

OMB APPROVAL

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

File No. SR - 2008 - 08
 Amendment No. []

Proposed Rule Change by National Securities Clearing Corporation

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input checked="" type="checkbox"/>	Section 19(b)(3)(A) <input type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action <input type="checkbox"/>	Date Expires <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 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 NSCCs Rule regarding Mutual Fund Profile Service

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 Last Name
 Title
 E-mail
 Telephone Fax

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
 By Vice President and Deputy General Counsel
 (Name) (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.

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 proposed rule change is annexed hereto as Exhibit 5 and consists of modifications to the Rules & Procedures (the “Rules”) of National Securities Clearing Corporation (“NSCC” or the “Corporation”) with regards to NSCC’s Mutual Fund Profile service.
 - (b) Not applicable.
 - (c) Not applicable.
2. Procedures of the Self-Regulatory Organization.
 - (a) The proposed rule change was approved by the Operations and Planning Committee of NSCC at its meeting on July 8, 2008.
3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.
 - (a) The proposed rule change amends NSCC’s Rules to add an agreement from an NSCC Fund Member to NSCC regarding the information the Fund Member includes in the Profile database, stating that the Fund Member will take reasonable steps to validate the accuracy of the provided data.

Background

Mutual Fund Profile Service is a central data source for comprehensive fund prospectus and operational information relating to mutual funds. The repository is a recognized industry standard for information critical to the distribution of mutual funds in the third-party market.

Profile is organized into three databases: Security Issue Database (containing information such as Security ID number, security name, fee structure, investment objectives, breakpoint schedule data, and blue sky eligibility); Participant Database (containing contact information, NSCC processing capabilities and restrictions or requirements); and Distribution Database (containing projected or actual distributions, capital gains and dividend amounts and details, and commission information). NSCC Fund Members input data regarding their mutual funds into the Security Issue and Participant Profile database. Profile is then accessed by the NSCC participants that are mutual fund distributors.

NSCC has recently enhanced the Security Issue database in Profile to include new data fields needed by distributors, and re-engineered the structure of the data hierarchy to be easier for fund members to populate their data. Some of the

enhancements to the Profile database were initiated in response to a recommendation in the Report (the “Report”) of The Joint NASD/Industry Task Force on Breakpoints (the “Task Force”).¹ NSCC has also adopted measures to assist funds members in validating their data once it is in the Profile database, by developing reports that note probable inconsistencies among related data fields; by arranging for free access by fund members to a vendor tool that verifies Profile data; and by outreach to fund members in the form of personal contacts and an on-line web demonstration on populating data into the Profile database.

Consistent with its efforts to expand Profile’s capabilities as a comprehensive and accurate source for the mutual fund distribution industry, NSCC now proposes to amend its rules to add an agreement from NSCC Fund Members with respect to data they submit to the Profile database, that they have taken reasonable steps to validate the accuracy of provided data. This agreement, made by the Fund Member to NSCC in NSCC’s Rules, is not intended to be a basis for independent legal rights against the fund member, nor is any third party intended or permitted to rely upon it as a representation to a third party or upon which a third-party can base any legal rights. NSCC has similar agreements from its members elsewhere in NSCC Rules and in the NSCC membership agreement, such as the agreement of a Fund Member to NSCC in Section 2 of Rule 51, that the Fund Member will not submit a transaction through NSCC’s Mutual Fund Services in contravention of any applicable regulatory requirements.

(b) Since NSCC’s Profile database is widely used by mutual fund distributors in processing the distribution of mutual fund shares, the proposed rule change facilitates the prompt and accurate clearance and settlement of securities transactions by assisting in the overall processing efficiency of mutual fund transactions and reducing processing difficulties resulting from incomplete or inaccurate information.

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

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

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

¹ The Task Force was formed in 2003 by the National Association of Securities Dealers (“NASD”, now “FINRA”) with the participation of major fund companies, broker-dealers, NSCC, the Securities Industries Association and the Investment Company Institute, in response to the NASD examination findings in which it was discovered that investors frequently failed to receive appropriate breakpoint discounts in front-end sales load mutual fund transactions. Recommendation (B) of the report stated that NSCC’s Profile database “should be expanded to include breakpoint aggregation terms and rules for all fund families, and should include identification of both link-eligible products (for example, retirement plans, annuities, and insurance products and college savings plans with mutual fund holdings).” The Recommendation also noted “...for this database to be effective, it must also be comprehensive. Accordingly, mutual funds must fully and accurately populate the database and must update the database on a timely basis.”

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 Action.

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

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

(a) Not applicable.

(b) Not applicable.

(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 – Text of the proposed rule change to NSCC Rules.

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-NSCC-2008-08)

SELF-REGULATORY ORGANIZATIONS

(a) Proposed Rule Change by NATIONAL SECURITIES CLEARING CORPORATION (“NSCC”) proposing to amend NSCC rules to add an agreement from NSCC fund members that submit mutual fund profile information to NSCC.

Comments requested within ____ days after the date of this publication.

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

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

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

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

In its filing with the Commission, NSCC included statements concerning the purpose of and basis for the proposed rule change. 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

(a) The proposed rule change amends NSCC’s Rules to add an agreement from an NSCC Fund Member to NSCC regarding the information the Fund Member includes in the Profile database, stating that the Fund Member will take reasonable steps to validate the accuracy of such data.

Background

Mutual Fund Profile Service is a central data source for comprehensive fund prospectus and operational information relating to mutual funds. The repository is a recognized industry standard for information critical to the distribution of mutual funds in the third-party market.

Profile is organized into three databases: Security Issue Database (containing information such as Security ID number, security name, fee structure, investment objectives, breakpoint schedule data, and blue sky eligibility); Participant Database (containing contact information, NSCC processing capabilities and restrictions or requirements); and Distribution Database (containing projected or actual distributions, capital gains and dividend amounts and details, and commission information). NSCC Fund Members input data regarding their mutual funds into the Security Issue and Participant Profile database. Profile is then accessed by the NSCC participants that are mutual fund distributors.

NSCC has recently enhanced the Security Issue database in Profile to include new data fields needed by distributors, and re-engineered the structure of the data hierarchy to be easier for fund members to populate their data. Some of the enhancements to the Profile database were initiated in response to a recommendation in the Report (the “Report”) of The Joint NASD/Industry Task Force on Breakpoints (the “Task Force”).¹ NSCC has also adopted measures to assist funds members in validating their data once it is in the Profile database, by developing reports that note probable inconsistencies among related data fields; by arranging for free access by fund members to a vendor tool that verifies Profile data; and by outreach to fund members in the form of personal contacts and an on-line web demonstration on populating data into the Profile database.

Consistent with its efforts to expand Profile’s capabilities as a comprehensive and accurate source for the mutual fund distribution industry, NSCC now proposes to amend its rules to add an agreement from NSCC Fund Members with respect to data they submit to the Profile database, that they have taken reasonable steps to validate the accuracy of their data. This agreement, made by the Fund Member to NSCC in NSCC’s Rules, is not intended to be a basis for independent legal rights against the fund member, nor is any third party intended or permitted to rely upon it as a representation to a third party or upon which a third-party can base any legal rights. NSCC has similar agreements from its members elsewhere in NSCC

¹ The Task Force was formed in 2003 by the National Association of Securities Dealers (“NASD”, now “FINRA”) with the participation of major fund companies, broker-dealers, NSCC, the Securities Industries Association and the Investment Company Institute, in response to the NASD examination findings in which it was discovered that investors frequently failed to receive appropriate breakpoint discounts in front-end sales load mutual fund transactions. Recommendation (B) of the report stated that NSCC’s Profile database “should be expanded to include breakpoint aggregation terms and rules for all fund families, and should include identification of both link-eligible products (for example, retirement plans, annuities, and insurance products and college savings plans with mutual fund holdings).” The Recommendation also noted “...for this database to be effective, it must also be comprehensive. Accordingly, mutual funds must fully and accurately populate the database and must update the database on a timely basis.”

Rules and in the NSCC membership agreement, such as the agreement of a Fund Member to NSCC in Section 2 of Rule 51, that the Fund Member will not submit a transaction through NSCC's Mutual Fund Services in contravention of any applicable regulatory requirements.

(b) Since NSCC's Profile database is widely used by mutual fund distributors in processing the distribution of mutual fund shares, the proposed rule change facilitates the prompt and accurate clearance and settlement of securities transactions by assisting in the overall processing efficiency of mutual fund transactions and reducing processing difficulties resulting from incomplete or inaccurate information.

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

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

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

Written comments relating to the proposed rule change have not been solicited or received.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve such proposed rule change, or
- (B) institute proceedings to determine whether the proposed change should be disapproved.

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 by sending an e-mail to rule-comment@sec.gov. Please include File No. SR-NSCC-2008-08 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 D.C. 20549-1090.

All submissions should refer to File Number SR-NSCC-2008-08. 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, 100 F Street, NE, Washington D.C. 20549-9303. Copies of such filing also will be available for inspection and copying at NSCC's principal office and on NSCC's Web site at www.nsc.com. 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 submissions 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 52. MUTUAL FUND SERVICES

* * *

D. Mutual Fund Profile Service

SEC 4. **Each Fund member agrees with the Corporation that the Fund Member will take reasonable steps to validate the accuracy of the MFPS data that it submits to the Corporation.** 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.