

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.

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)

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.

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.

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.

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.

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.

1. Text of the Proposed Rule Change.

(a) The National Securities Clearing Corporation (“NSCC”) is filing this rule change in order to amend NSCC’s Rules regarding membership and mutual fund services. The text of the proposed changes to NSCC’s Rules is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) The proposed change was approved by the Risk Committee of the Board of Directors on June 4, 2010.

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 NSCC to create a new type of member which will access NSCC’s mutual fund services.

In order to permit financial intermediaries to access NSCC’s mutual fund services, including FundSERV,¹ without having to build multiple systems and connections to NSCC, NSCC has created a new member type called a Third Party Provider Member (“TPP Member”). The TPP Member will act as a routing platform that will link the TPP Member’s customers to NSCC’s Mutual Fund Services. This will allow the TPP’s customers to gain automated access to funds participating in NSCC’s Mutual Fund Services. Each TPP customer transacting business with an NSCC fund Member will be required to enter into a selling group agreement with such fund. In creating the TPP Member, NSCC will further streamline the processing and settlement of fund transactions by allowing access to its services via a single interface in a seamless automated manner.

The TPP Member is a non-settling Member with access to Fund/SERV® and NSCC’s other mutual fund services. The TPP will assign an NSCC Member (“settling member”) to settle transactions on behalf of the TPP’s customers. The settling member will receive notice of the settlement obligation for each TPP customer. Each TPP customer will be required to maintain an account relationship with the settling member with whom the TPP has a relationship for the purpose of settling the transactions. Consequently, each TPP customer will be subject to the settling member’s customer identification program, due diligence and, where appropriate, enhanced due diligence requirements.

¹ Fund/SERV provides standardized formats and centralized processing of purchase, redemption, and exchange orders of mutual fund shares, as well as account registrations, and provides participants with a single daily net settlement.

The settling member must be an NSCC Member, and therefore subject to NSCC's standards of membership as if it were to be settling its own transactions in mutual fund services at NSCC.

These changes will necessitate revisions to the existing NSCC Rules, and those revisions are detailed in the attached Exhibit 5.

(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 promote the prompt and accurate processing and settlement of fund transactions by allowing access to the NSCC service through a single interface in a seamless automated manner.

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

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

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

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

6. Extension of Time Period for Commission Action.

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

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

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

Not applicable.

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 proposed changes to NSCC's Rules.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-NSCC-2010-06)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by NATIONAL SECURITIES CLEARING CORPORATION
("NSCC") to amend NSCC's Rules regarding membership and mutual fund services.

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

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

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

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

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

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

(i) The proposed rule change amends the Rules of NSCC to create a new type of member which will access NSCC's mutual fund services.

In order to permit financial intermediaries to access NSCC's mutual fund services, including FundSERV,¹ without having to build multiple systems and connections to NSCC, NSCC has created a new member type called a Third Party Provider Member ("TPP Member"). The TPP Member will act as a routing platform that will link the TPP Member's customers to NSCC's Mutual Fund Services. This will allow the TPP's customers to gain automated access to funds participating in NSCC's Mutual Fund Services. Each TPP customer transacting business with an NSCC fund Member will be required to enter into a selling group agreement with such fund. In creating the TPP Member, NSCC will further streamline the processing and settlement of fund transactions by allowing access to its services via a single interface in a seamless automated manner.

The TPP Member is a non-settling Member with access to Fund/SERV® and NSCC's other mutual fund services. The TPP will assign an NSCC Member ("settling member") to settle transactions on behalf of the TPP's customers. The settling member will receive notice of the settlement obligation for each TPP customer. Each TPP customer will be required to maintain an account relationship with the settling member with whom the TPP has a relationship for the purpose of settling the transactions. Consequently, each TPP customer will be subject to the settling member's customer identification program, due diligence and, where appropriate, enhanced due diligence requirements.

The settling member must be an NSCC Member, and therefore subject to NSCC's standards of membership as if it were to be settling its own transactions in mutual fund services at NSCC.

These changes will necessitate revisions to the existing NSCC Rules, and those revisions are detailed in the attached Exhibit 5.

(ii) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder applicable to NSCC. The proposed rule change will promote the prompt and accurate processing and settlement of fund transactions by allowing access to the NSCC service through a single interface in a seamless automated manner.

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.

¹ Fund/SERV provides standardized formats and centralized processing of purchase, redemption, and exchange orders of mutual fund shares, as well as account registrations, and provides participants with a single daily net settlement.

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

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

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

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

IV. Solicitation of Comments

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

- Electronic comments may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or send an e-mail to rule-comment@sec.gov. Please include File No. SR-NSCC-2010-06 on the subject line.
- Paper comments should be sent in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-1090.

All submissions should refer to File Number SR-NSCC-2010-06. 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 Trading and Markets, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary

Underlined, boldface Text indicates additional language

~~**Struck-through, boldface text**~~ indicates deleted language

NATIONAL SECURITIES CLEARING CORPORATION RULES

RULE 1. DEFINITIONS AND DESCRIPTIONS

Third Party Administrator Member

The term "Third Party Administrator Member" (or "TPA Member") means any Person that acts as a third party administrator on behalf of a retirement or other benefit plan, who is specified in Section 2.(ii)(h) of Rule 2 and has qualified pursuant to the provisions of Rule 2A.

Third Party Provider Member

The term "Third Party Provider Member" (or TPP Member) means any Person that acts as a routing platform for financial intermediaries, who is specified in Section 2.(ii)(l) of Rule 2 and has qualified pursuant to the provisions of Rule 2A

RULE 2. MEMBERS AND LIMITED MEMBERS

SEC. 2. Membership Types

The Corporation shall have the following membership types:

- (i) Member -
A Member, unless otherwise limited by the Corporation pursuant to these Rules, may generally access all services made available by the Corporation. Only Members shall be entitled to settle contracts through the Corporation and to participate in the Comparison and Recording Operation and Accounting Operation.
- (ii) Limited Members -
In addition to Members, upon the request of an applicant, the Corporation may approve an application by a Person to become a Limited Member, whose use of the Corporation's services is limited to those services

specified by the Corporation. Such Limited Members will be termed as follows:

(l) Third Party Provider Member -

Participates in the Corporation's Mutual Fund Services as a routing platform for financial intermediaries.

RULE 2A. INITIAL MEMBERSHIP REQUIREMENTS

SEC. 1. ELIGIBILITY FOR MEMBERSHIP

E. Membership and Other Agreements

Each applicant to become a Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member, Fund Member, Third Party Administrator Member, **Third Party Provider Member**, Investment Manager/Agent Member, AIP Member or Data Services Only Member shall sign and deliver to the Corporation an instrument in writing whereby the applicant shall agree, among other things:

- (k) That its books and records³ shall at all times be open to the inspection of the duly authorized representatives of the Corporation, and that the Corporation shall be furnished with all such information in respect of the participant's business and transactions as it may require, provided that if the participant shall cease to be a participant, the Corporation shall have no right to inspect the participant's books and records or to require information relating to

³ With respect to Fund Members, the applicant shall agree that the Fund Member's books and records and, to the extent the applicant is not a management company, the books and records of each management company affiliated with the applicant and, with respect to Fund/Serv Eligible Funds that are not investment companies regulated under the Investment Company Act of 1940, as amended, the books and records of any entity affiliated or having any regulatory connection with the fund, shall at all times be open to inspection by the duly authorized representatives of the Corporation and that the Corporation shall be furnished with all such information in respect of its business and transactions as the Corporation may require; provided that if it shall cease to be a Fund Member, the Corporation shall have no right to inspect its books and records, or the books and records of each such management company and/or entity affiliated or connected with the fund, as the case may be, or to require information relating to transactions wholly subsequent to the time when it ceased to be a Fund Member.

transactions wholly subsequent to the time when the participant ceases to be such;⁴ and

In addition to the above:

2. Third Party Administrator Members, Third Party Provider Members and Investment Manager/Agent Members:

Applicants for Third Party Administrator Member, Third Party Provider Member and Investment Manager/Agent Members shall sign and deliver to the Corporation, (i) documentation and/or agreements in such form as required by the Corporation from time to time, for the payment or collection of charges pursuant to Rule 26 of the Corporation for the processing of transactions through the Mutual Fund Services and (ii) a duly completed Consent And Authorization Form, designating the Member(s)/Mutual Fund/Insurance Services Member(s) who will be responsible for the settlement of orders initiated by the applicant.

RULE 2B. ONGOING MEMBERSHIP REQUIREMENTS AND MONITORING

SEC. 1. REQUIREMENTS

The qualifications and standards provided for in Rule 2A shall be continuing membership requirements. In addition, each Member, Fund Member, Insurance Carrier/Retirement Services Member, Municipal Comparison Only Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Settling Bank Only Member, Commission Billing Member, Third Party Administrator Member, Third Party Provider Member, Investment Manager/Agent Member and AIP Member shall comply with the ongoing informational and operational requirements set forth below.

SEC. 2. DATA TO BE FILED WITH THE CORPORATION

B. Notification of Changes in Condition

(a) Each Member, Mutual Fund/Insurance Services Member, Fund Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, TPP Member, Investment Manager/Agent Member, AIP Member and Data Services Only Member shall:

⁴ This provision is not applicable to DSO Members, IMA Members, TPP Members or TPA Members.

SEC. 3. OPERATIONAL TESTING

The Corporation may, from time to time, determine those Members, Fund Members, Insurance Carrier/Retirement Services Members, Municipal Comparison Only Members, Mutual Fund/Insurance Services Members, Data Services Only Members, Settling Bank Only Members, Investment Manager/Agent Members, AIP Members, AIP Settling Bank Only Members, **Third Party Provider Members** and Third Party Administrator Members (collectively, "participants") who shall be required to fulfill, within the time frames established by the Corporation, certain operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the participant. The Corporation may assess a fine upon those participants that fail to fulfill any such operational testing and related reporting requirements within the time frames established by the Corporation.

SEC. 5. VOLUNTARY RETIREMENT

A Member, Fund Member, Insurance Carrier/Retirement Services Member, Municipal Comparison Only Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, AIP Member, **Third Party Provider Member** or Third Party Administrator Member each may elect to voluntarily retire such membership by providing the Corporation with written notice of such termination. Such termination will not be effective until accepted by the Corporation. The Corporation's acceptance shall be evidenced by a notice to the Corporation's participants announcing the participant's retirement and the effective date of the retirement (the "Retirement Date"). A participant's voluntary termination of membership shall not affect its obligations to the Corporation, or the rights of the Corporation, with respect to transactions submitted to the Corporation before the Retirement Date (including, but not limited to, any pro-rata charge made by the Corporation pursuant to Section 8 of Rule 4).

RULE 3. LISTS TO BE MAINTAINED

SEC. 4. Members, Mutual Fund/Insurance Services Members, Fund Members, Insurance Carrier/Retirement Services Members, Municipal Comparison Only Members, TPA Members, **TPP Members**, Investment Manager/Agent Members, and AIP Members shall not:

RULE 5. GENERAL PROVISIONS

SEC. 2. Every Member, Mutual Fund/Insurance Services Member, Settling Bank Only Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **TPP Member**, Investment Manager/Agent Manager, 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.

Members, Settling Bank Only Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, TPA Members, **TPP 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.

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 Members, Mutual Fund/Insurance Services Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, TPA Members, **TPP 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.

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 Member, Mutual Fund/Insurance Services Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **TPP Member**, Investment Manager/Agent Member, Fund Member, Commission Billing 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.

RULE 20. INSOLVENCY

SEC. 1. A Member, Mutual Fund/Insurance Services Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **TPP 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.

RULE 22. SUSPENSION OF RULES

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 Member, Mutual Fund/Insurance Services Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **TPP Member**, Investment Manager/Agent Member, Fund Member, Commission Billing 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 Member, Mutual Fund/Insurance Services Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **TPP Member**, Investment Manager/Agent Member, Fund Member, Commission Billing Member, Data Services Only Member 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.

RULE 26. BILLS RENDERED

The Corporation will render bills to Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members, TPA Members, **TPP 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 with the amounts thereof on or before such date as determined by the Corporation from time to time.

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, Mutual Fund/Insurance Services Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **TPP 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.

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 Members, Mutual Fund/Insurance Services Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, TPA Members, **TPP Members**, Investment Manager/Agent Members, Fund Members, Commission Billing 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 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 make available to each Member, Mutual Fund/Insurance Services Member, Municipal

Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **TPP 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 make available such financial statements and report to participants within 60 days following the close of the Corporation's fiscal year.

RULE 37. HEARING PROCEDURES

SEC. 1. A Member, a Mutual Fund/Insurance Services Member, Settling Bank Only Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, **TPP Member**, Investment Manager/Agent Member, Fund Member, a Commission Billing Member, a Data Services Only Member, AIP Member or AIP Settling Bank Only Member or applicant (each 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).

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, a TPP Member, an Investment Manager/Agent Member, a Fund Member, a Commission Billing Member, a Data Services Only Member or an 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.

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, TPP Member, Data Services Only Member, AIP Member or 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 such participant. In the case of instructions given by a Special Representative or Index Receipt Agent, Investment Manager/Agent Member, TPP 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 TPP Member, TPA Member, or Investment Manager/Agent Member is acting.

Any participant delivering instructions as provided above, or on whose behalf a Special Representative, TPA Member, TPP 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, and 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, TPP Member, or Investment Manager/Agent Member, commencing one business day after the Corporation receives written notice from the participant that the Corporation shall not accept such instructions until such time as the participant shall withdraw such notice.

RULE 46. RESTRICTIONS ON ACCESS TO SERVICES

SEC. 1. The Board of Directors may suspend a Member, Mutual Fund/Insurance Services Member, Municipal Comparison Only Member, Insurance Carrier/Retirement Services Member, TPA Member, TPP Member, Investment Manager/Agent Member, Fund Member Commission Billing Member, 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's access to services offered by the Corporation in the event that (a) the participant has been and is expelled or suspended from any regulatory or self-regulatory organization, or (b) the participant is in default of any delivery of funds or securities to the Corporation, (c) the 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, the participants, creditors, or investors; with respect to a bank or trust company Member, Mutual Fund/Insurance Services Member or Commission Billing Member (and, in the case of a bank Member electing entry under Section 1.B.2.(a)(ii) of Addendum B, 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 2A, Rule 2B and Addendum B, (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.

RULE 52. MUTUAL FUND SERVICES¹

A. Fund/Serv

SEC. 1. The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members, TPA Members, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, TPA Member, **TPP Member**, or Investment Manager/Agent Member who desires to submit a Fund/Serv Eligible Fund order (e.g. purchase, redemption, exchange) or transaction to another Member (referred to as a Mutual Fund Processor) or 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.² An order submitted by a Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 time. 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 **TPP**

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 willing to process through the Fund/Serv service.

Member, TPA Member or Investment Manager/Agent Member, to the corresponding Member or Mutual Fund/Insurance Services Member with the obligation to settle the order (hereinafter referred to as the **TPP/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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 **TPP Member**, TPA Member or Investment Manager/Agent Member, the corresponding **TPP/TPA/IMA Settlement 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP Member** or the TPA Member and the corresponding **TPP/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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP Member**, TPA Member or **TPP/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 Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, **TPP Member** or the TPA 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, **TPP Member**, 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP Member**, or the TPA Member, as the case may be, and the Mutual Fund Processor or Fund Member.

SEC. 9. A Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP Member**, TPA Member or **TPP/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 Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, **TPP Member**, TPA Member or **TPP/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 Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, **TPP Member**, TPA Member or **TPP/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, TPP Member or TPA Member and corresponding TPP/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 Member, Mutual Fund/Insurance Services Member and Fund Member or Mutual Fund Processor. If a TPP/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 TPP/TPA/IMA Settling Entity shall be responsible for the settlement of such order in accordance with the provisions of these Rules.

SEC. 12. If a Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, TPP 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 Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP 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 TPP Member, TPA Member or Investment Manager/Agent Member, to the corresponding TPP/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 TPP/TPA/IMA Settling Entity.

SEC. 15. A Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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. 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 Members, Mutual Fund/Insurance Services Members, Investment Manager/Agent Members, **TPP Members** or the TPA Members and corresponding **TPP/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.

(d) A Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, **TPP Member**, TPA Member or **TPP/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.

(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 Member, Mutual Fund/Insurance Services Member or TPP/TPA/IMA Settling Entity and Mutual Fund Processor or Fund Member to adjust the item directly.

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 Member, Mutual Fund/Insurance Services Member, Data Services Only Member, Investment Manager/Agent Member, TPP 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 Members, Mutual Fund/Insurance Services Member, Data Services Only Members, Investment Manager/Agent Members, TPP Members, TPA Members, TPP/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, Members, Mutual Fund/Insurance Services Members, Data Services Only Members, Investment Manager/Agent Members, TPP Members, TPA Members, TPP/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. 49.

(b) The Corporation may delete from Fund/Serv any incompleated Fund/Serv items upon the withdrawal of a TPP Member, TPA Member or Investment Manager/Agent Member from participation in Fund/Serv, but not earlier than five business days following notification to the TPP/TPA/IMA Settling Entity of such TPP Member's, 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 Members, Mutual Fund/Insurance Services Members, Investment Manager/Agent Members, TPA Members, TPP 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 Member, Mutual Fund/Insurance Services Member, Mutual Fund Processor, Fund Member, Data Services Only Member, Investment Manager/Agent Member, **TPP 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 Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, **TPP Member**, TPA Member and corresponding **TPP/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.

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 Member's, Mutual Fund/Insurance Services Member's or **TPP/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 Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, **TPP Member**, TPA Member or **TPP/TPA/IMA** Settling Entity who disagrees with a correction which results in a debit to the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member or

TPP/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 Member or Mutual Fund/Insurance Services 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. 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 Member, Mutual Fund/Insurance Services Member, Fund Member, Data Services Only Member, Investment Manager/Agent Member, TPP 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 Member, Mutual Fund/Insurance Services Member, Fund Member, Data Services Only Member, Investment Manager/Agent Member, TPP Member or a TPA Member.

D. Mutual Fund Profile Service

SEC. 1. The Corporation may offer a service to provide Members, Mutual Fund/Insurance Services Members, Investment Manager/Agent Member, TPP 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, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP 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, Mutual Fund/Insurance Services Members, Investment Manager/Agent Member, TPP Members, TPA Members, Data Services Only Members or Fund Members participating in the MFPS.

RULE 53. ALTERNATIVE INVESTMENT PRODUCT SERVICES AND MEMBERS

SEC. 1. General

(a) The Corporation may provide a service to enable entities meeting the relevant qualifications of Rule 2A ("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 and in the capacity as a Limited Member shall be governed by this Rule 53 and relevant provisions of such other Rules as expressly reference AIP Members or Limited Members. References to a Member, Mutual Fund/Insurance Services Member, Non-Clearing Member, Municipal Comparison Only Member, Fund Member, Insurance Carrier/Retirement Services Member, Investment Manager/Agent Member, **TPP Member**, TPA Member or Data Services Only Member shall not apply to an AIP Member in its capacity as such unless specifically noted in this Rule or in such other Rule as applicable to an AIP Member or Limited Member.

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 Members, Non-Clearing Members, Municipal Comparison Only Members, Fund Members, Insurance Carrier/Retirement Services Members, Investment Manager/Agent Members, **TPP Members**, TPA 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).

RULE 58. LIMITATIONS ON LIABILITY

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, Mutual Fund/Insurance Services Members, Settling Bank Only Members, Municipal Comparison Only Members, Insurance Carrier/Retirement Services Members, Investment Manager/Agent Members, **TPP Members**, TPA Members, Mutual Fund/Insurance Services Members, Commission Billing Members, Fund Members, 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.

RULE 64. DTCC SHAREHOLDERS AGREEMENT

SEC. 4. This Rule 64 shall have no application to a Data Services Only Member, Commission Billing Member, Settling Bank Only Member, Investment Manager/Agent Member, TPP Member, TPA Member, AIP Member or AIP Settling Bank Only Member.³

ADDENDUM B

QUALIFICATIONS AND STANDARDS OF FINANCIAL RESPONSIBILITY, OPERATIONAL CAPABILITY AND BUSINESS HISTORY

MEMBERS (Section 1);

MUTUAL FUND/INSURANCE SERVICES MEMBERS (Section 2);

FUND MEMBERS (Section 3);

INSURANCE CARRIER/RETIREMENT SERVICES MEMBERS (Section 4);

MUNICIPAL COMPARISON ONLY MEMBERS (Section 5);

DATA SERVICES ONLY MEMBERS (Section 6);

COMMISSION BILLING MEMBERS (Section 7);

³ 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 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, Commission Billing Member, Settling Bank Member, TPP Member, TPA Member, AIP Member or AIP Settling Bank Member is also a member or participant of another clearing agency subsidiary of DTCC, such Data Services Only Member, Commission Billing Member, Settling Bank Member, Investment Manager/Agent Member, TPP Member, TPA Member, or AIP Member or AIP Settling Bank Only 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.

SETTLING BANK ONLY MEMBERS (Section 8);
THIRD PARTY ADMINISTRATOR MEMBERS (Section 9);
INVESTMENT MANAGER/AGENT MEMBERS (Section 10);
AIP MEMBERS (Section 11); and
AIP SETTLING BANK ONLY MEMBERS (Section 12)
THIRD PARTY PROVIDER MEMBERS (Section 13)

SEC. 6. DATA SERVICES ONLY MEMBERS

A. Qualification

To qualify for membership, a Data Services Only Member shall be:

- (i) a Registered Broker-Dealer; or
- (ii) a bank or trust company, including a trust company having limited power, which is a member of the Federal Reserve System or is supervised and examined by state or federal authorities having supervision over banks; or
- (iii) a Registered Clearing Agency; or
- (iv) an Insurance Company or an Insurance Entity; or
- (v) it is an investment company registered under Section 8 of the Investment Company Act of 1940, as amended; or
- (vi) a Principal Underwriter as defined in Section 2(a)(29) of the Investment Company Act of 1940, as amended, or a co-distributor, sub-distributor, or is otherwise authorized to process mutual fund transactions; or
- (vii) an Investment Adviser as defined in Section 202(a)(11) of the Investment Advisers Act of 1940, as amended; or
- (viii) an organization or entity that acts as a third-party administrator on behalf of a retirement or other benefit plan;
- (ix) an investment manager to a managed account or similar program or agent acting on behalf of such an investment manager;
- (x) **an organization or entity that acts as a routing platform that manages transactions on behalf of its customers; or**
- (xi) if it does not qualify under paragraphs (i) through (~~ix~~-x) above, it is an entity that has demonstrated to the Corporation that its business and capabilities are such that it could reasonably expect material benefit from direct access to the Corporation's services.

SEC. 13. THIRD PARTY PROVIDER MEMBERS

A. Qualification

To qualify for membership, a Third Party Provider Member shall demonstrate to the Corporation that its business and capabilities are such that it could reasonably expect material benefit from direct access to the Corporation's services.

B. Operational Capability⁷

An applicant shall be qualified for membership if it is able to satisfactorily communicate with the Corporation and fulfill anticipated commitments to and meet the operational requirements of the Corporation with necessary promptness and accuracy and to conform to any condition and requirement that the Corporation reasonably deems necessary for its protection.

C. Business History

An applicant must have an established business history of a minimum of six months or personnel with sufficient operational background and experience to ensure the ability of the firm to conduct such a business.

⁷ **An applicant must have the operational capability for membership or have an agreement, concerning the provision of operational support services to such applicant, with an entity acceptable to the Corporation and which may not be replaced without prior approval by the Corporation.**