Corporation shall immediately notify all Settling Members, Municipal Comparison Only Members, Fund Members, Settling Bank Only Members, Insurance Carrier/Retirement Services Members, TPA Members, **Investment**

Manager/Agent Members, Data Services Only Members, [DSO Members]AIP Members and AIP Settling Bank Only Members and Registered Clearing Agencies of any proposal it has made to change, revise, add or repeal any Rule, and of the text or a brief description of the proposed Rule and its purpose and effect. Settling Members, Municipal Comparison Only Members and, Fund Members, Settling Bank Only Members, Insurance Carrier/Retirement Services Members, TPA Members, **Investment Manager/Agent Members, Data Services Only Members, [DSO Members]**AIP Members and AIP Settling Bank Only Members and Registered Clearing Agencies may submit to the Corporation for its consideration their comments with respect to any such proposal, and such comments shall be filed with the Corporation's records and copies thereof delivered to the Securities and Exchange Commission.

RULE 37. HEARING PROCEDURES

SEC. 1. A Settling Member, Settling Bank Only Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Fund Member, Data Services Only Member or AIP Member or AIP Settling Bank Only Member applicant (hereinafter in this Rule referred to as the "Interested Person") may, when permitted by these Rules, request a hearing by filing with the Secretary of the Corporation within five business days from the date on which the Corporation informed it of an action or proposed action of the Corporation with respect to the Interested Person, or 2 business days in the case of summary action taken against the Interested Person pursuant to Rule 46 (or such other applicable time period specified by these Rules), a written request for a hearing setting forth (i) the action or proposed action of the Corporation with respect to which the hearing is requested and (ii) the name of the representative of the Interested Person who may be contacted with respect to the hearing. Within 7 business days after the Interested Person files such written request with the Corporation, or 3 business days in the case of summary action taken against the Interested Person pursuant to Rule 46, the Interested Person shall submit to the Corporation a clear and concise written statement setting forth with particularity the action or proposed action of the Corporation with respect to which the hearing is requested, the basis for objection to such action, whether the Interested Person intends to attend the hearing and whether the Interested Person chooses to be represented by counsel at the hearing. If the written statement contests the Corporation's determination that the Interested Person has violated a Rule or procedure, the statement must specifically admit or deny each violation alleged and detail the reasons why the Rules or procedures alleged to have been violated are being contested. Any alleged violation not specifically denied shall constitute an admission to that violation. The Corporation may deny the statement if it fails to set forth a prima facie basis for contesting the violation. The failure of the Interested Person to file the written request referred to above within the time period required by these Rules and/or the failure of the Interested Person to submit the written statement within the time period specified above will be deemed to be an election to waive the right to a

hearing. The Corporation shall notify the Interested Person in writing of the date, place and hour of the hearing at least 5 business days prior to the hearing (unless the parties agree to waive the 5 business day requirement).

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SEC 5. The Panel shall advise the Interested Person of its decision within 10 business days after the conclusion of the hearing. If the decision of the Panel shall have been to deny the Interested Person's application to become a Member, a Mutual Fund/Insurance Services Member, a Settling Bank Only Member, a Municipal Comparison Only Member, an Insurance Carrier/Retirement Services Member, a TPA Member, **Investment Manager/Agent Member**, a Fund Member, a Non-Clearing Member (which may also be referred to as a Commission Billing Member) or a Data Services Only Member or AIP Member or to prohibit or limit the Interested Person's access to the services offered by the Corporation in accordance with Rule 46, a notice of decision setting forth the specific grounds upon which the decision is based shall be furnished to the Interested Person. If the decision of the Panel shall have been to impose a disciplinary sanction on the Interested Person in accordance with Rule 48 or to affirm any summary action previously taken against the Interested Person pursuant to Section 3 of Rule 46, a notice of decision setting forth (i) any act or practice in which the Interested Person has been found to have engaged, or which the Interested Person has been found to have omitted, (ii) the specific provision(s) of the Rules or Procedures of the Corporation or of the applicable agreements with the Corporation which any such act or practice or omission to act has been deemed to violate, and (iii) the sanction imposed and the reasons therefor shall be furnished to the Interested Person. A copy of the Panel's notice of decision shall also be furnished to the Chairman of the Board.

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RULE 39. RELIANCE ON INSTRUCTIONS

The Corporation may accept or rely upon any instruction given to the Corporation by a Member, Mutual Fund/Insurance Services Member, Municipal Comparison Only Member, Fund Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Data Services Only Member, AIP Member, Special Representative or Index Receipt Agent, (each hereinafter referred to as a "participant" for purposes of this Rule 39) including wire transmission, physical delivery or delivery by other means of instructions recorded on magnetic tape or other media or of facsimile copies of instructions, in form acceptable to the Corporation and in accordance with the Procedures, which reasonably is understood by the Corporation to have been delivered to the Corporation by the participant. In the case of instructions given by a Special Representative or Index Receipt Agent, **Investment Manager/Agent Member** or TPA Member, the Corporation shall be entitled to act pursuant to any such instruction as though such instruction had been

received from the Member for which the Special Representative or Index Receipt Agent or TPA Member or **Investment Manager/Agent Member** is acting.

Any Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, Fund Member, Data Services Only Member or AIP Member delivering instructions as provided above, or on whose behalf a Special Representative, TPA Member or **Investment Manager/Agent Member** shall deliver instructions as provided above, shall indemnify the Corporation, and any of its employees, officers, directors, shareholders, agents, or participants who may sustain any loss, liability or expense as a result of (a) any act done in reliance upon the authenticity of any instruction received by the Corporation, (b) the inaccuracy of the information contained therein or (c) effecting transactions in reliance upon such information or instruction against any such loss, liability or expense so long as such transactions are effected in accordance with such information and instructions even though they are inaccurate or not authentic and so long as the person asserting a right to indemnification shall not have knowledge of such inaccuracy or lack of authenticity at the time of the event or events giving rise to such loss, liability or expense.

Notwithstanding the foregoing, the Corporation will not act upon any instruction purporting to have been given by a participant which is received by wire transmission or in the form of facsimile copies or magnetic tape or media other than written instructions, or from a Special Representative, TPA Member or **Investment Manager/Agent Member**, commencing one business day after the Corporation receives written notice from the Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, Fund Member or Data Services Only Member that the Corporation shall not accept such instructions until such time as the Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, Fund Member or Data Services Only Member shall withdraw such notice.

* * *

RULE 45. NOTICES

SEC. 1. Any notice pursuant to these Rules from the Corporation to an Interested Person as defined in Rule 37 shall be sufficiently served on such Interested Person if the notice is in writing, is delivered to the Interested Person's box, if any, maintained by the Corporation on its premises, is mailed to the Interested Person's office address or e-mailed to the Interested Person's e-mail address. Any notice to an Interested Person, if mailed to the person's address, shall be deemed to have been given when deposited in the United States Postal Service, with postage thereon prepaid, directed to the Interested Person at its office address, if e-mailed, shall be deemed to have been given when routed to the e-mail address of the Interested Person and, if delivered to the Interested

Person's box, shall be deemed to have been given when deposited in the Interested Person's box.

SEC. 2. Any notice from an Interested Person to the Corporation shall be sufficiently served on the Corporation if the notice is in writing and is delivered or mailed to the Corporation at its principal place of business, Attention: Secretary, or such other place as it designates. Any such notice to the Corporation shall be deemed to have been given when received.

SEC. 3. Any notice required to be given to Settling Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, TPA Members, **Investment Manager/Agent Members**, Fund Members, Data Services Only Members and AIP Members (each hereinafter referred to as a "participant" for purposes of this Rule 45) pursuant to Rule 18 shall state the Corporation's decision to decline or cease to act for a participant. The Corporation may provide in such notice or a subsequent notice the steps to be taken in the Comparison Operation, Accounting Operation, Settlement or other activities as well as how pending transactions shall be affected.

SEC. 4. Any notice required to be given to the Corporation by a participant pursuant to Rule 20 shall be given both orally and in writing as soon as possible after the Time of Insolvency. Notice by the Corporation pursuant to Rule 20 to all participants shall be given as soon as possible after the Time of Insolvency and shall state whether the Corporation has ceased to act for the insolvent participant as well as how pending matters will be affected and what steps will be taken in connection therewith.

SEC. 5. Any notice required to be given by the Corporation pursuant to Section 2 of Rule 46 shall set forth the specific grounds under consideration upon which any suspension, prohibition or limitation of access may be based and shall contain notice to the participant with the Corporation pursuant to Rule 37.

SEC. 6. Any notice required to be given by the Corporation pursuant to Section 2 of Rule 48 shall set forth the charges against the participant and shall contain notice to such participant of its right to request a hearing, such request to be filed by the participant with the Corporation pursuant to Rule 37.

SEC. 7. Notwithstanding anything in these rules to the contrary, and other than with respect to notices covered by Sec. 3, 5 and 6 of this Rule, the Corporation may distribute notices to participants by posting such notices on its website ("NSCC Website"). The Corporation shall deem a notice sufficiently served once the notice is posted on NSCC's Website, and it is the responsibility of the participants to retrieve notices daily from the NSCC Website.

RULE 46. RESTRICTIONS ON ACCESS TO SERVICES

SEC. 1. The Membership Committee of the Board of Directors or such other Committee as the Board may designate may suspend a Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member** Fund Member, or Data Services Only Member or AIP Member (each hereinafter referred to as a “participant” for purposes of this Rule 46) or prohibit or limit such participant with respect to access to services offered by the Corporation in the event that (a) such participant has been and is expelled or suspended from any regulatory or self-regulatory organization, or (b) such participant is in default of any delivery of funds or securities to the Corporation, (c) such participant is in such financial or operating difficulty, that the Corporation determined, in its discretion, that such action is necessary for the protection of the Corporation, participants creditors, or investors; with respect to a bank or trust company Settling Member (and, in the case of a bank Settling Member electing entry under (i)(B)(2)(a)(ii) of the membership standards, its parent bank holding company) such difficulty shall include but not be limited to impaired capital or the appointment by the primary Federal or State bank supervisor of a receiver to take control of the bank, (d) the Corporation has reasonable grounds to believe that such participant is subject to a Statutory Disqualification, (e) the Corporation determines that such participant does not meet the applicable qualifications for membership or limited access set forth in Rule 2, Rule 3, Rule 51, Rule 56 or Rule 60, (f) such participant has failed to comply with any financial or operational requirement of the Corporation, or (g) in any circumstances in which, in the discretion of the Corporation, adequate cause exists to do so.

SEC. 2. Before suspending a participant or prohibiting or limiting such participant’s access to services offered by the Corporation pursuant to this Rule, the Corporation shall notify such participant pursuant to Section 5 of Rule 45.

SEC. 3. Notwithstanding Section 2 of this Rule, the Membership Committee of the Board of Directors may summarily suspend a participant or summarily prohibit or limit a participant’s access to services offered by the Corporation in the event that either one or more of conditions (a), (b) or (c) of Section 1 of this Rule apply to such participant. In the event that any participant has been summarily suspended, the Corporation shall cease to act for such participant in accordance with Rule 18, except as otherwise provided in the Rules. Any summary action which may be taken by the Membership Committee pursuant to this Section of Rule 46 may instead be taken by one or more designees of the Membership Committee in the event that a quorum of the Membership Committee is unable to meet, provided that any summary action taken by one or more designees must be confirmed by the Membership Committee within 3 business days. Any participant that has been summarily suspended or whose access has been summarily prohibited or limited pursuant to this Section of Rule 46 shall be promptly furnished a written statement of the grounds for the decision and shall be notified of its right to request a hearing, pursuant to Rule 37. A request for a hearing must be in writing and filed within 2

business days of receipt from the Corporation of such statement. Any such hearing requested pursuant to Rule 37 shall be held as promptly as possible after the Corporation has taken summary action against the participant pursuant to this Rule.

SEC. 4. Any action taken by the Corporation pursuant to this Rule may include, but shall not be limited to, any one or more of the following actions:

(a) ceasing to act for the participant pursuant to Rule 18;

(b) limiting or excluding the participant's participation in one or more classes of transactions or services which are available to the participant including but not limited to (i) envelope "receive" transactions, (ii) CNS positions or Balance Order obligations of the Settling Member, or (iii) transactions involving ancillary services of the Corporation;

(c) requiring the participant to effect securities settlement through a Sponsored Account of National Securities Clearing Corporation at The Depository Trust Company, rather than through the 's own depository account.

* * *

RULE 48. DISCIPLINARY PROCEEDINGS

SEC. 1. The Corporation may discipline any Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member**, Fund Member, Settling Bank Only Member or Data Services Only Member or AIP Member (each hereinafter referred to as a "participant" for purposes of this Rule 48) for a violation of any provision of the Rules or the Procedures of the Corporation, such participant's agreements with the Corporation, or for any error, delay or other conduct detrimental to the operations of the Corporation, or for not providing adequate facilities for such participant's business with the Corporation, by expulsion, suspension, limitation of or restriction on activities, functions and operations, fine or censure or any other fitting sanction; provided, however, that the fine for any single offense shall not exceed the sum of \$20,000.

SEC. 2. Before imposing any disciplinary sanction on a participant pursuant to this Rule, the Corporation shall notify such participant pursuant to Section 6 of Rule 45 of the charges against such participant and its right to a hearing.

* * *

RULE 52. MUTUAL FUND SERVICES¹

A. Fund/Serv

SEC. 1. The Corporation may provide a service to enable Settling Members, TPA Members, **Investment Manager/Agent Members**, Fund Members and Data Services Only Members to process and/or settle, as the case may be, on an automated basis purchase and redemption orders and transactions in interests in Fund/Serv Eligible Funds (such interests, whether structured as shares, units, or other denominations shall be referred to as "shares" for purposes of these Rules), transmit registration instructions and/or to enable, as the case may be, the transfer on an automated basis of the value of Fund/Serv Eligible Fund shares. Such automated processing of Fund/Serv Eligible Fund shares shall be known as Fund/Serv and will be accomplished in accordance with the provisions of this Rule.

SEC. 2. A Settling Member, Data Services Only Member or a TPA Member or an **Investment Manager/Agent Member**, who desires to submit a Fund/Serv Eligible Fund order (e.g. purchase, redemption, exchange) or transaction to another Settling Member (referred to as a Mutual Fund Processor) or a Fund Member may do so by submitting order data to the Corporation on the day the order is intended to take place ("Trade Date") or, to the extent established by each Fund Member, any day thereafter (hereinafter referred to as "As-Of" orders) in such form and by such times as established by the Corporation from time to time. An order submitted by a Settling Member, **Investment Manager/Agent Member** or TPA Member that does not indicate otherwise shall be settled through the facilities of the Corporation. Orders submitted by Data Services Only Members shall not settle through the facilities of the Corporation. An order processed through Fund/Serv but not settled through the Corporation's facilities is referred to hereinafter as a "Fund/Serv Processing Only Transaction," and the settlement of such transactions is the responsibility of the parties thereto.

SEC. 3. Upon receipt of the order data, the Corporation will review the order data for such information which the Corporation determines from time to time to be necessary (including applicable Fund Member or Mutual Fund Processor parameters). If such order data does not contain the information required by the Corporation, the Corporation will reject the order data and will advise the Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or the TPA Member, as the case may be, of such rejection in such form and by such times as established by the Corporation from time to time². If the order data appears to contain the information required by the Corporation, subject to any rights the Corporation may have as provided in the Rules generally, the Corporation will transmit the order data to the Mutual Fund Processor or Fund Member and, if submitted by a TPA Member or **Investment**

¹ (Previously known as the Mutual Fund Settlement, Entry and Registration Verification Service)

² A Fund Member or Mutual Fund Processor may indicate to the Corporation the parameters and types of orders it is writing to process through the Fund/Serv service.

Manager/Agent Member to the corresponding Settling Member with the obligation to settle the order (hereinafter referred to as the TPA/**IMA** Settling Entity), in such form and by such times as established by the Corporation from time to time. To the extent the Corporation has knowledge that it is unable to transmit the order data to the Mutual Fund Processor or Fund Member, the Corporation will use its best efforts to contact the Mutual Fund Processor or Fund Member and so advise. Notwithstanding the foregoing, to the extent a Mutual Fund Processor or Fund Member fails to receive the order data, the Mutual Fund Processor or Fund Member, as soon as practicable, must contact the Corporation. Upon request by the Mutual Fund Processor or Fund Member, the Corporation may make summary order data available to the Mutual Fund Processor or Fund Member to the extent the Corporation has such data available. A Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member who desires to resubmit an order that has been rejected must resubmit the order as if it had never been submitted and such order shall be submitted within the time frames established by the Corporation from time to time.

SEC. 4. A Mutual Fund Processor or Fund Member may confirm or reject an order received from a Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member by transmitting such confirmation or rejection to the Corporation in such form and by such time as established by the Corporation from time to time. If the order was submitted by a TPA Member or **Investment Manager/Agent Member**, the corresponding TPA/**IMA** Settling Entity will be notified of the action taken by the Mutual Fund Processor or Fund Member. All orders (except money market purchase orders) not confirmed or rejected within such time will be deleted from the Fund/Serv system. Upon receipt of a rejection from a Mutual Fund Processor or Fund Member, the Corporation will delete the unsettled order from Fund/Serv. Responsibility for adjusting any orders which are deleted from Fund/Serv is between the Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or the TPA Member, as the case may be, and the Mutual Fund Processor or Fund Member. In addition to the foregoing, if a Mutual Fund Processor or Fund Member recognizes that he has incorrectly priced orders, other than exchange orders, that were confirmed through Fund/Serv, in order to adjust the price for all such orders (other than money market orders) he may, until the day prior to settlement day, submit a reconfirmation in such form and by such time as established by the Corporation from time to time and with respect to money market orders settling on a same day basis he may on settlement day submit a reconfirmation in such form and by such time as established by the Corporation from time to time; provided, however, that no reconfirmation may be submitted if a Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member has submitted a correction, as provided for in Section 7 of this Rule; instead, the procedures set forth in Section 7 of this Rule shall apply.

SEC. 5. A Mutual Fund Processor or Fund Member who desires to originate a confirmed order (including an As-Of order) to a Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member

(other than for money market and exchange orders) may do so by submitting such confirmed order data to the Corporation in such form and by such time as established by the Corporation from time to time (any such confirmed order originated by a Mutual Fund Processor or Fund Member will hereinafter be referred to as a "Fund Originated Order").

SEC. 6. Upon receipt of a Fund Originated Order, the Corporation will review the order data for such information as the Corporation determines from time to time to be necessary. If the order data does not contain the information required by the Corporation, the Corporation will reject the order data and will advise the Mutual Fund Processor or Fund Member of such rejection in such form and by such time as established by the Corporation from time to time. A Fund Member or Mutual Fund Processor who desires to resubmit a Fund Originated Order that has been rejected must resubmit the order as if it never had been submitted and such order must be submitted within the time frames established by the Corporation from time to time. If the order data appears to contain the information required by the Corporation, subject to any rights which the Corporation may have as provided in the Rules generally, the Corporation will report such confirmed Fund Originated Order to the Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or the TPA Member and the corresponding TPA/IMA Settling Entity, as the case may be, in such form and by such time as established by the Corporation from time to time.

SEC. 7. A Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member who does not agree with the terms of an order (including confirmed, reconfirmed and As-Of orders), other than an exchange order or a money market order, may submit a correction. A Settling Member, Data Services Only Member, **Investment Manager/Agent Member**, TPA Member or TPA/IMA Settling Entity who does not agree with the terms of a Fund Originated Order (including As-Of Fund Originated Orders) may submit a deletion. Corrections and deletions must be submitted in such form and by such time as established by the Corporation from time to time. In the case of exchanges and money market orders, corrections and deletions are not accepted. Exchange and money market orders will settle as confirmed by the Mutual Fund Processor or Fund Member. Money Market purchase orders will settle as submitted by the Settling Member, ~~[or the]~~ TPA Member **or Investment Manager/Agent Member** if not rejected by the Fund Member or Mutual Fund Processor. A deletion of a Fund Originated Order pursuant to this subsection will cause the Fund Originated Order to be deleted from Fund/Serv, and such order must be adjusted directly between the Settling Member, Data Services Only Member, ~~[or the]~~ TPA Member **or Investment Manager/Agent Member**, as the case may be, and the Mutual Fund Processor or Fund Member.

SEC. 8. A Mutual Fund Processor or Fund Member may either accept or reject a correction in such form and by such time as established by the Corporation from time to time. A Mutual Fund Processor or Fund Member must submit a correction confirmation in order to accept a correction. Corrections which are not confirmed or rejected within such time will be deleted from the Fund/Serv system. Upon receipt of a rejection, the Corporation will delete the

order from Fund/Serv. Any orders which are deleted from Fund/Serv must be adjusted directly between the Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or the TPA Member, as the case may be, and the Mutual Fund Processor or Fund Member.

SEC. 9. A Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member may submit a money only related charge against a Mutual Fund Processor or Fund Member, and a Mutual Fund Processor or Fund Member may submit a money only related charge against a Settling Member [~~Data Services Only Member,~~] or another Mutual Fund Processor or Fund Member in such form and by such time as established by the Corporation from time to time. Upon receipt of a money only related charge, the Corporation will review the data for such information as the Corporation determines from time to time to be necessary (including applicable Fund Member or Mutual Fund Processor parameters). If the data does not contain the information required by the Corporation, the Corporation will reject the money only related charge and will advise the Settling Member, Data Services Only Member, **Investment Manager/Agent Member**, TPA Member, Mutual Fund Processor or Fund Member as the case may be in such form and by such time, as established by the Corporation from time to time. If the money only related charge appears to contain the information required by the Corporation, subject to any rights which the Corporation may have as provided in the Rules generally, the Corporation will report such money only related charge to the appropriate contra party in such form and by such time, as established by the Corporation from time to time. A Settling Member, Data Services Only Member, **Investment Manager/Agent Member**, TPA Member or TPA/**IMA** Settling Entity, Mutual Fund Processor or Fund Member who does not agree with the terms of a money only related charge may submit a deletion in such form and by such time, as established by the Corporation from time to time.

SEC. 10. A Settling Member, **Investment Manager/Agent Member**, TPA Member or TPA/**IMA** Settling Entity who does not want an order (including an exchange order) to settle within the Fund/Serv Service, may submit an exit instruction in such form and by such time as established by the Corporation from time to time. Upon receipt of an exit instruction the Corporation will review the data for such information as the Corporation determines from time to time to be necessary. If the data does not contain the information required by the Corporation, the Corporation will reject the exit and advise the Settling Member, **Investment Manager/Agent Member**, TPA Member or TPA/**IMA** Settling Entity, as the case may be, in such form and by such time as established by the Corporation from time to time. If the exit instruction appears to contain the information required by the Corporation, the Corporation will report such exit to a Fund Member, Mutual Fund Processor, **Investment Manager/Agent Member** or TPA Member and corresponding TPA/**IMA** Settling Entity, as the case may be, within such time as established by the Corporation from time to time. A properly submitted exit instruction will cause such order to be deleted from the Fund/Serv Service and such order must be adjusted directly between the Settling Member and Fund Member or Mutual Fund Processor. If a TPA/**IMA** Settling Entity does not submit an exit instruction in such form and by such time as established by the

Corporation from time to time, the TPA/IMA Settling Entity shall be responsible for the settlement of such order in accordance with the provisions of these Rules.

SEC. 11. (a) All money market purchase orders and all other confirmed or reconfirmed orders and money only related charges for which settlement is to take place through the facilities of the Corporation, except for orders that have been deleted, rejected or exited, or for which releases to settlement have not been submitted by the Fund Member or Mutual Fund Processor, will settle in accordance with the time frames as established by the Corporation from time to time, or in such extended or shortened time frame as established by agreement of the submitting parties; provided however, that such modified time frame shall be no shorter than T and no longer than T+7. On settlement date, the Corporation will debit and credit the appropriate Settling Members', Mutual Fund Processors' or Fund Members' account for the value of such orders and money only related charges.

(b) Settlement of money payments between Fund Members, Mutual Fund Processors and Settling Members arising out of orders and money only related charges for Mutual Fund Services transactions submitted through Fund/Serv for which settlement is to take place through the facilities of the Corporation, shall be made in accordance with Rule 12 and other provisions of these Rules. Settlement of all other transactions and charges shall be made directly between, and are the responsibility of, the parties thereto.

SEC. 12. If a Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member (hereinafter referred to as the "Firm Initiating Party") determines that data transmitted to a Fund Member or Mutual Fund Processor (hereinafter referred to as the "Fund Responding Party") in respect of a settled order is incorrect or if a Fund Member or Mutual Fund Processor (hereinafter referred to as the "Fund Initiating Party") determines that data transmitted to a Settling Member, **Investment Manager/Agent Member** or a TPA Member (hereinafter referred to as the "Firm Responding Party") in respect of a settled order is incorrect, the respective Firm or Fund Initiating Party may submit an extended correction instruction to the Corporation within such time as established by the Corporation from time to time. Upon receipt of the extended correction instruction, the Corporation will review the data for such information as the Corporation determines from time to time to be necessary. If the data does not contain the information required by the Corporation, the Corporation will reject the extended correction instruction and advise the respective Firm or Fund Initiating Party in such form and by such time as established by the Corporation from time to time. If the extended correction instruction appears to contain the information required by the Corporation, the Corporation will report the extended correction instruction to the respective Firm or Fund Responding Party and, if submitted by a Firm Initiating Party that is a TPA Member or **Investment Manager/Agent Member**, to the corresponding TPA/IMA Settling Entity within such time as established by the Corporation from time to time. A Fund Responding Party must reject or confirm the extended correction instruction in such form and within such time as established by the Corporation from time to time. Extended correction instructions not confirmed or

rejected by a Fund Responding Party within such time as established by the Corporation from time to time will be deleted from the Fund/Serv system by the Corporation. Extended correction instructions will settle as submitted by the Fund Responding Party if not rejected by a Firm Responding Party or a TPA/IMA Settling Entity.

SEC. 13 -14. (Section numbers reserved for future use.)

SEC. 15. A Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member may submit registration data for orders and transactions processed and/or settled through Fund/Serv by transmitting such data to the Corporation in such form and by such time as established by the Corporation from time to time. Upon receipt of the registration data, the Corporation will review the data for such information which the Corporation determines from time to time to be necessary (including applicable Fund Member or Mutual Fund Processor parameters). If such data does not contain the information required by the Corporation, the Corporation will reject the data and report such rejection to the Settling Member, Data Services Only Member, **Investment Manager/Agent Member** and the TPA Member, as the case may be, in such form and by such time as established by the Corporation from time to time. A Settling Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member who desires to resubmit registration data that has been rejected must resubmit the registration data as if it had never been submitted. If the registration data appears to contain the information required by the Corporation, the Corporation will transmit the data to the Mutual Fund Processor or Fund Member in such form and by such time as established by the Corporation from time to time. The Mutual Fund Processor or Fund Member must accept or reject the registration data in such form and by such time as established by the Corporation.

SEC. 16. ACAT/TRANSFERS

(a) Within the time frame established by the Corporation, the Corporation may transmit, to a Mutual Fund Processor or Fund Member, Fund/Serv Eligible Fund customer account transfer data in such form and by such time as established by the Corporation from time to time. The Mutual Fund Processor or Fund Member must reject or confirm the transfer in such format and by such time as established by the Corporation. Transfers not confirmed or rejected within such time frame will be deleted from the Fund/Serv system by the Corporation.

(b) The Corporation may permit a Member to designate another Member or Mutual Fund/Insurance Services Member as its ACATS-Fund/SERV Agent with regard to the re-registration of eligible book share mutual fund assets. Members and ACATS-Fund/SERV Agents must notify the Corporation of such designation in such form and within such timeframe as determined by the Corporation from time to time.

If such designation is made, the ACATS-Fund/SERV Agent (and not the ACAT Receiving or Delivering Member, as the case may be) will be

identified on reports and output transmitted to a Mutual Fund Processor or Fund Member. Notwithstanding such designation, the Member shall at all times be responsible for all provisions of these Rules.

The processing of orders during an underwriting or tender offer will be the same as specified in this Rule except as modified below in Section 17.

SEC. 17. Underwritings/Tender Offers

(a) A Mutual Fund Processor or Fund Member who desires orders to be processed as part of an underwriting or tender offer (hereinafter called "Event") shall, in such form and by such time as established by the Corporation from time to time, submit to the Corporation such details of the Event as the Corporation may require or permit, including but not limited to the Settling Members, **Investment Manager/Agent Members,** or the TPA Members and corresponding TPA/**IMA** Settling Entities entitled to participate in the Event as established by the Mutual Fund Processor or Fund Member, duration of the Event (hereinafter called the "Acceptance Period"), the type of order data that may be accepted and, the settlement date of the Event. Order data received by the Corporation for Fund/Serv Eligible Funds undergoing an Event for which the Corporation has not received details of the Event will not be processed in accordance with this Section.

(b) Upon receipt of the details, the Corporation will review the details for such information as the Corporation determines from time to time to be necessary. If the details do not include the required data the Corporation will reject the details. If the settlement date provided is not a business day, the data shall not be rejected but the next valid business day will be assigned by the Corporation as the settlement date.

(c) It shall be the obligation of a Mutual Fund Processor or Fund Member to determine the appropriateness of any order submitted during an Event and to take such action necessary to reject any invalid orders.

(d) A Settling Member, **Investment Manager/Agent Member,** TPA Member or TPA/**IMA** Settling Entity may submit, during the Acceptance Period, a deletion of an underwriting order in such form and by such time as established by the Corporation.

(e) A Mutual Fund Processor or Fund Member may submit a reconfirmation beginning two days after the first day of the Acceptance Period until three days prior to settlement date.

(f) Settlement will occur in accordance with the time frames as established by the Corporation from time to time based upon data provided by a Mutual Fund Processor or Fund Member provided, however, that in no event shall settlement occur earlier than three (3) business days after the date the Corporation receives notice of the settlement date from the Mutual Fund Processor or Fund Member.

(g) If notice of cancellation of an Event is not received by the Corporation in such form and by such time as established by the Corporation and in no event

later than three (3) business days prior to settlement date, settlement shall occur as previously established and it shall be the responsibility of the Settling Member or TPA/IMA Settling Entity and Mutual Fund Processor or Fund Member to adjust the item directly.

SEC. 18-20. (Section numbers reserved for future use.)

SEC. 21. Transfers of Fund/Serv Eligible Fund Shares.

(a) A Fund Member or Mutual Fund Processor to whom the value of Fund/Serv Eligible Fund shares is to be transferred (hereinafter referred to as the "Receiving Fund Member") may initiate the process by submitting a transfer request to the Corporation in such form and by such time on the submission date as established by the Corporation from time to time.

(b) The Fund Member or Mutual Fund Processor indicated by the Receiving Fund Member (hereinafter referred to as the "Delivering Fund Member") must acknowledge or reject a transfer request by submitting either an acknowledgment containing such information and in such form as established by the Corporation from time to time or a rejection instruction containing such information and in such form as established by the Corporation from time to time. The Delivering Fund Member will have up to two (2) business days after the submission of a transfer request to acknowledge or reject the transfer request. A transfer request that is not responded to timely by a Delivering Fund Member, and a transfer request that is rejected by a Delivering Fund Member, will be deleted from Fund/Serv.

(c) A Delivering Fund Member that has acknowledged a transfer request must confirm the value of the Fund/Serv Eligible Fund shares to be transferred by submitting a confirmation to the Corporation in such form as established by the Corporation from time to time. The Delivering Fund Member must submit the confirmation no earlier than one (1) business day and no later than ten (10) business days after the submission of an acknowledgment. Failure to timely submit a confirmation will cause the transfer request to be deleted from Fund/Serv.

(d) A Delivering Fund Member that has confirmed a transfer request may submit a reconfirmation to change any information submitted in the confirmation by transmitting such reconfirmation to the Corporation in such form as established by the Corporation from time to time prior to the inclusion of the value of the transfer in the settlement cycle of the Corporation as provided in paragraph (h) below.

(e) A Receiving Fund Member may cancel a transfer request by submitting an exit instruction in such form as established by the Corporation from time to time prior to the inclusion of the value of the transfer in the settlement cycle of the Corporation as provided in paragraph (h) below. A properly submitted exit instruction will cause such transfer to be deleted from Fund/Serv.

(f) The Corporation will review transmissions received from Receiving Fund Members and Delivering Fund Members for such information as the Corporation determines from time to time to be necessary. If the transmission does not contain the information required by the Corporation, the Corporation will reject the transmission and will advise the appropriate Receiving Fund Member or Delivering Fund Member. If the transmission appears to contain the information required by the Corporation, subject to any rights the Corporation may have as provided in the Rules generally, the Corporation will send the transmission to the appropriate Receiving Fund Member or Delivering Fund Member.

(g) A Receiving Fund Member who desires to resubmit a transfer request that has been rejected, deleted or exited, or an exit instruction that has been rejected by the Corporation, must resubmit such transfer request or exit instruction as if it had never been submitted. A Delivering Fund Member who has an acknowledgment, rejection, confirmation or reconfirmation rejected by the Corporation must resubmit such acknowledgment, rejection, confirmation or reconfirmation.

(h) All confirmed and reconfirmed transfer requests, except for transfer requests that have been rejected, deleted or exited, will settle in the next settlement cycle of the Corporation after such confirmation or reconfirmation. On settlement date, the Corporation will debit the Delivering Fund Member's account and credit the Receiving Fund Member's account for the value of the Fund/Serv Eligible Fund shares transferred. Settlement of money payments between Receiving Fund Members and Delivering Fund Members arising out of transfer requests submitted through Fund/Serv shall be made in accordance with Rule 12 and other provisions of these Rules.

(i) Credits and debits arising after the settlement of a transfer of the value of Fund/Serv Eligible Fund shares will be processed in accordance with Section 9 of this Rule.

SEC. 22- 45. (Section numbers reserved for future use.)

SEC. 46. Notwithstanding the foregoing, the submission of a transaction or instruction through Fund/Serv and settlement, deletion, rejection and exit of such transaction or instruction from or through Fund/Serv shall not otherwise relinquish, extinguish or affect any legal rights, remedies or obligations of the Settling Member, Data Services Only Member, **Investment Manager/Agent Member**, TPA Member, Mutual Fund Processor or Fund Member arising out of such transaction or instruction.

SEC. 47. Each business day, the Corporation will make data available to Settling Members, Data Services Only Members, **Investment Manager/Agent Members**, TPA Members, TPA/**IMA** Settling Entities, Mutual Fund Processors and Fund Members, indicating the status of all Fund/Serv transactions and instructions submitted to the Corporation. On a daily basis, Settling Members, Data Services Only Members, TPA Members, **Investment Manager/Agent Members**, TPA/**IMA** Settling Entities, Mutual Fund Processors and Fund

Members must compare the data against their records and any discrepancies must be immediately reported to the Corporation. To the extent necessary or appropriate, the Corporation may cause an adjustment to be made to the data within such time as the Corporation determines to be necessary.

SEC. 48. At any time, the Corporation may prohibit one or more orders, money only related charges or transfer requests from settling through Fund/Serv if the Corporation, in its discretion, determines that such action is necessary for the protection of the Corporation, Settling Members, Fund Members, creditors or investors.

SEC. 49. (a) The Corporation may delete from Fund/Serv any incompleated Fund/Serv items, with the exception of incompleated ACAT-Fund/Serv items, upon the withdrawal of a Settling Member from participation in Fund/Serv, but not earlier than five business days following notification to Settling Members of such Settling Member's intention to withdraw from Fund/Serv, where such Settling Member continues as a Settling Member or is merged into or acquired by another Settling Member which is not a participant in Fund/Serv.

(b) The Corporation may delete from Fund/Serv any incompleated Fund/Serv items upon the withdrawal of a TPA Member or **Investment Manager/Agent Member** from participation in Fund/Serv, but not earlier than five business days following notification to the TPA/IMA Settling Entity of such TPA Member's or **Investment Manager/Agent Member's** intention to withdraw from Fund/Serv.

B. Networking

SEC. 1. The Corporation may provide a service to enable Settling Members, **Investment Manager/Agent Member**, TPA Members, Mutual Fund Processors and Fund Members to transmit Fund/Serv Eligible Fund customer account data and/or settle Fund/Serv Eligible Fund payments, as the case may be, (hereinafter referred to as "Networking Payments") between themselves, which service shall be known as NETWORKING. Networking Payments shall consist of payments other than payments processed thru Fund/Serv and Mutual Fund Commission Settlement. The Corporation may also permit Data Services Only Members to utilize the Networking service only to request and transmit Fund/Serv Eligible Fund customer account data.

SEC. 2. Such customer account data if submitted must be transmitted in such formats and by such times as established by the Corporation from time to time. Submission of such customer account data to the Corporation, or provided to a Data Services Only Member shall not relinquish, extinguish or affect any legal or regulatory rights or obligations of the Settling Member, Mutual Fund Processor, Fund Member, Data Services Only Member, **Investment Manager/Agent Member** or TPA Member pertaining to the customer accounts.

SEC. 3. Settlement of Networking Payments shall occur as follows:

(a) Dividend Payments. Each Fund Member and Mutual Fund Processor must submit to the Corporation by the time specified by the Corporation, the payable date in respect of dividend data submitted to the Corporation. If the payable date is a Business day on which banks in New York are open for business (hereinafter referred to as a "Dividend Payable Date") settlement will occur on the payable date. If the payable date is not a Dividend Payable Date, settlement will occur on the next Dividend Payable Date after the payable date. Each day the Corporation will produce a report indicating the dividend amounts which will be required to be paid that day and the following day (hereinafter referred to as the "Dividend Payable Amount"). On a daily basis, the Fund Members and Mutual Fund Processors must compare the Dividend Payable Amount against their records and any errors must be reported to the Corporation in such form and by such time as established by the Corporation from time to time. The Corporation will report any corrections submitted by the Fund Member and Mutual Fund Processor to the Settling Member, **Investment Manager/Agent Member**, TPA Member and corresponding TPA/**IMA** Settling Entity, Fund Member and Mutual Fund Processor, as the case may be, on the next issued report after receipt by the Corporation of the correction.

(b) Other Networking Payments. On the Business Day prior to the day the Fund Member and Mutual Fund Processor intends to be debited (hereinafter referred to as "Debit Day") the Fund Member and Mutual Fund Processor must submit to the Corporation, within the time specified by the Corporation, the dollar value of amounts to be debited against the Fund Member and Mutual Fund Processor (hereinafter referred to as "Other Payable Amounts"). If the Debit Day is not a Business Day on which banks in New York are open for business the Debit Day will be the next business day the banks in New York are open for business. Each day the Corporation will produce a report or reports indicating the Other Payable Amounts which will be required to be paid that day and the following day.

SEC. 4. On Dividend Payable Date or Debit Day, the Fund Member or Mutual Fund Processor must pay to the Corporation the Dividend Payable Amount or Other Payable Amounts as indicated on the applicable report in accordance with Rule 12 and other provisions of these rules.

On Dividend Payable Date or Debit Day, the Corporation shall credit the appropriate Settling Member's or TPA/**IMA** Settling Entity's account with the Dividend Payable Amount or Other Payable Amounts indicated on the applicable report.

SEC. 5. Each Business Day a Fund Member and Mutual Fund Processor may submit correction data to the Corporation in order to correct a previously submitted incorrect payment. A Settling Member, **Investment Manager/Agent Member**, TPA Member or TPA/**IMA** Settling Entity who disagrees with a correction which results in a debit to the Settling Member, **Investment Manager/Agent Member** or TPA/**IMA** Settling Entity must notify the Corporation within such time as specified by the Corporation. Upon timely receipt of such notice the Corporation will delete the correction and such amount must be settled directly between the Settling Member and the Fund Member or Mutual Fund

Processor. If the correction results in a credit to a Fund Member or Mutual Fund Processor, payment of such amount shall be made in accordance with Rule 12 and other provisions of these rules.

SEC. 6-49. (Section numbers reserved for future use.)

SEC. 50. The Corporation will not be responsible for the completeness or accuracy of any customer account or payment data received from or transmitted to a Settling Member, Fund Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member nor for any errors, omissions or delays which may occur in the absence of gross negligence on the Corporation's part, in the transmission of such customer account or payment data to or from a Settling Member, Fund Member, Data Services Only Member, **Investment Manager/Agent Member** or a TPA Member.

C. Mutual Fund Commission Settlement

SEC. 1. The Corporation may provide a service to enable Settling Members, Fund Members and Mutual Fund Processors to transmit commission and fee related data and settle such payments between themselves, which service shall be known as the Mutual Fund Commission Settlement service.

SEC. 2. Commission and fee related data, if submitted, must be transmitted in such formats and by such times as established by the Corporation from time to time. Submission of such data to the Corporation shall not relinquish, extinguish or affect any legal or regulatory rights or obligations of the Settling Member, Fund Members or Mutual Fund Processors pertaining to the commissions.

SEC. 3. Settlement of commission and fee payments shall occur as follows: On the Business Day prior to the day the amount is intended to be debited (hereinafter referred to as "Debit Day") the entity submitting the amount must submit to the Corporation, within the time specified by the Corporation, the dollar value and the appropriate accounts to which such amount is to be credited and debited. If the Debit Day is not a Business Day on which banks in New York are open for business the Debit Day will be the next business day the banks in New York are open for business.

SEC. 4. On Debit Day, the Corporation will credit and debit the appropriate accounts in accordance with the instructions of the Settling Member, Fund Member or Mutual Fund Processor. Settlement of payments arising out of such instructions shall be made in accordance with Rule 12 and other provisions of these rules.

SEC. 5. The Corporation will not be responsible for the completeness or accuracy of any commission or fee data received from or transmitted to a Settling Member, Fund Member or Mutual Fund Processor nor for any errors, omissions or delays which may occur in the absence of gross negligence on the Corporation's part, in the transmission of such commission or fee data to or from a Settling Member, Fund Member or Mutual Fund Processor.

D. Mutual Fund Profile Service

SEC. 1. The Corporation may offer a service to provide Members, **Investment Manager/Agent Members**, TPA Members, Data Services Only Members and Fund Members with Fund/Serv Eligible Fund information (the "MFPS Data") as the Corporation may determine from time to time. Such service shall be known as the Mutual Fund Profile Service ("MFPS") and will be accomplished in accordance with the provisions of this Rule.

SEC. 2. Each Member, **Investment Manager/Agent Member**, TPA Member, Data Services Only Member or Fund Member that desires access to MFPS must complete and deliver to the Corporation such agreements as the Corporation may from time to time require.

SEC. 3. The MFPS Data must be submitted to the Corporation in such formats and by such times as established by the Corporation from time to time. The submission of such information to the Corporation shall not relinquish, extinguish or affect any regulatory or legal rights, remedies or obligations, if any, of Members, Investment Manager/Agent Members, TPA Members, Data Services Only Members or Fund Members participating in the MFPS.

SEC. 4. The Corporation shall not be responsible for the completeness or accuracy of any MFPS Data nor for any errors, omissions or delays which may occur relating to the MFPS Data.

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RULE 53. ALTERNATIVE INVESTMENT PRODUCT SERVICES AND MEMBERS

SEC. 1. General

(a) The Corporation may provide a service to enable entities meeting the qualifications of this Rule ("AIP Members") to transmit such data and information related to alternative investment products ("AIP Data") and to settle payments relating to such products ("AIP Payments") between themselves. Such service shall be known as the "AIP Service," or "AIP," and shall be accomplished in accordance with this Rule.

The rights, liabilities and obligations of AIP Members in their capacity as such shall be governed by this Rule 53. References to a Member, Mutual Fund/Insurance Services Member, Non-Clearing Member, Municipal Comparison Only Member, Fund Member, Insurance Carrier/Retirement Services Member, TPA Member, **Investment Manager/Agent Member** or Data Services Only Member, or to a participant admitted under a provision of any other Rule of the Corporation other than this Rule 53 shall not apply to an AIP Member in its capacity as such unless specifically noted in this Rule or in such other Rule.

An AIP Member that participates in the Corporation in another capacity pursuant to another Rule of this Corporation, or which has entered into an agreement with the Corporation independent from this Rule, shall continue to have all the rights, liabilities and obligations set forth in such other Rule or pursuant to such agreement, and such rights, liabilities and obligations shall be separate from its rights, liabilities and obligations as an AIP Member. As such, with respect to Members, Mutual Fund/Insurance Services Member, Non-Clearing Members, Municipal Comparison Only Members, Fund Members, Insurance Carrier/Retirement Services Members, TPA Members, **Investment Manager/Agent Members** or Data Services Only Members who qualify as AIP Members, this Rule only applies to their activities in connection with transactions in Eligible AIP Products (as defined in Section 4 of this Rule).

(b) The only service offered by the Corporation that is available to an AIP Member in its capacity as such shall be the AIP Service, and such other services or features thereof that the Corporation may from time to time designate as eligible for access by an AIP Member.

(c) An AIP Member acting on behalf of, or under authority of, the sponsor, general partner or any other party responsible for the creation or manufacturing of an Eligible AIP Product (as defined in Section 4 of this Rule) shall be known as an "AIP Manufacturer". An AIP Member acting on behalf of, or under authority of, a customer or other investor in an Eligible AIP Product, or otherwise as the contra-side to an AIP Manufacturer in a transaction (including information processing) with an AIP Manufacturer, shall be known as an "AIP Distributor".

* * *

RULE 58. LIMITATIONS ON LIABILITY

SEC. 1. Notwithstanding any affiliation between the Corporation and any other entity, including another clearing agency, except as otherwise expressly provided by written agreement between the Corporation and such other entity:

(a) the Corporation shall not be liable for any obligations of such other entity nor shall the Clearing Fund or other assets of the Corporation be available to such other entity (or any person claiming through such other entity) for any purpose, and no Member shall assert against the Corporation any claim based upon any obligations of any other entity to such Member; and

(b) such other entity shall not be liable for any obligations of the Corporation, nor shall the Participants Fund or any other assets of such other entity be available to the Corporation (or any person claiming through the Corporation) for any purpose, and no Member shall assert against such other entity any claim based upon any obligations of the Corporation to such Member.

SEC. 2. Notwithstanding any other provision in the Rules:

(a) The Corporation will not be liable for any action taken, or any delay or failure to take any action, hereunder or otherwise to fulfill the Corporation's obligations to its Members including Settling Members, Settling Bank Only Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, **Investment Manager/Agent Members**, TPA Members, Mutual Fund/Insurance Services Members, Non-Clearing Members, Fund Members, ~~[and]~~ Data Services Only Members, AIP Members and AIP Settling Bank Only Members (each hereinafter referred to as a "participant" for purposes of this Rule 58) other than for losses caused directly by the Corporation's gross negligence, willful misconduct, or violation of Federal securities laws for which there is a private right of action. Under no circumstances will the Corporation be liable for the acts, delays, omissions, bankruptcy, or insolvency, of any third party, including, without limitation, any depository, custodian, sub-custodian, clearing or settlement system, transfer agent, registrar, data communication service or delivery service ("Third Party"), unless the Corporation was grossly negligent, engaged in willful misconduct, or in violation of Federal securities laws for which there is a private right of action in selecting such Third Party.

(b) Under no circumstances will the Corporation be liable for any indirect, consequential, incidental, special, punitive or exemplary loss or damage (including, but not limited to, loss of business, loss of profits, trading losses, loss of opportunity and loss of use) howsoever suffered or incurred, regardless of whether the Corporation has been advised of the possibility of such damages or whether such damages otherwise could have been foreseen or prevented.

(c) With respect to instructions given to the Corporation by a Special Representative/Index Recipient Agent, the Corporation shall have no responsibility or liability for any errors which may occur in the course of transmissions or recording of any transmissions or which may exist in any magnetic tape, document or other media so delivered to the Corporation.

(d) With respect to the Corporation's distribution facilities, the Corporation assumes no responsibility whatever for the form or content of any tickets, checks, papers, documents or other material (other than items prepared by it) placed in the boxes in its distribution facilities assigned to each **participant** [~~Settling Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, Fund Member Data Services Only Member or AIP Member,~~] or otherwise handled by the Corporation; nor does the Corporation assume any responsibility for any improper or unauthorized removal from such boxes or from the Corporation's facilities of any such tickets, checks, papers, documents or other material, including items prepared by the Corporation.

(e) With respect to Fund/Serv transactions, the Corporation will not be responsible for the completeness or accuracy of any transaction or instruction received from or transmitted to a Settling Member, Data Services Only Member, **Investment Manager/Agent Member**, TPA Member, TPA/**IMA** Settling Entity, Mutual Fund Processor or Fund Member through Fund/Serv, nor for any errors, omissions or delays which may occur in the transmission of a transaction or instruction to or from a Settling Member, Data Services Only Member,

Investment Manager/Agent Member, TPA Member, TPA/**IMA** Settling Entity, Mutual Fund Processor or Fund Member.

(f) The Corporation will not be responsible for the completeness or accuracy of any IPS Data and Repository Data received from or transmitted to an Insurance Carrier/Retirement Services Member, Member or Data Services Only Member through IPS nor for any errors, omissions or delays which may occur in the transmission of such IPS Data and Repository Data to or from an Insurance Carrier/Retirement Services Member, or Data Services Only Member.

(g) The Corporation will not be responsible for the completeness or accuracy of any AIT Data received from or transmitted to a Member through the AIT service, nor for any errors, omissions or delays which may occur in the transmission of such AIT Data to or from a Member.

(h) The Corporation will not be responsible for the completeness or accuracy of any AIP Data received from or transmitted to an AIP Member through the Corporation nor for any errors, omissions or delays which may occur in the transmission of such AIP Data to or from an AIP Member.

* * *

RULE 60A. INVESTMENT MANAGER/AGENT MEMBER

SEC. 1. The Corporation shall act for those partnerships, corporations, limited liability corporations or other organizations or entities who qualify as Investment Manager/Agent Members under these Rules and who apply to the Corporation to act for them, and whose applications are approved by the Corporation. A partnership, corporation, limited liability corporation or other organization or entity shall be qualified to become a Investment Manager/Agent Member (“IMA”) if it demonstrates to the Board of Directors that its business and capabilities are such that it could reasonably expect material benefit from direct access to the Corporation's services.

A partnership or other organization, entity or person whose application to become a IMA Member has been approved by the Corporation shall sign and deliver to the Corporation such instruments in writing whereby such applicant shall agree as provided in Sections 2, 3 and 4 of this Rule.

SEC. 2. Each applicant to become a IMA Member shall sign and deliver to the Corporation an instrument in writing whereby the applicant shall agree:

(a) that the only service or system offered by the Corporation that it will utilize as a IMA Member is the Mutual Fund Services;

(b) to abide by the Rules of the Corporation and to be bound by all the provisions thereof and that the Corporation shall have all the rights and remedies contemplated by the Rules of the Corporation;

(c) that the Rules of the Corporation shall be a part of the terms and conditions of every transaction which it submits to the Corporation;

(d) not to submit to the Mutual Fund Services any transaction unless the Rules of the Corporation are part of the terms and conditions of such transaction, nor to submit or confirm any transaction to or through the Mutual Fund Services in contravention of the requirements of the Investment Company Act of 1940, as amended;

(e) to pay to the Corporation the compensation provided for by the Rules of the Corporation for the Mutual Fund Services transaction; and, pay such fines as may be imposed in accordance with such Rules of the Corporation for the failure to comply therewith;

(f) to be bound by any amendment to the Rules of the Corporation with respect to any transaction submitted through the Mutual Fund Services subsequent to the time such amendment takes effect as fully as though such amendment were now a part of the Rules of the Corporation, provided, however, that no such amendment shall affect its right to cease to be a IMA Member unless before such amendment becomes effective it is given an opportunity to give written notice to the Corporation of its election that the Corporation shall cease to act for it; and

(g) that its agreement with the Corporation shall inure to the benefit of and be binding upon the parties thereto and their respective successors and assigns.

Each applicant to become a IMA Member shall complete and deliver to the Corporation an Applicant Questionnaire in such form as prescribed by the Corporation from time to time and shall provide such other reports and information as the Corporation may determine are appropriate.

SEC. 3. Each applicant to become a IMA Member shall sign and deliver to the Corporation a IMA Authorization Agreement For Preauthorized Payments (ACH Debits) to initiate debit entries by ACH wire transfer, for amounts due pursuant to Rule 26 of the Corporation for the processing of transactions through the Mutual Fund Services.

SEC. 4. Each applicant to become a IMA Member shall sign and deliver to the Corporation a duly completed IMA Member Consent And

Authorization Form designating the Settling Member(s) who will be responsible for the settlement of orders initiated by the applicant.

SEC. 5. The Corporation shall approve an application to become a IMA Member pursuant to this Rule only upon a determination by the Corporation that the applicant meets such standards of operational capability as set forth in the Procedures, or such other standards of operational capability as the Corporation may promulgate.

Notwithstanding that an application to become a IMA Member shall have been approved by the Corporation, if a material change in condition at the applicant occurs which could bring into question the applicant's ability to perform, and such material change becomes known to the Corporation prior to the applicant commencing use of the Corporation's Mutual Fund Services, the Corporation shall have the right to stay commencement by the applicant of use of the Corporation's Mutual Fund Services until a reconsideration of the applicant's operational capability can be completed. As a result of such reconsideration, the Corporation may determine to withdraw approval or condition the approval upon the furnishing of additional information or assurances.

If the Corporation determines that the applicant to become a IMA Member fails to meet the standards of operational capability as set forth in the Procedures or as the Corporation may promulgate, but in the opinion of the Corporation the applicant has demonstrated an acceptable alternative operational standard, the Corporation may approve the application either unconditionally or on an appropriate, temporary or other conditional basis. In approving an application based upon an alternative operational standard, the Corporation will make a determination that: (1) the alternative operational standard will not require any extended manual intervention on behalf of the Corporation; (2) data will be able to be processed within the time parameters established by the Corporation; and, (3) the alternative operational standard does not expose the Corporation to undue risk. When approving an application using an alternative operational standard or on a conditional or temporary basis, the Corporation may obtain additional assurances of operational capability from the applicant as provided for in Rule 15.

Notwithstanding the foregoing, the Corporation may deny an application to become a IMA Member upon a determination by the Corporation that the Corporation does not have adequate personnel, space, data processing capacity or other operational capability at that time to perform its services for the applicant without impairing the ability of the Corporation to provide services for its existing Settling Members, Municipal Comparison Only Members, Fund Members, Data Services Only Members, Insurance Carrier/Retirement Services Members, TPA Members, Investment Manager/Agent Members and AIP Members to assure the prompt, accurate and orderly processing and settlement of securities transactions or to otherwise carry out its functions; provided, however,

that any such applications which are denied pursuant to this paragraph shall be approved as promptly as the capabilities of the Corporation permit.

SEC. 6. Before denying an application to become a IMA Member pursuant to Section 5 of this Rule, the Corporation shall furnish the applicant with a concise written statement setting forth the specific grounds under consideration upon which any such denial may be based and shall notify the applicant of its right to request a hearing to determine whether the application should be denied, such request to be filed by the applicant with the Corporation pursuant to Rule 37.

* * *

RULE 64. DTCC SHAREHOLDERS AGREEMENT

SEC. 1. For purposes of this Rule 64:

“DTCC” means The Depository Trust & Clearing Corporation, the holder of all of the capital stock of the Corporation.

“Shareholders Agreement” means the Shareholders Agreement of DTCC, dated as of November 4, 1999, as heretofore or hereafter amended and restated.

“Common Shares” has the meaning given to such term in the Shareholders Agreement.

“Mandatory Purchaser Participant” has the meaning given to such term in the Shareholders Agreement.

“Voluntary Purchaser Participant” has the meaning given to such term in the Shareholders Agreement.

SEC. 2. As a condition to its use of the services and facilities of the Corporation, a Member (other than (i) a Member that is a non-U.S. based central securities depository or (ii) a Mutual Fund/Insurance Services Member) shall be required to purchase and own Common Shares in accordance with the terms of the Shareholders Agreement and be a party to the Shareholders Agreement. For purposes of the Shareholders Agreement, a Member (other than (i) a Member that is a non-U.S. based central securities depository or (ii) a Mutual Fund/Insurance Services Member) shall be a Mandatory Purchaser Participant.

SEC. 3. A Fund Member, Insurance Carrier/Retirement Services Member, Municipal Comparison Only Member or Mutual Fund/Insurance Services Member

shall be permitted (but not required) to purchase and own Common Shares in accordance with the terms of the Shareholders Agreement and be a party to the Shareholders Agreement. For purposes of the Shareholders Agreement, a Fund Member, Insurance Carrier/Retirement Services Member, Municipal Comparison Only Member or Mutual Fund/Insurance Services Member shall be a Voluntary Purchaser Participant.

SEC. 4. This Rule 64 shall have no application to a Data Services Only Member, Non-Clearing Member, Settling Bank Only Member, Investment Manager/Agent Member or **Investment Manager/Agent Member** TPA Member.¹

SEC. 5. The Corporation shall execute and deliver the Shareholders Agreement as attorney in fact for a Member that purchases Common Shares pursuant to Section 2 or Section 3 of this Rule 64 if such Member is not already a party to the Shareholders Agreement. In addition, the Corporation may on behalf of DTCC pursuant to the Shareholders Agreement, without duplication of payment, (A) debit a Member for any amount payable by the Member to DTCC for Common Shares purchased by the Member and (B) credit a Member for any amount payable by DTCC to the Member for Common Shares sold by the Member.

* * *

(ADDENDUM R)

ADDENDUM R

STANDARDS OF FINANCIAL RESPONSIBILITY AND OPERATIONAL CAPABILITY FOR TPA **and IMA** MEMBERS

The Corporation shall apply the following standards in determining the financial responsibility and operational capability of TPA Members **and IMA Members** and applicants for membership.

I. TPA Member **and IMA Members** Standards

In addition to the requirements established pursuant to the provisions of Rule 60 **or Rule 60A, as applicable**, an applicant for Membership shall:

- (1) have an established business history of a minimum of three years or personnel with sufficient operational background and experience to ensure the ability of the TPA Member **or IMA Member, as applicable**, to conduct such a business;

¹ Note that, if a Fund Member, Insurance Carrier/Retirement Services Member, Municipal Comparison Only Member or Mutual Fund/Insurance Services member is also a member or participant of another clearing agency subsidiary of DTCC, such Fund Member, Insurance Carrier/Retirement Services Member, Municipal Comparison Only Member or Mutual.

- (2) be able to satisfactorily communicate with the Corporation and to fulfill anticipated commitments to and to meet the operational requirements of the Corporation with necessary promptness and accuracy and to conform to any condition and requirement which the Corporation reasonably deems necessary for its protection; and
- (3) not be known to be subject to any Statutory Disqualification or an order of similar effect issued by a Court or agency of competent jurisdiction.

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Fund/Insurance Services Member may be a Mandatory Purchaser Participant pursuant to the terms of the Shareholders Agreement and the rules and procedures of such other subsidiary. If a Data Services Only Member, Non-Clearing Member, Settling Bank Member, **Investment Manager/Agent Member** or TPA Member is also a member or participant of another clearing agency subsidiary of DTCC, such Data Services Only Member, Non-Clearing Member, Settling Bank Member, **Investment Manager/Agent Member** or TPA Member may be a Mandatory Purchaser Participant or a Voluntary Purchaser Participant pursuant to the terms of the Shareholders Agreement and the rules and procedures of such other subsidiary