

Required fields are shown with yellow backgrounds and asterisks.

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input checked="" type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

To Remove Access to the FundSERV Service by Data Services Only Members in Rule 52 and Revise the Defined Term for FundSERV in the NSCC Rules

**Contact Information**

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

First Name \* James Last Name \* Nygard

Title \* Director and Assistant General Counsel

E-mail \* jnygard@dtcc.com

Telephone \* (813) 470-1898 Fax

**Signature**

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

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

(Title \*)

Date 04/02/2020 Managing Director and Deputy General Counsel

By Nikki Poulos

(Name \*)

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

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 \***

Add Remove View

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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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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, security-based swap submission, or advance notice 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**

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Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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 4 - Marked Copies**

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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**

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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**

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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 proposed rule change of National Securities Clearing Corporation (“NSCC”) is annexed hereto as Exhibit 5 and consists of modifications to NSCC’s Rules & Procedures (“Rules”) in order to (i) remove access to the Fund/Serv service (“Fund/SERV”) by Data Services Only Members in Rule 52 of the Rules and (ii) revise the term “Fund/Serv” to “Fund/SERV” in the Rules to reflect conventional use of the term, as described in greater detail below.<sup>1</sup>

(b) Not applicable.

(c) Not applicable.

## 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Business, Technology and Operations Committee on September 10, 2019.

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

(a) Purpose

### *Background – Data Services Only Members*

In 2001, NSCC established a new membership category, called the Data Services Only Member.<sup>2</sup> Data Services Only Members are permitted to participate solely in the transmission of data and information and have access to only those services specifically enumerated under NSCC’s Rules.<sup>3</sup> The Data Services Only Members are not permitted to settle any transactions through NSCC.<sup>4</sup> Initially the Data Services Only Members were only permitted to access

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<sup>1</sup> Terms not defined herein are defined in the Rules, available at [https://dtcc.com/~media/Files/Downloads/legal/rules/nscc\\_rules.pdf](https://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf).

<sup>2</sup> Securities Exchange Act Release No. 44960 (October 19, 2001), 66 FR 54045 (October 25, 2001) (SR-NSCC-2001-14) (indicating that the new membership category is being added at the request of NSCC’s Fund Members and the Investment Company Institute in order to permit broker-dealers who otherwise do not qualify to be NSCC members to obtain access to customers account data in an automated format).

<sup>3</sup> See Section 2(ii)(a) of Rule 2, supra note 1 (provides that Data Services Only Members participate “solely in the transmission of data and information, and shall utilize only those features of services that the Corporation may, from time to time, expressly designate as eligible for access by a Data Services Only Member.”).

<sup>4</sup> Id.

Networking services in Mutual Fund Services.<sup>5</sup> Data Services Only Members were initially granted permission to access Networking in order to make inquiries regarding their customer accounts in an automated format using a communications-translation interface in Extensible Markup Language or “XML”.<sup>6</sup>

In 2002, the Data Services Only Member access was expanded to include access to Fund/SERV.<sup>7</sup> Data Services Only Members were provided access to Fund/SERV in connection with a new function of Fund/SERV called Fund/SPEED which was launched to provide firms and financial advisors with an ability to obtain information on, and transmit, their clients’ mutual fund purchase and redemption transactions through Fund/SERV in an automated format, with settlement conducted directly between counterparties and outside of NSCC.<sup>8</sup> Fund/SPEED was a combination of the XML inquiry functionality that had been provided to Data Services Only Members for Networking and an XML communications interface used to transmit data to Fund/SERV.<sup>9</sup>

The Fund/SPEED functionality was discontinued prior to 2013.<sup>10</sup> Following the discontinuation of Fund/SPEED, a similar functionality has not been added to Fund/SERV for Data Services Only Members.

NSCC does not believe that there is a need to continue to permit Data Services Only Members to have access to Fund/SERV because the Fund/SPEED functionality, which was used by Data Services Only Members to access and transmit Fund/SERV data, was discontinued. NSCC does not believe that any Data Services Only Members have utilized Fund/SERV since Fund/SPEED was discontinued and there are currently no active Data Services Only Members that access the Fund/SERV service. In addition, Fund/SERV is primarily a service designed for settlement of mutual fund transactions and Data Services Only Members are not permitted to

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<sup>5</sup> Supra note 2.

<sup>6</sup> See Securities Exchange Act Release No. 45560 (March 14, 2002), 67 FR 13200 (March 21, 2002) (SR-NSCC-2001-18) (“SR-NSCC-2001-18”). XML is a programming format that allows for the transfer of structured data between different applications.

<sup>7</sup> Id. Fund/SERV is a service provided by NSCC to allow Members and certain Limited Members enumerated in Rule 52 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. See Rule 52, supra note 1.

<sup>8</sup> See SR-NSCC-2001-18, supra note 6.

<sup>9</sup> Id.

<sup>10</sup> See Securities Exchange Act Release No. 68562 (January 2, 2013), 78 FR 1292 (January 8, 2013) (SR-NSCC-2012-11) (removing the fees relating to Fund/SPEED because Fund/SPEED was discontinued).

settle transactions through NSCC.<sup>11</sup> As such, NSCC is proposing to remove the ability of Data Services Only Members to access Fund/SERV.

Fund/SERV®

NSCC is also proposing to change the term “Fund/Serv” to “Fund/SERV” in several places in the Rules to reflect current conventional use of the name of the service and the registered trademark of the service. In addition, the registered trademark symbol would be placed on the term in Rule 52 in the heading for Section A to reflect that it is a registered trademark.

***Proposed Rule Change***

In order to implement the proposal above, NSCC would remove all of the references to Data Services Only Member in Section A of Rule 52 of the Rules,<sup>12</sup> which is the section relating to Fund/SERV. In addition, NSCC would remove the sentence referring to orders being submitted by Data Services Only Members in Section 2 of Section A of Rule 52<sup>13</sup> as that sentence would no longer be applicable if Data Services Only Members are removed from having access to Fund/SERV. NSCC would also change the term “Fund/Serv” to “Fund/SERV” in several places in the Rules and the registered trademark symbol would be placed on the term in Rule 52 in the heading for Section A.<sup>14</sup>

(b) Statutory Basis

Section 17A(b)(3)(F) of the Securities Exchange Act of 1934, as amended (“Act”) requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>15</sup> NSCC believes that the proposed rule change is consistent with this provision because it would provide enhanced clarity and transparency for participants with respect to services offered by NSCC by updating the Rules to remove the ability to access a service that Data Services Only Members do not utilize and are unlikely to utilize in the future. Fund/SPEED, which was designed to provide participants access to, and the ability to transmit, certain Fund/SERV data without the ability to settle, was discontinued. Since Fund/SPEED has been discontinued, a similar functionality has not been added to Fund/SERV for Data Services Only Members and Fund/SERV is not being utilized by any Data Services Only Members. Since Fund/SERV is primarily a service designed to facilitate settlement of Fund/SERV Eligible Funds, which Data Services Only Members are not permitted to do through NSCC, NSCC does

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<sup>11</sup> See Section 2(ii)(a) of Rule 2, supra note 1.

<sup>12</sup> Section A of Rule 52, supra note 1.

<sup>13</sup> Id.

<sup>14</sup> Id.

<sup>15</sup> 15 U.S.C. 78q-1(b)(3)(F).

not believe that Data Services Only Members would utilize Fund/SERV in the future.<sup>16</sup> The proposed change of the defined term “Fund/Serv” to “Fund/SERV” in several places would also provide enhanced clarity for participants because “Fund/SERV” reflects the current conventional use of the name of the service and is the registered trademark for the service.

Therefore, by providing enhanced clarity and transparency in the Rules regarding the services provided by NSCC and the services to which Data Services Only Members have access, NSCC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

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

NSCC does not believe that the proposed rule change would have any impact on competition. Since Fund/SPEED was discontinued, Data Services Only Members are not utilizing Fund/SERV. In addition, it is not anticipated that any Data Services Only Members will utilize Fund/SERV in the future because there has not been any functionality to replace Fund/SPEED for Data Services Only Members and Data Services Only Members are not entitled to use the settlement features of Fund/SERV which is its primary purpose. Therefore, the proposed rule change should have no effect on NSCC participants, other than to remove a right to have access to a service by Data Services Only Members that is unlikely to be utilized by Data Services Only Members. In addition, the changes of the term “Fund/Serv” to “Fund/SERV” and the inclusion of the registered trademark symbol would also not have any impact on competition because such changes are clarifications of the Rules and would not otherwise affect the rights or obligations of NSCC Members.

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

NSCC has not received or solicited any written comments relating to this proposal. NSCC will notify the Securities and Exchange Commission (“Commission”) of any written comments received by NSCC.

#### **6. Extension of Time Period for Commission Action**

Not applicable.

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

(a) The proposed rule changes are to take effect immediately upon filing pursuant to paragraph A of Section 19(b)(3)<sup>17</sup> of the Act and subparagraph (f)(4)<sup>18</sup> of Rule 19b-4

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<sup>16</sup> See Section A.2. of Rule 52, *supra* note 1 (provides that “Orders submitted by Data Services Only Members shall not settle through the facilities of the Corporation.”)

<sup>17</sup> 15 U.S.C 78s(b)(3)(A).

under the Act.

(b) The proposed rule change effects a change in an existing service of a registered clearing agency that: (i) does not adversely affect the safeguarding 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 or obligations of the clearing agency or persons using the service. Removing access by Data Services Only Members to a service that Data Services Only Members no longer use and would not likely use in the future should not have any effect on rights and obligations of NSCC or NSCC participants using the service. Changing the term “Fund/Serv” to “Fund/SERV” and adding a registered trademark are just clarifications to the term and would not reflect a change in the service. Therefore, the proposed rule change would not affect the rights or obligations of NSCC or the NSCC participants using the service consistent with Rule 19b-4(f)(4).<sup>19</sup>

(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. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act of 2010**

Not applicable.

**11. Exhibits**

Exhibit 1 – Not applicable.

Exhibit 1A - Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 – Not applicable.

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Rules.

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<sup>18</sup> 17 CFR 240.19b-4(f)(4).

<sup>19</sup> Id.

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_]; File No. SR-NSCC-2020-009)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Remove Access to the Fund/SERV Service by Data Services Only Members in Rule 52 and Revise the Defined Term for Fund/SERV in the NSCC Rules.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April \_\_, 2020, National Securities Clearing Corporation (“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 the clearing agency. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and subparagraph (f)(4)<sup>4</sup> of Rule 19b-4 thereunder. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

(a) The proposed rule change of NSCC is annexed hereto as Exhibit 5 and consists of modifications to NSCC’s Rules & Procedures (“Rules”) in order to (i) remove

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(4).

access to the Fund/Serv service (“Fund/SERV”) by Data Services Only Members in Rule 52 of the Rules and (ii) revise the term “Fund/Serv” to “Fund/SERV” in the Rules to reflect conventional use of the term, as described in greater detail below.<sup>5</sup>

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

***Background – Data Services Only Members***

In 2001, NSCC established a new membership category, called the Data Services Only Member.<sup>6</sup> Data Services Only Members are permitted to participate solely in the transmission of data and information and have access to only those services specifically

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<sup>5</sup> Terms not defined herein are defined in the Rules, available at [https://dtcc.com/~media/Files/Downloads/legal/rules/nscc\\_rules.pdf](https://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf).

<sup>6</sup> Securities Exchange Act Release No. 44960 (October 19, 2001), 66 FR 54045 (October 25, 2001) (SR-NSCC-2001-14) (indicating that the new membership category is being added at the request of NSCC’s Fund Members and the Investment Company Institute in order to permit broker-dealers who otherwise do not qualify to be NSCC members to obtain access to customers account data in an automated format).

enumerated under NSCC's Rules.<sup>7</sup> The Data Services Only Members are not permitted to settle any transactions through NSCC.<sup>8</sup> Initially the Data Services Only Members were only permitted to access Networking services in Mutual Fund Services.<sup>9</sup> Data Services Only Members were initially granted permission to access Networking in order to make inquiries regarding their customer accounts in an automated format using a communications-translation interface in Extensible Markup Language or "XML".<sup>10</sup>

In 2002, the Data Services Only Member access was expanded to include access to Fund/SERV.<sup>11</sup> Data Services Only Members were provided access to Fund/SERV in connection with a new function of Fund/SERV called Fund/SPEED which was launched to provide firms and financial advisors with an ability to obtain information on, and transmit, their clients' mutual fund purchase and redemption transactions through Fund/SERV in an automated format, with settlement conducted directly between

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<sup>7</sup> See Section 2(ii)(a) of Rule 2, supra note 5 (provides that Data Services Only Members participate "solely in the transmission of data and information, and shall utilize only those features of services that the Corporation may, from time to time, expressly designate as eligible for access by a Data Services Only Member.").

<sup>8</sup> Id.

<sup>9</sup> Supra note 6.

<sup>10</sup> See Securities Exchange Act Release No. 45560 (March 14, 2002), 67 FR 13200 (March 21, 2002) (SR-NSCC-2001-18) ("SR-NSCC-2001-18"). XML is a programming format that allows for the transfer of structured data between different applications.

<sup>11</sup> Id. Fund/SERV is a service provided by NSCC to allow Members and certain Limited Members enumerated in Rule 52 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. See Rule 52, supra note 5.

counterparties and outside of NSCC.<sup>12</sup> Fund/SPEED was a combination of the XML inquiry functionality that had been provided to Data Services Only Members for Networking and an XML communications interface used to transmit data to Fund/SERV.<sup>13</sup>

The Fund/SPEED functionality was discontinued prior to 2013.<sup>14</sup> Following the discontinuation of Fund/SPEED, a similar functionality has not been added to Fund/SERV for Data Services Only Members.

NSCC does not believe that there is a need to continue to permit Data Services Only Members to have access to Fund/SERV because the Fund/SPEED functionality, which was used by Data Services Only Members to access and transmit Fund/SERV data, was discontinued. NSCC does not believe that any Data Services Only Members have utilized Fund/SERV since Fund/SPEED was discontinued and there are currently no active Data Services Only Members that access the Fund/SERV service. In addition, Fund/SERV is primarily a service designed for settlement of mutual fund transactions and Data Services Only Members are not permitted to settle transactions through NSCC.<sup>15</sup> As such, NSCC is proposing to remove the ability of Data Services Only Members to access Fund/SERV.

Fund/SERV®

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<sup>12</sup> See SR-NSCC-2001-18, supra note 10.

<sup>13</sup> Id.

<sup>14</sup> See Securities Exchange Act Release No. 68562 (January 2, 2013), 78 FR 1292 (January 8, 2013) (SR-NSCC-2012-11) (removing the fees relating to Fund/SPEED because Fund/SPEED was discontinued).

<sup>15</sup> See Section 2(ii)(a) of Rule 2, supra note 5.

NSCC is also proposing to change the term “Fund/Serv” to “Fund/SERV” in several places in the Rules to reflect current conventional use of the name of the service and the registered trademark of the service. In addition, the registered trademark symbol would be placed on the term in Rule 52 in the heading for Section A to reflect that it is a registered trademark.

***Proposed Rule Change***

In order to implement the proposal above, NSCC would remove all of the references to Data Services Only Member in Section A of Rule 52 of the Rules,<sup>16</sup> which is the section relating to Fund/SERV. In addition, NSCC would remove the sentence referring to orders being submitted by Data Services Only Members in Section 2 of Section A of Rule 52<sup>17</sup> as that sentence would no longer be applicable if Data Services Only Members are removed from having access to Fund/SERV. NSCC would also change the term “Fund/Serv” to “Fund/SERV” in several places in the Rules and the registered trademark symbol would be placed on the term in Rule 52 in the heading for Section A.<sup>18</sup>

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>19</sup> NSCC believes that the proposed rule change is consistent with this provision because it

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<sup>16</sup> Section A of Rule 52, supra note 5.

<sup>17</sup> Id.

<sup>18</sup> Id.

<sup>19</sup> 15 U.S.C. 78q-1(b)(3)(F).

would provide enhanced clarity and transparency for participants with respect to services offered by NSCC by updating the Rules to remove the ability to access a service that Data Services Only Members do not utilize and are unlikely to utilize in the future. Fund/SPEED, which was designed to provide participants access to, and the ability to transmit, certain Fund/SERV data without the ability to settle, was discontinued. Since Fund/SPEED has been discontinued, a similar functionality has not been added to Fund/SERV for Data Services Only Members and Fund/SERV is not being utilized by any Data Services Only Members. Since Fund/SERV is primarily a service designed to facilitate settlement of Fund/SERV Eligible Funds, which Data Services Only Members are not permitted to do through NSCC, NSCC does not believe that Data Services Only Members would utilize Fund/SERV in the future.<sup>20</sup> The proposed change of the defined term “Fund/Serv” to “Fund/SERV” in several places would also provide enhanced clarity for participants because “Fund/SERV” reflects the current conventional use of the name of the service and is the registered trademark for the service.

Therefore, by providing enhanced clarity and transparency in the Rules regarding the services provided by NSCC and the services to which Data Services Only Members have access, NSCC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

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<sup>20</sup> See Section A.2. of Rule 52, supra note 1 (provides that “Orders submitted by Data Services Only Members shall not settle through the facilities of the Corporation.”)

(B) Clearing Agency's Statement on Burden on Competition

NSCC does not believe that the proposed rule change would have any impact on competition. Since Fund/SPEED was discontinued, Data Services Only Members are not utilizing Fund/SERV. In addition, it is not anticipated that any Data Services Only Members will utilize Fund/SERV in the future because there has not been any functionality to replace Fund/SPEED for Data Services Only Members and Data Services Only Members are not entitled to use the settlement features of Fund/SERV which is its primary purpose. Therefore, the proposed rule change should have no effect on NSCC participants, other than to remove a right to have access to a service by Data Services Only Members that is unlikely to be utilized by Data Services Only Members. In addition, the changes of the term "Fund/Serv" to "Fund/SERV" and the inclusion of the registered trademark symbol would also not have any impact on competition because such changes are clarifications of the Rules and would not otherwise affect the rights or obligations of NSCC Members.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

NSCC has not received or solicited any written comments relating to this proposal. 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)<sup>21</sup> of the Act and paragraph (f)<sup>22</sup> of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NSCC-2020-009 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-NSCC-2020-009. 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

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<sup>21</sup> 15 U.S.C 78s(b)(3)(A).

<sup>22</sup> 17 CFR 240.19b-4(f).

Commission will post all comments on the Commission's Internet website (<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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of NSCC and on DTCC's website (<https://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NSCC-2020-009 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

Secretary

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<sup>23</sup> 17 CFR 200.30-3(a)(12).



## RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

**Bold and underlined text** indicates proposed added language.

**~~Bold and strikethrough text~~** indicates proposed deleted language.

## RULE 1. DEFINITIONS AND DESCRIPTIONS

\* \* \*

### *Fund Member*

The term “Fund Member” (previously referred to as a ~~Fund/ServFund/SERV~~ Member) means any Person who is specified in Section 2.(ii)(b) of Rule 2 and has qualified pursuant to the provisions of Rule 2A.

### ~~Fund/ServFund/SERV~~ *Eligible Fund*

The term “~~Fund/ServFund/SERV~~ Eligible Fund” means a fund or other pooled investment entity included in the list for which provision is made in Section 1.(c) of Rule 3.

### ~~Fund/ServFund/SERV~~ *Member* - (See “Fund Member”)

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## RULE 2A. INITIAL MEMBERSHIP REQUIREMENTS

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### E. Membership and Other Agreements

- (h) To pay to the Corporation the compensation provided for under the Rules of the Corporation for services rendered to the participant, while a participant<sup>1</sup>;
- (i) To pay such fines while a participant as may be imposed in accordance with the Rules of the Corporation for the failure to comply therewith;
- (j) If applicable to its membership type, to pay to the Corporation any amounts which, pursuant to the provisions of Rule 4, shall become payable by the participant to the Corporation and that the determination by the Board of Directors of the Corporation of

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<sup>1</sup> With respect to Fund Members, the applicant shall agree to pay to the Corporation the compensation provided for by the Rules of the Corporation for ~~Fund/ServFund/SERV~~ Eligible Fund transactions if the applicant distributes shares on a principal basis. However, to the extent the applicant distributes shares of an investment company regulated under the Investment Company Act of 1940, as amended, on an agency basis, then the applicant shall agree to pay to the Corporation the compensation provided for by the Rules of the Corporation for transactions in such investment company shares to the extent that the applicant can recover such amount from the investment company(ies) whose shares it distributes. Whether the applicant distributes shares on a principal or agency basis, the applicant shall agree to pay such fines as may be imposed in accordance with such Rules of the Corporation for the failure to comply therewith.

all questions affecting the charges to which the participant's contribution to the Clearing Fund (if required pursuant to Rule 4) are or may be subject shall be final and conclusive;

(k) That its books and records<sup>2</sup> 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 transactions wholly subsequent to the time when the participant ceases to be such;<sup>3</sup>and

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### RULE 3. LISTS TO BE MAINTAINED

SEC. 1. (a) The Corporation shall maintain a list of the securities which may be the subject of contracts cleared through the Corporation (hereinafter referred to as "Cleared Securities"), and may from time to time add securities to such list or remove securities therefrom. Unless the Corporation shall otherwise determine, Cleared Securities may only be those issues of securities the issuer of which is subject to, or regularly complies with, Rule 10b-17 of the Securities and Exchange Commission, promulgated pursuant to the Securities Exchange Act of 1934, as amended. The Corporation shall accept an issue of securities as a Cleared Security only upon a determination by the Corporation that it has the existing operational capability to do so and to continue successfully to provide its services to Members.

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(c) The Corporation shall maintain a list of funds and other pooled investment entities which may be the subject of orders processed through the Corporation's Mutual

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<sup>2</sup> 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~~**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.

<sup>3</sup> This provision is not applicable to DSO Members, IMA Members, TPP Members or TPA Members.

Fund Services (hereinafter referred to as “**Fund/ServFund/SERV** Eligible Funds”) and may from time to time add funds and other pooled investment entities to such list or remove **Fund/ServFund/SERV** Eligible Funds therefrom. Unless the Corporation shall otherwise determine, a **Fund/ServFund/SERV** Eligible Fund must be assigned a CUSIP1 number, and may only be: (i) an investment company regulated under the Investment Company Act of 1940, as amended; (ii) a fund or other pooled investment entity that is subject to regulation under applicable federal and state banking and/or insurance law; or (iii) a fund or other pooled investment entity subject to regulation under other applicable law which meets criteria established by the Corporation from time to time.

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## RULE 50. AUTOMATED CUSTOMER ACCOUNT TRANSFER SERVICE

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SEC. 5. Within the time frame established by the Corporation or, to the extent applicable, the Delivering Member’s Designated Examining Authority (“DEA”), and, to the extent applicable, pursuant to reasons permitted by the Delivering Member’s DEA, the Delivering Member must either reject a customer account transfer request by submitting a rejection to the Corporation in such form as determined by the Corporation from time to time, or submit to the Corporation detailed customer account asset data in such format as established by the Corporation from time to time; provided, however, that if **Fund/ServFund/SERV** Eligible Fund assets are to be transferred through Mutual Fund Services, the Delivering Member must specify the quantity of each **Fund/ServFund/SERV** Eligible Fund asset to be processed and indicate whether each such transfer shall be a full or a partial transfer<sup>4</sup>. A Delivering Member who rejects a transfer request must indicate the reason for the rejection. Any transfer request that is not responded to by a Delivering Member within such time frame as established by the Corporation from time to time will be deleted from ACATS by the Corporation and the Receiving and Delivering Member’s will be notified accordingly. A Receiving Member who desires to resubmit a transfer request that is deleted will be required to reinitiate the request as if one had never been previously submitted.

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SEC. 8. A Receiving Member will have one (1) business day after receipt from the Corporation of the report detailing the customer account asset data to review the account and accept all assets, or, to the extent permitted by the Receiving Member’s

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<sup>4</sup> A full transfer will cause all **Fund/ServFund/SERV** Eligible Fund account assets, whether greater or lesser than the quantity specified, to be transferred. A partial transfer will cause only the **Fund/ServFund/SERV** Eligible Fund account asset quantity specified or such lesser amount to be transferred.

DEA, if applicable, reject one or more assets within a DEA determined asset category, request the Delivering Member to make adjustments to it or, as permitted by the Corporation or, to the extent applicable, the Receiving Member's DEA, reject the account. No action is required by the Receiving Member if it determines to accept all assets in an account. A Receiving Member may accelerate the transfer of the customer account by either (i) providing an acceleration instruction to the Corporation upon receipt of the customer account asset data list from the Corporation and accepting all assets or (ii) deleting MF/IPS Products (as defined below) and accepting the remaining assets. Once a Receiving Member has accelerated the transfer, the transfer will be in accelerated status. During the one (1) business day time period, only the Delivering Member will be able to add, delete or change an item, provided that the Receiving Member did not accelerate the transfer, by delivering to the Corporation such information in such form and by such time as established by the Corporation from time to time, other than with respect to MF/IPS Products which can also be deleted by the Receiving Member. Once the Receiving Member accelerates the transfer, the Delivering Member will be prohibited from making any adjustments to the account. If the transfer is not in an accelerated status, each business day that a Delivering Member causes an adjustment to be made to an account will give the Receiving Member an additional one (1) business day to review the account. If **Fund/ServFund/SERV** Eligible Fund assets and/or IPS Eligible Products ("MF/IPS Products") are to be transferred the Receiving Member shall also, within one (1) business day after receipt from the Corporation of the report detailing the MF/IPS Products data or simultaneous with the submission of an acceleration instruction, submit to the Corporation detailed transfer instructions in such format as established by the Corporation from time to time, which instructions shall be processed through Mutual Fund Services in accordance with Section 16 of Subsection A of Rule 52 or through IPS in accordance with Section 6 of Rule 57, as applicable. If a Receiving Member submits instructions and determines that a modification must be made to such instruction, such modifications must be submitted within the same deadline. Modifications to an already submitted instruction will not be permitted if the transfer is in accelerated status. Each business day that the Delivering Member causes an adjustment to be made to an account will give the Receiving Member an additional one (1) business day to submit such transfer information. With respect to **Fund/ServFund/SERV** Eligible Fund assets, if the Receiving Member fails to properly submit such transfer information within the required time period, the Corporation shall transmit through Mutual Fund Services such standing transfer information as the Corporation shall determine. Each day the Corporation will produce a report indicating the transfer instructions that have been received by the Corporation, if any, and, with respect to **Fund/ServFund/SERV** Eligible Fund assets, if no instructions have been received, the standing instructions which will be submitted to the Mutual Fund Processor or Fund Member. Each day the Corporation will produce a report to the Receiving and Delivering Member, indicating the **Fund/ServFund/SERV** Eligible Fund customer account asset transfers which have been confirmed or rejected by the Mutual Fund Processor or Fund Member in accordance with Section 16 of Subsection A of Rule 52. Such report will also indicate those transfers which the Mutual Fund Processor or Fund Member has not confirmed or rejected or which have been deleted. Each day

the Corporation will produce a report to the Receiving and Delivering Member, indicating the IPS Eligible Products transfers which have been confirmed or rejected by the Insurance Carrier/Retirement Services Member in accordance with Section 6 of Rule 57, or which have been deleted.

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SEC. 10. To the extent a transfer is between a Member and another Member:

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(ii) The actual delivery and corresponding money settlement, if any, of **Fund/ServFund/SERV** Eligible Fund assets which have been rejected or deleted in accordance with Section 16 of Subsection A of Rule 52 for which ACAT Receive and Deliver Instructions have been issued shall be the responsibility of the appropriate Member and, to the extent applicable, shall be pursuant to the rules of the Member's DEA. If a Member fails to make a delivery, such failure shall be, to the extent applicable, subject to the rules of the Member's DEA and not the Rules of the Corporation.

(iii) On Settlement Date, as indicated on the ACAT Settlement Report, the Corporation will debit and credit the Member's settlement account for the value of the **Fund/ServFund/SERV** Eligible Fund assets which were specified by the Delivering Member to be processed through Mutual Fund Services in accordance with Section 16 of Subsection A of Rule 52. The Corporation will credit the settlement account of the Member whose settlement account was debited and debit the settlement account of the Member whose settlement account was credited, for the value of the **Fund/ServFund/SERV** Eligible Fund assets within such time frame as specified by the Corporation from time to time following receipt from the Mutual Fund Processor or Fund Member of the transfer data confirmation.

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SEC. 12. The Corporation may also provide services to enable Delivering Members to initiate the transfer of:

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(iv) cash or securities mistakenly delivered as part of ACATS (hereinafter collectively referred to as "Reclaims"), other than **Fund/ServFund/SERV** Eligible Fund assets and positions eligible for processing at a Registered Clearing Agency with whom the Corporation has entered into an agreement relating to ACATS (hereinafter referred to as an "ACAT RCA").

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3. Settlement Date for all transfers covered by this section shall be one business day following the day the Corporation receives the transfer request unless:

- (i) the request is Reclaim transfer, in which case Settlement Date shall be one business day following the day the Receiving Member accepts the request or the Corporation deems the request accepted, or
- (ii) the request includes either options assets which are eligible for processing an ACAT RCA, or **Fund/ServFund/SERV** Eligible Fund assets, whereby the settlement date for all assets included in the transfer shall be two business days following the day the Corporation receives the transfer request.

SEC. 13. A Receiving Member may submit a request to a Delivering Member to initiate the transfer of a partial customer account, in such form as determined by the Corporation from time to time. Such request shall be delivered by the Corporation to the Delivering Member on the same day as received by the Corporation. Each day for a period not to exceed two days, the Corporation will produce a report, in such form as determined by the Corporation from time to time, indicating all such requests received by the Corporation. A Delivering Member must either reject a customer account transfer request by submitting a rejection to the Corporation in such form as determined by the Corporation from time to time, or submit to the Corporation detailed customer account asset data in such format as established by the Corporation from time to time. If a request is rejected, the Delivering Member must indicate the reason for the rejection. If the Delivering Member submits detailed account asset data, and the transfer is not rejected by the Receiving Member, Settlement Date for this transfer request will be one business day after the Delivering Member has submitted the asset account data unless the transfer contains options assets or **Fund/ServFund/SERV** Eligible Fund assets, in which case the settlement date for all assets will be two business days.

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SEC. 18. The Corporation does not guaranty completion of ACATS transactions. In the event a Member fails to meet its settlement obligation to the Corporation:

- (1) For any transaction that entered the ACATS Settlement Accounting Operation but was subsequently exited from the ACATS Settlement Accounting Operation on ACATS settlement date, the transaction will be considered uncompleted and will be reversed against the original debit or credit value applied to their settlement account upon exit.<sup>5</sup>

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<sup>5</sup> The ACATS reversal for this transaction would be processed in the same way as a transaction that did not enter the ACATS Settlement Accounting Operation. The exception would be for a **Fund/ServFund/SERV** Eligible Fund asset, as NSCC tracks the completion of this asset on settlement date and would only reverse an uncompleted transaction.

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## RULE 52. MUTUAL FUND SERVICES

### A. Fund/ServFund/SERV<sup>®</sup>

SEC. 1. The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members, TPA Members, TPP Members, Investment Manager/Agent Members, and 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/ServFund/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/ServFund/SERV Eligible Fund shares. Such automated processing of Fund/ServFund/SERV Eligible Fund shares shall be known as Fund/ServFund/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/ServFund/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.<sup>6</sup> 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/ServFund/SERV but not settled through the Corporation’s facilities is referred to hereinafter as a “Fund/ServFund/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

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<sup>6</sup> 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/ServFund/SERV service.

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 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 TTP/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/ServFund/SERV~~ system. Upon receipt of a rejection from a Mutual Fund Processor or Fund Member, the Corporation will delete the unsettled order from ~~Fund/ServFund/SERV~~. Responsibility for adjusting any orders which are deleted from ~~Fund/ServFund/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/ServFund/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/ServFund/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/ServFund/SERV~~ system. Upon receipt of a rejection, the Corporation will delete the order from ~~Fund/ServFund/SERV~~. Any orders which are deleted from ~~Fund/ServFund/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/Service~~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/Service~~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. 11. (a) All money market purchase orders and all other confirmed or reconfirmed orders and money only related charges for which settlement is to take place through the facilities of the Corporation, except for orders that have been deleted, rejected or exited, or for which releases to settlement have not been submitted by the Fund Member or Mutual Fund Processor, will settle in accordance with the time frames as established by the Corporation from time to time, or in such extended or shortened time frame as established by agreement of the submitting parties; provided however, that such modified time frame shall be no shorter than T and no longer than T+7. On settlement date, the Corporation will debit and credit the appropriate Members', Mutual Fund/Insurance Services Members', Mutual Fund Processors' or Fund Members' account for the value of such orders and money only related charges.

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

SEC. 12. If a 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/ServFund/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. 13 -14. (Section numbers reserved for future use.)

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/ServFund/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. 16. ACAT/TRANSFERS

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

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#### 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/ServFund/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.

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#### SEC. 21. Transfers of **Fund/ServFund/SERV** Eligible Fund Shares.

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

(b) The Fund Member or Mutual Fund Processor indicated by the Receiving Fund Member (hereinafter referred to as the "Delivering Fund Member") must acknowledge or reject a transfer request by submitting either an acknowledgment containing such information and in such form as established by the Corporation from time to time or a rejection instruction containing such information and in such form as

established by the Corporation from time to time. The Delivering Fund Member will have up to two (2) business days after the submission of a transfer request to acknowledge or reject the transfer request. A transfer request that is not responded to timely by a Delivering Fund Member, and a transfer request that is rejected by a Delivering Fund Member, will be deleted from **Fund/ServFund/SERV**.

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

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

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

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

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

(h) All confirmed and reconfirmed transfer requests, except for transfer requests that have been rejected, deleted or exited, will settle in the next settlement cycle of the

Corporation after such confirmation or reconfirmation. On settlement date, the Corporation will debit the Delivering Fund Member's account and credit the Receiving Fund Member's account for the value of the **Fund/ServFund/SERV** Eligible Fund shares transferred. Settlement of money payments between Receiving Fund Members and Delivering Fund Members arising out of transfer requests submitted through **Fund/ServFund/SERV** shall be made in accordance with Rule 12 and other provisions of these Rules.

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

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SEC. 46. Notwithstanding the foregoing, the submission of a transaction or instruction through **Fund/ServFund/SERV** and settlement, deletion, rejection and exit of such transaction or instruction from or through **Fund/ServFund/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/ServFund/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. 48. At any time, the Corporation may prohibit one or more orders, money only related charges or transfer requests from settling through **Fund/ServFund/SERV** if the Corporation, in its discretion, determines that such action is necessary for the protection of the Corporation, Members, Mutual Fund/Insurance Services Members, Fund Members, creditors or investors.

SEC. 49. (a) The Corporation may delete from **Fund/ServFund/SERV** any incompleting **Fund/ServFund/SERV** items, with the exception of incompleting ACAT-**Fund/ServFund/SERV** items, upon the withdrawal of a Member or Mutual Fund/Insurance Services Member from participation in **Fund/ServFund/SERV**, but not earlier than five business days following notification to Members and Mutual Fund/Insurance Services Members of such Member's or Mutual Fund/Insurance

Services Member's intention to withdraw from **Fund/ServFund/SERV**, where such Member or Mutual Fund/Insurance Services Member continues as such or is merged into or acquired by another Member or Mutual Fund/Insurance Services Member which is not a participant in **Fund/ServFund/SERV**.

(b) The Corporation may delete from **Fund/ServFund/SERV** any incompleting **Fund/ServFund/SERV** items upon the withdrawal of a TPP Member, TPA Member or Investment Manager/Agent Member from participation in **Fund/ServFund/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/ServFund/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/ServFund/SERV** Eligible Fund customer account data and/or settle **Fund/ServFund/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/ServFund/SERV** and DTCC Payment aXis. The Corporation may also permit Data Services Only Members to utilize the Networking service only to request and transmit **Fund/ServFund/SERV** Eligible Fund customer account data.

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#### 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/ServFund/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.

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#### RULE 58. LIMITATIONS ON LIABILITY

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

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(e) With respect to ~~Fund/Serv~~Fund/SERV transactions, the Corporation will not be responsible for the completeness or accuracy of any transaction or instruction received from or transmitted to a participant through ~~Fund/Serv~~Fund/SERV, nor for any errors, omissions or delays which may occur in the transmission of a transaction or instruction to or from a participant.

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