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| A#: | 7355 |
| P&S#: | 6925 |
| Date: | January 12, 2012 |
| To: | ALL PARTICIPANTS |
| From: | WEALTH MANAGEMENT SERVICES – MUTUAL FUNDS |
| Attention: | MANAGER MUTUAL FUNDS OPERATIONS, MANAGER DATA PROCESSING, MANAGER CASHIERS, MANAGER P&S DEPARTMENT |
| Subject: | FUND/SERV and NETWORKING ENHANCEMENTS - Sunset Matrix Levels 1 & 2 - Sunset SDR Reject Codes |

Effective **Monday, April 23, 2012**, National Securities Clearing Corporation (NSCC) will implement enhancements to Fund/SERV and Networking. As part of the new enhancements, NSCC will:

- Modify records to prevent the establishment of new Matrix Level 1 or 2 accounts
- Eliminate specific reject codes for Standardized Data Reporting

The sunseting of Matrix Levels 1 and 2 was announced in Important Notice A 7316 on November 3, 2011 and is due to the implementation of cost basis reporting regulations that became effective January 1, 2012. Currently, Matrix Levels 1 and 2 permit redemptions to occur directly at the fund or through a firm, and tax reporting responsibilities are often split by the respective entities. The new cost basis reporting regulations require accurate calculation and reporting of cost basis information on investor transactions, and accordingly, split reporting responsibilities can no longer occur. In light of these new regulations, and as part of the enhancements being implemented in this release, NSCC will no longer accept new accounts for Matrix Levels 1 or 2. NSCC will completely eliminate these levels in a future release and reject all transactions and reporting of these matrix levels.

In addition, and as announced in Important Notice A 7241 on August 8, 2011, NSCC added reject codes for Standard Data Reporting (SDR) that better define the reason for rejects. The notice also communicated the future sunseting of other reject codes, which will be part of the enhancements being implemented in this release.

The following **Fund/SERV** records will be modified to no longer allow new Matrix Level 1 or 2 accounts:

- Full Registration 401
- Exchange Order 015
- Exchange Confirmation/Reconfirmation 016/ 017

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The following **ACAT** and **Fund/SERV ACAT** records will be modified to no longer allow ACAT transfers for Matrix Level 1 or 2 accounts:

- NSCC ACATS FR & TR records¹
- ACATS Transfer 018
- ACATS Transfer Acknowledgement/Rejection 019

The following **Networking** records will be modified to no longer allow Matrix Level 1 and 2 account activity:

- Account Conversion/Update A/B/T50, A/B/T/F51

The following **Networking SDR** records will be modified:

- SDR Detail B/U24

The following **Networking SDR** reject codes will be eliminated:

- 31 - Did not find data that matches the request
- 39 - Tran ID is invalid
- 44 - Agent for Firm is invalid
- 45 - Plan Name is Invalid
- 46 - Customer Name is Invalid
- 65 - Reject Indicator Missing or Invalid

Testing

Effective Monday, April 9, 2012, participants can begin testing in the Participant Services Environment (PSE) test region.

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

Documentation

Fund/SERV and Networking technical guides and best practices will be updated and available prior to the April implementation date. An e-mail notification will be sent upon completion of these materials.

Updated Record Layouts will be available on or about January 24, 2012 on DTCC's Wealth Management Services website located at

http://www.dtcc.com/products/wealthgmt/members/record_layouts.php.

SDR Best Practices and Technical guides provide guidance for Standardized Data Reporting and are located at http://www.dtcc.com/products/wealthgmt/members/networking_manuals.php. Additionally, a listing of the SDR reject codes, as well as an SDR reject code reference guide will be updated and available on DTCC's Wealth Management website on or about January 24, 2012. These guides can be located at <http://www.dtcc.com/products/wealthgmt/members/codes.php>.

¹ NSCC ACATS will update the FR & TR records in unison with Wealth Management's updating of 018 and 019 records.

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

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

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

Fund/SERV Enhancements
(Mainframe and WebDirect screens)

Below are the enhancements to the Fund/SERV records, fields and values as part of this release.

1. Full Registration Record, 401, Seq 2 of 32

Order Record 001 for Matrix Level 1 and 2 requests will be accepted and passed to the Funds by NSCC. However, Full Registration Record 401 will be rejected.

- Eliminate the option/values Matrix Level 1 & 2 from Network Control Indicator field
- Reject 401 activity for Matrix Levels 1 & 2 for Network Control Indicator field

Networking Control Indicators 1 and 2 will no longer be accepted; therefore, these options are being eliminated.

| Current Field Name | Start | End | Len | Type | Current Description | New Description | Opt/Req | Reject Code |
|---------------------------|-------|-----|-----|------|---|--|---------|-------------|
| Network Control Indicator | 68 | 68 | 1 | A/N | 0 = Non-networked 1 = Matrix Level 1 2 = Matrix Level 2 3 = Matrix Level 3 4 = Matrix Level 4 | 0 = Non-networked 3 = Matrix Level 3 4 = Matrix Level 4 | R | 047 |

2. Exchange Order Record, 015, Seqs 1 and 4

Reject Matrix Level 1 & 2 requests when the following two conditions exist:

- Record 015, Seq 1: Transaction Type option = 6 (Exchange to new account)
AND
- Record 015, Seq 4: Network Control Indicator (for the To Account) option is either Matrix 1 or Matrix 2

New accounts for Matrix Level 1 and 2 will no longer be accepted.

| Seq # | Current Field Name | Start | End | Len | Type | Current Description | Opt/Req | Reject Code |
|-------|--|-------|-----|-----|------|---|---------|-------------|
| Seq 1 | Transaction Type | 57 | 57 | 1 | A/N | 6 = Exchange to new account 7 = Exchange to existing account | R | 017 |
| Seq 4 | Network Control Indicator (for the To Account) | 43 | 43 | 1 | A/N | 0= Non-networked 1= Matrix Level 1 2 = Matrix Level 2 3 = Matrix Level 3 4 = Matrix Level 4 | R | 047 |

3. Exchange Confirmation and Reconfirmation Records, 016 & 017, Seqs 1 and 4

Reject Matrix Level 1 & 2 requests when the following two conditions exist:

- Records 016 and 017, Seq 1: Transaction Type option = 6 (Exchange to new account)
AND
- Records 016 and 017, Seq 4: Network Control Indicator (for the To Account) option is either Matrix 1 or Matrix 2

| Seq # | Current Field Name | Start | End | Len | Type | Current Description | Opt/Req | Reject Code |
|-------|--|-------|-----|-----|------|---|---------|-------------|
| Seq 1 | Transaction Type | 57 | 57 | 1 | A/N | 6 = Exchange to new account 7 = Exchange to existing account | R | 017 |
| Seq 4 | Network Control Indicator (for the To Account) | 43 | 43 | 1 | A/N | 0= Non-networked 1= Matrix Level 1 2 = Matrix Level 2 3 = Matrix Level 3 4 = Matrix Level 4 | R | 047 |

4. ACATS Transfer Record, 018, Seqs 2 and 7

NSCC ACATS records (FR & AT) will no longer allow Matrix Levels 1 and 2. Therefore, NSCC will remove all Matrix 1 and 2 references on 018 record.

- Record 018, Seq 2: Eliminate Matrix Level 1 & 2 options from Network Control Indicator field
- Record 018, Seq 7: Eliminate Matrix Level 1 & 2 options from Network Control Indicator (Delivering Firm) field

| Seq # | Current Field Name | Start | End | Len | Type | Current Description | New Description |
|-------|---|-------|-----|-----|------|---|--|
| Seq 2 | Network Control Indicator | 68 | 68 | 1 | A/N | 0= Non-networked 1= Matrix Level 1 2 = Matrix Level 2 3 = Matrix Level 3 4 = Matrix Level 4 | 0 = Non-networked 3 = Matrix Level 3 4 = Matrix Level 4 |
| Seq 7 | Network Control Indicator (Delivering Firm) | 74 | 74 | 1 | A/N | 0= Non-networked 1= Matrix Level 1 2 = Matrix Level 2 3 = Matrix Level 3 4 = Matrix Level 4 | 0 = Non-networked 3 = Matrix Level 3 4 = Matrix Level 4 |

5. ACATS Transfer Acknowledgement/Rejection Record, 019, Seq 2

Eliminate Matrix Levels 1 & 2 from Network Control Indicator (Receiving Firm) field

- Record 019, Seq 2: Eliminate Matrix Level 1 & 2 options

NSCC ACATS records (FR & AT) will no longer allow Matrix Levels 1 and 2. Therefore, NSCC will remove all Matrix Level 1 and 2 references on 018 & 019 records.

| Seq # | Current Field Name | Start | End | Len | Type | Current Description | New Description |
|-------|---|-------|-----|-----|------|---|--|
| Seq 2 | Networking Control Indicator (Receiving Firm) | 68 | 68 | 1 | A/N | 0= Non-networked 1= Matrix Level 1 2 = Matrix Level 2 3 = Matrix Level 3 4 = Matrix Level 4 | 0 = Non-networked 3 = Matrix Level 3 4 = Matrix Level 4 |

Networking Enhancements

(Mainframe and WebDirect screens)

Below are the enhancements to the Networking records, fields and values as part of this release.

6. Account Conversion/Update Records, A/B/T50, A/B/T/F51, Seq 1

Modify Network Control Indicator field

- Eliminate A/B/T50, A/B/T/F51 activity for Matrix Level 1 & 2
- Reject A/B/T50, A/B/T/F51 activity for Matrix Levels 1 & 2

Note: NSCC is unable to identify if a B51 maintenance request is specific to a Matrix Level change or another aspect of the account; therefore, we will reject all maintenance activity for Matrix Levels 1 and 2 received via A/B/T/F51 requests.

| Current Field Name | Start | End | Len | Type | Current Description | New Description | Opt/Req |
|---------------------------|-------|-----|-----|------|---|--|---------|
| Record Type | 2 | 3 | 2 | N | 50 = New Account 51 = Update to Existing Account, or Scrub, or Fund Account Response | N/A – no changes | R/R |
| Network Control Indicator | 21 | 21 | 1 | A/N | 0 = Level 0 1 = Level 1 2 = Level 2 3 = Level 3 4 = Level 4 | 0 = Level 0 3 = Level 3 4 = Level 4 | R/R |

Participants will only be able to create new registrations with Networking Indicators of 0, 3 or 4. Participants will only be able to maintain accounts with Networking Indicators of 0, 3 or 4.

Standardized Data Reporting (SDR) Enhancements (Mainframe)

Below are the enhancements to the Networking SDR records, fields and values as part of this release.

7. SDR Detail Record, B/U24, Seq 1

Modify Transaction ID field

- Eliminate SDR Reject Code from record layout

This SDR reject code is being eliminated and therefore is being removed from record layout. Better defined replacement reject codes were added during the October 2011 release.

| Current Field Name | Start | End | Len | Type | Current Description | Opt / Req | Current SDR Reject Code | New SDR Reject Code |
|--------------------|-------|-----|-----|------|---------------------|-----------|-------------------------|---------------------|
| Transaction ID | 92 | 111 | 20 | A/N | | O | 39 | |

Standardized Data Reporting (SDR) Reject Codes

8. Eliminate the following SDR reject codes:

- 31 - Did not find data that matches the request
- 39 - Tran ID is invalid
- 44 - Agent for Firm is invalid
- 45 - Plan Name is Invalid
- 46 - Customer Name is Invalid
- 65 - Reject Indicator Missing or Invalid

The above values will no longer be accepted by NSCC.