

The Depository Trust & Clearing Corporation

DEFINED CONTRIBUTION CLEARANCE & SETTLEMENT (DCC&S)

Defined Contribution Clearance & Settlement (DCC&S) streamlines purchase, redemption, and exchange transactions in defined contribution and other retirement plans for mutual fund and insurance companies, third-party administrators (TPAs), plan trustees, plan administrators, broker/dealers and other distribution firms.

OVERVIEW

DCC&S was developed as an expansion of Mutual Fund Services' (MF) Fund/SERV® platform to automate and simplify the processing and settlement of retirement transactions for the defined contribution marketplace. Through DCC&S, clients can streamline burdensome administrative processes to settle trades on a T+1 basis

Prior to the introduction of DCC&S in 1997, the growing retirement industry was grappling with processing inefficiencies and navigating the changing regulatory landscape. In order to meet these challenges, DTCC enhanced Fund/SERV and established DCC&S as the premier solution for standardization in the defined contribution landscape.

Clients using DCC&S benefit from processing efficiencies that empower growth and provide unparalleled support in the retirement landscape for mutual funds, collective investment trusts, stable value funds and other investment products.

WHO CAN USE THE SERVICE

Any interested financial organization that meets the qualifications of DTCC's National Securities Clearing Corporation (NSCC) subsidiary can use this service.

Post-market processing efficiencies enable growth and provide unparalleled support in the retirement landscape for mutual funds, collective investment trusts and other comparable investment products.

BENEFITS

- Automates and standardizes order flow procedures, making processing more efficient.
- Reduces operating costs, supports volume growth and helps expand product offerings.
- Diminishes risk associated with error-prone, manual processes.
- Expands business opportunities by enabling new process efficiencies for plan administrators, third party administrators (TPAs), mutual fund families and trustees.
- Eliminates the need for proprietary communication lines, faxes and phone connections.
- Simplifies the settlement process by calculating a single money settlement obligation for each settling client, every day.

Clients can utilize these additional MF services to enhance their retirement processing capabilities with DCC&S:

- The [Fund/SERV®](#) platform supports centralized order entry, confirmation and money settlement for post-market processing.
- [Networking](#) allows DCC&S to process new accounts and facilitate the exchange and reconciliation of customer account-level information among dual and tri-party entities involved in the retirement investment transaction, including those accounts held in an omnibus environment.
- The [Daily Price and Rate File](#) within the Mutual Fund Profile I Service enables clients to capture prices in the form of net asset values (NAVs) and rates for accrual funds. The [Distribution Database](#) within the Mutual Fund Profile II Service provides clients with distribution data, such as record, reinvestment and payable dates, for dividend, capital gains, and commission payments
- Other complementary services include: [Retirement Plan Reporting](#), [Mutual Fund Profile Service II \(Profile Security\)](#) and [DTCC Payment aXis®](#) (Retirement Invoicing and Fee -Settlement).



HOW DCC&S WORKS

DCC&S is conveniently accessible via mainframe over DTCC's SMART (Securely Managed and Reliable Technology) connection or through DTCC WebDirect, a web interface that gives DTCC clients direct access over the Internet to services provided by DTCC's subsidiaries.

THERE ARE TWO TYPES OF DCC&S PROCESSING SCENARIOS:

1. DUAL-PARTY PROCESSING:

Firms processing transactions as a record keeper/third party administrator (TPA) and trustee can submit Fund/SERV transactions (buys, sells and/or exchanges) and also perform money settlement with NSCC.

"Clearing firms" may also transact in a similar capacity and can process transactions from outside record keepers, TPAs, trustees and other constituents.

In this scenario, both firm and fund are NSCC members.

2. TRI-PARTY PROCESSING:

An NSCC TPA member who processes as a record keeper for retirement plans can submit Fund/SERV transactions (buys, sells and/or exchanges) and obligate (based on existing agreement between the TPA and the settling entity) an NSCC broker/dealer, bank, trust company or insurance company for settlement.

In this scenario, TPA/record keeper, settling entity and fund are NSCC members.

HIGH LEVEL PROCESS FLOW (FOR BOTH TRADING SCENARIOS):

- NSCC settling entity (e.g., broker/dealer, bank/trust, insurance company, etc.) can establish individual account information via MF's Networking service. Typically, this occurs prior to the first trade.
- NSCC members can receive the daily Price and Rate File in order to price buys, sells and exchanges, enabling them to prepare transactions and move money and/or take action.
- After compiling and pricing transaction information, the NSCC member submits transactions to NSCC for processing, using either dual or tri-party processing methods.
- Upon completion of editing, Fund/SERV transmits orders to fund clients and the NSCC settling member (if tri-party scenario). Funds confirm or reject the orders through Fund/SERV.
- All confirmed transactions settle at NSCC. On the morning of T+1, NSCC provides settling members and funds with a net settlement figure and a summary of purchases, redemptions and exchanges. NSCC TPA members can also receive a copy of settlement files "for information purposes only" in order to reconcile confirmed transactions.
- Account activity, position updates and dividend information can be shared between NSCC firms and funds via the Networking service.

Additional documentation and processing guides are available in the Mutual Fund Services [CLIENT CENTER](#)

FOR MORE INFORMATION

Please contact your Relationship Manager or the Account Management Team at (212) 855-8877.