Required fields are shown with yellow backgrounds and asterisks.

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SEcurities AND exchange COMMISSION
WashINgton, D.C. 20549
form 19b-4

file No. * SR 2024 - * 005

Amendment No. (req. for Amendments *)

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) *

Pilot

Extension of Time Period for Commission Action *
Date Expires *

Rule

19b-4(f)(1) 19b-4(f)(4)
19b-4(f)(2) 19b-4(f)(5)
19b-4(f)(3) 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) * Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document
Exhibit 3 Sent As Paper Document

Description

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

Add Paperless Replacements and Producer Authorization Service Offerings to I&RS and Make Certain Clarification Changes in the 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 * Last Name *
Title *
E-mail * RuleFilingAdmin@dtcc.com
Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, National Securities Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 07/03/2024 (Title *)
By (Name *)

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

Date: 2024.07.03 10:21:25 -04'00'
| Form 19b-4 Information * | The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act. |
| Add | Remove | View |

| Narrative - I&RS Replacements Prod |

| Exhibit 1 - Notice of Proposed Rule Change * | The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3) |
| Add | Remove | View |

| Exhibit 1A - I&RS Replacements Prod |

| Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications | Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. |
| Add | Remove | View |

| Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * |

| Exhibit 3 - Form, Report, or Questionnaire | Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. |
| Add | Remove | View |

| Exhibit 3 (Redacted) - Paperless Repl |

| Exhibit 4 - Marked Copies | The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working. |
| Add | Remove | View |

| Exhibit 5 - Proposed Rule Text | The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change |
| Add | Remove | View |

| Exhibit 5 - I&RS Replacements Prod |

| Partial Amendment | If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission’s permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e., partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions. |
| Add | Remove | View |
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 Insurance & Retirement Services (“I&RS”) in order to (i) provide for two new service offerings relating to replacements of insurance contracts and producer authorizations, and related fees for each new service offering, (ii) update the descriptions of I&RS service offerings and certain defined terms in Rule 57 and Addendum A of NSCC’s Rules & Procedures (“Rules”), and (iii) make other clarification changes, as described in greater detail below.¹

(b) Not applicable.

(c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by the Deputy General Counsel of NSCC on June 28, 2024, pursuant to delegated authority from NSCC’s Board of Directors.

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

(a) **Purpose**

The proposed rule change consists of modifications to the Rules in order to (i) provide for two new service offerings relating to replacements of insurance contracts and producer authorizations, and related fees for each new service offering, (ii) update the descriptions of I&RS offerings and certain defined terms in Rule 57 and Addendum A, and (iii) make other clarification changes, as described in greater detail below.

The objectives and expected impacts of the proposed rule change to I&RS Members² would be to make available two new optional service offerings that would provide more efficient methods for I&RS Members to choose to transmit, view and retrieve I&RS Data and improve Members’ understanding of the Rules relating to I&RS.

The proposed new service offerings discussed below were developed at the request of and in consultation with industry participants, and the proposed fees for such service offerings

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¹ Terms not defined herein are defined in the Rules, available at www.dtcc.com/legal/rules-and-procedures.

² I&RS Members include (i) insurance companies that are Insurance Carrier/Retirement Services Members (“Carriers”); and (ii) Carriers’ intermediaries, such as broker-dealers, banks and insurance agencies, that are Members, Mutual Fund/Insurance Services Members and Data Services Only Members that distribute participating Carriers’ insurance products (collectively, “Distributors,” and, together with “Carriers,” collectively referred to herein as “I&RS Members”).
were designed to pay for the costs of developing and maintaining such offerings in a manner that would fulfill the requirements expected from industry participants consistent with NSCC’s cost-based plus markup fee model.\(^3\) Based on financial projections of development and maintenance costs and anticipated participation by I&RS Members, it is anticipated that the costs and revenues would result in a slight increase in the overall operating margin percentage of I&RS. NSCC anticipates recouping the costs of building the service offerings within approximately two years of implementing the fees.

**I&RS Services**

I&RS allows I&RS Members to transmit I&RS Data\(^4\) among each other, including data relating to annuity and life insurance policy applications and premiums, licensing and appointments, commission payments, reporting of client positions and valuations, asset pricing, financial activity reporting and annuity customer account transfers. I&RS also allows certain I&RS Members to settle payments relating to I&RS Eligible Products. NSCC does not act as a central counterparty with respect to I&RS and I&RS are not guaranteed by NSCC.

**Paperless Replacements Processing (RPL)**

NSCC is proposing to establish a new service offering intended to support the transmission of I&RS Data regarding the transfer, exchange or replacement of existing insurance or annuity contracts (“Paperless Replacements”). Clients of I&RS Members holding insurance or annuity contracts replace existing contracts with new contracts from time to time. These replacements involve transfer of asset forms such as 1035 forms\(^5\) and other such forms or documents to document the requests and the authorization for a replacement. Currently, for Carriers, there is no centralized automated process for replacements and such replacements are a manual process involving exchanging paperwork often between different Carriers using facsimile, mail, email or other means. Paperless Replacements would provide for a data-only

\(^3\) NSCC has in place procedures to control costs and to regularly review pricing levels against costs of operation. NSCC’s fees are cost-based plus a markup as approved by its Board of Directors. This markup is applied to recover development costs and operating expenses and to accumulate capital sufficient to meet regulatory and economic requirements. See NSCC Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures, available at www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/NSCC_Disclosure_Framework.pdf, at 124.

\(^4\) “I&RS Data” means data and information relating to I&RS Eligible Products. See Rule 57, supra note 1. “I&RS Eligible Product” means an insurance product or a retirement or other benefit plan or program included in the list for which provision is made in Section 1.(d) of Rule 3 of the Rules. See definition of I&RS Eligible Product, Rule 1, supra note 1.

\(^5\) 1035 forms are forms required to process a 1035 exchange which is an exchange made pursuant to a provision in the Internal Revenue Service tax code allowing for a tax-free transfer of certain insurance and annuity products.
transmission relating to such replacements between Carriers, automating the current manual process and decreasing the administrative burden on and risk to Carriers of processing these replacements.

There also may be movement of funds associated with these replacements. Settlement Processing for Insurance, an existing settlement feature of I&RS supporting the settlements of payments relating to I&RS Eligible Products, currently supports the settlement of payments related to such replacements and would continue to do so following the addition of Paperless Replacements. The settlement feature, together with Paperless Replacements, would provide for an automated process for processing forms and documents for replacements of such contracts and associated funds. In order to adopt this service offering, NSCC would amend Rule 57 to describe Paperless Replacements, as described below.

NSCC would also amend Addendum A to adopt a fee for Paperless Replacements of $1.85 per request. The fee would only be charged to the I&RS Member submitting the replacement request.

**Producer Authorization (PAR)**

NSCC is proposing to establish a new feature (“Producer Authorization”) to allow I&RS Members to confirm credentials of insurance producers. Insurance producers are insurance agents or brokers that are licensed by state insurance authorities to sell insurance related products on behalf of Carriers. In the process of selling insurance related products, Distributors must ensure that producers they use to distribute products are licensed, appointed and trained to sell such products in the markets the Distributors are targeting. Carriers that issue the products maintain data reflecting the licensing information relating to producers that are licensed to sell their products. Currently, there is no standardized method for Distributors to communicate with Carriers to authenticate that producers are authorized to sell the Carriers’ products in particular markets. Producer Authorization would provide a standardized data transmission to allow Distributors to confirm with Carriers the credentials of insurance producers to sell specific products. NSCC would amend Rule 57, as described below, to describe the Producer Authorization service.

NSCC would also amend Addendum A to adopt fees for the Producer Authorization. The fees would consist of a monthly fee, ranging from $250 to $5,000 per month, that is based on the number of messages received during the month. The fees would only be charged to the Carriers receiving the Producer Authorization requests.

**Clarifications to Rule 57 and Addendum A**

NSCC would reorganize and clarify Rule 57 and Addendum A to more clearly describe the existing service offerings and incorporate descriptions for Paperless Replacements and Producer Authorization, as described above. Rule 57 is currently organized such that Section 1-6  See subsections (k) and (l) of Section 1 of Rule 57, supra note 1.
of Rule 57 applies to all I&RS and Sections 2 through 10 of Rule 57 list out the separate service offerings within I&RS. Some service offerings, such as I&RS settlement, are only described in Section 1 and some service offerings are not specifically named in Rule 57 or are described within other named service offerings. NSCC is proposing to reorganize the sections of Rule 57 such that each service offering is separately listed in alphabetical order in newly numbered sections 2 through 17. The proposed list of such service offerings would include certain service offerings that are currently described within sections for other service offerings in the Rules. NSCC would move these descriptions into stand-alone sections of Rule 57 to better align the descriptions of all the service offerings with current NSCC marketing of such service offerings.

NSCC is also proposing to update the descriptions of I&RS features and certain defined terms in Rule 57 and Addendum A to align the Rules with conventional descriptions used by NSCC and I&RS Members and make other clarification changes. NSCC would update Rule 57 to ensure that consistent defined terms are used to describe I&RS Members and I&RS features.

NSCC is also proposing to update Rule 57 and Addendum A to add a three-letter designation for certain service offerings and fees to match descriptions of such service offerings and fees in current NSCC marketing descriptions.

**Proposed Rule Changes**

In order to implement the proposal, NSCC would move the defined term “I&RS Members”, which describes all membership types that can use I&RS, from Section 10 to Section 1(a) of Rule 57 and consistently use the defined term throughout Rule 57 to describe all membership types that can use I&RS. In addition, NSCC would add a definition of “I&RS Payments” in Section 1(a) of Rule 57 to mean payments related to I&S Eligible Products to better describe the payments that that are processed in I&RS.

NSCC would also reorganize description of I&RS to align the description of such services with conventional uses and current marketing descriptions. Specifically, NSCC would make the following changes:

- move the description of settlement services provided by I&RS, currently primarily in subsections (k) and (l) of Section 1 of Rule 57, to a new Section 16, entitled “Settlement Processing for Insurance (STL)” to clarify the name of the settlement services provided by I&RS and reflect that it is marketed as a separate service offering.
- reorganize the descriptions of the service offerings of I&RS in alphabetical order in Rule 57.
- add three-letter abbreviations in the title of each service offering consistent with current conventional descriptions.
- remove the phrase “I&RS Data regarding” in the ACAT/Transfers section that is being moved because the phrase is redundant.
- capitalize the word “Premiums” in the phrase “Applications and premiums” in part (b) of the Applications and Premiums section to refer to the correct defined term “Applications and Premiums” used in part (a) of that section.
- move a description of transmission of Subaccount Data, currently in Section 8 of Rule 57 in the Financial Activity Reporting description, to a new Section 7 and refer to that
service offering as “Financial Activity For Asset Managers (FAM)” consistent with current descriptions of that service offering and make a corresponding change to the fee description of the service in Addendum A.  

- add descriptions for Paperless Replacements and Producer Authorization consistent with the descriptions above in new Sections 12 and 14, respectively.
- remove the quotes around “IIEX” in the title Insurance Information Exchange in Section 10 and add a defined term “IIEX” into the body of Section 10 to conform the listing of the four-letter abbreviation of the service in the title with listing of the abbreviations of other services in Rule 57.
- Add a description of the Producer Management Portal (PMP) as a separate service offering in a new Section 15 of Rule 57.  
- Add a description of Subsequent Premiums (SUB) as a separate service offering in a new Section 17 of Rule 57 and change the description from “Subsequent Activity” to “Subsequent Premiums” in Section IV.H.2.e of Addendum A consistent with current descriptions of that service offering.

NSCC would also clarify the Rules by deleting a provision currently in Section 3 of Rule 57 “Applications and Premiums” that refers to the ability of Members and Mutual Fund/Insurance Services Member to submit a cancel instruction. The Applications and Premiums section currently provides that if such I&RS Members submit a cancellation instruction prior to a time established by NSCC for such purposes, the settlement transaction will be canceled and removed from I&RS. When Applications and Premiums was implemented, NSCC included functionality to allow I&RS Members to submit a cancel instruction. However, I&RS Members never use the instruction and instead have developed functions outside of NSCC to provide for such cancellations. I&RS Members have not indicated plans to use the cancellation instruction and so NSCC removed the functionality. NSCC would remove the cancellation instruction.

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8 Licensing and Appointments (“LNA”) is a service offering that allows I&RS Members to transmit data among themselves regarding licensing and appointment authorizations and activity relating to producers. See Section 4 of Rule 57, supra note 1. In 2014, NSCC broadened LNA’s scope to specify that LNA authorization and activities included insurance-related training of a licensee or appointee in connection with a new feature being added, the Producer Management Portal. See Securities Exchange Act Release No. 72488 (June 27, 2014), 79 FR 38098 (July 3, 2014) (SR-NSCC-2014-08). Producer Management Portal is now marketed as a separate service offering.

9 Subsequent Premiums is a service offering that enables Distributors to transmit I&RS Data to Carriers regarding subsequent premiums. Previously, it has been part of Applications and Premiums but is now marketed as a separate service offering as “Subsequent Premiums (SUB).”
language in Applications and Premiums to reflect that the cancellation instruction functionality has been removed from Applications and Premiums.

NSCC would also clarify the Rules by more clearly stating which fees are per transaction and per side. Currently, footnote 6 of Addendum A states that unless otherwise noted, transaction fees are per side, and both sides are charged for each item. However, in the description of certain fees, there is also a note that fees are per side. This note is repetitive of footnote 6, which states that all fees are per side unless otherwise noted. In addition, certain fee descriptions contain a note that such fees are “per transaction”, “per inquiry” or “per request” or similar designations and such usage is not consistent. NSCC would add in footnote 6 of Addendum A that unless otherwise noted, all fees for I&RS are per transaction, per side and remove the similar descriptions in each fee description where the general designation applies for consistency.

NSCC would change the title in Section IV.H.3 of Addendum A from “Other Service Fees” to “Other Transaction Fees” to conform to the description of transaction fees in Section IV.H.2 of Addendum A and would change the heading “TIER” listed in Section IV.H.3 to “PRICE TIER” to conform how those pricing tiers are described in other marketing materials and to avoid confusion that those tiers are related to transaction volumes. NSCC would change the three-letter designation for Licensing and Appointments from “L&A” to “LNA” in Section IV.H.3 of Addendum A to reflect current marketing descriptions.

NSCC would also delete a reference to “Producer Management Portal (per inquiry)” currently listed under TIER 4 in Section IV.H.3 of Addendum A. The description of the fees for Producer Management Portal were moved from Section IV.H.3 to Section IV.H.2.h of Addendum A and the reference to Producer Management Portal was intended to be deleted from Section IV.H.3 in 2019 from a rule filing filed in 2018 (“2018 Filing”)10 but due to a clerical mistake the change was not made in the Rules. NSCC would delete the reference from Section IV.H.3 as contemplated by the 2018 Filing.

**Implementation Timeframe**

NSCC would implement the proposed changes in three phases. NSCC would implement the clarifications to Rule 57 and Addendum A discussed above upon filing. NSCC would adopt the Producer Authorization service offering, associated fees and related changes to the Rules by no later than July 31, 2024. NSCC would implement the Paperless Replacements service offering, associated fees and related changes to the Rules by no later than September 30, 2024.

(c) **Statutory Basis**

Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 (“Act”), requires, that the Rules be designed to, among other things, promote the prompt and accurate clearance and settlement of securities transactions.11

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The proposed addition of Paperless Replacements and Producer Authorization service offerings would provide a standardized method to communicate I&RS Data among I&RS Members relating to (i) replacements of insurance and annuity contracts and related settlement of funds and (ii) producer credentials related to specific products, each as discussed above. The addition of Paperless Replacements discussed above would enhance Carriers’ ability to send and receive required information relating to replacements of insurance or annuity contracts and related settlement of funds by providing an automated data only transmission relating to such replacements between Carriers and bring greater efficiency to the transfer and settlement of those products as set forth above. The addition of Producer Authorization discussed above would enhance Distributors’ ability to confirm with Carriers the credentials of insurance producers to sell specific products by providing a standardized method to communicate such information and bring greater efficiency and expediency to the buying, selling and settlement of such I&RS Eligible Products among I&RS Members. Providing a more efficient and streamlined process with respect to transmitting and receiving such I&RS Data would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of Section 17A(b)(3)(F) of the Act.12

The clarifications to Rule 57 and Addendum A would enhance the clarity and transparency of the Rules with respect to services offered by NSCC. Specifically, these rule changes would allow I&RS Members to have a better understanding of the Rules relating to I&RS. The use of the defined terms “I&RS Members” and “I&RS Payments” throughout the rules and the reorganization of Section 1 of Rule 57 and the descriptions of the service offerings discussed above would reflect current uses of the terms used within I&RS. Removing the language regarding the ability of I&RS Members to submit a cancel instruction in the Applications and Premiums section which is no longer applicable would remove unnecessary language in the Rules. Having clear and accurate Rules would help I&RS Members to better understand their rights and obligations regarding NSCC’s services. NSCC believes that when I&RS Members better understand their rights and obligations regarding NSCC’s services, they can act in accordance with the Rules. NSCC believes that better enabling I&RS Members to comply with the Rules would promote the prompt and accurate clearance and settlement of securities transactions by NSCC consistent with the requirements of the Act, in particular Section 17A(b)(3)(F) of the Act.13

Section 17A(b)(3)(D) of the Act14 requires that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. NSCC believes the proposed fees for Paperless Replacements and Producer Authorization would align with the cost of building and delivering the proposed service offerings, consistent with this provision of the Act. NSCC believes the proposed changes to the fees are equitable because they would apply uniformly to all I&RS Members that utilize the service offerings. NSCC believes the proposed

12 Id.
13 Id.
changes are reasonable because they would be commensurate with the costs of resources allocated by NSCC in developing and maintaining the service offerings. Based on financial projections of development and maintenance costs and anticipated participation by I&RS Members, it is anticipated that the Paperless Replacements and Producer Authorization costs and revenues would result in a slight increase in the overall operating margin percentage of I&RS and allow NSCC to recoup the costs of building the enhancements within approximately two years of implementing the fees. Therefore, by establishing fees that align with the cost of delivery of these service offerings and allocating those fees equitably among the subscribing users, the proposed rule change would provide for the equitable allocation of reasonable dues, fees and other charges among its participants consistent with the requirements of Section 17A(b)(3)(D) of the Act.\textsuperscript{15}

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

NSCC does not believe that the proposed rule changes would have any adverse impact, or impose any burden, on competition.

The proposed changes to adopt the Paperless Replacements and Producer Authorization service offerings would add optional functions to NSCC’s services to provide more efficient methods by which subscribing Carriers and Distributors may transmit, view and retrieve I&RS Data. Such changes would not affect services for I&RS Members that do not subscribe to such service offerings and non-subscribing I&RS Members would transmit, view and retrieve I&RS Data in the same manner as they currently transmit, view and retrieve I&RS Data. The fees proposed for each of these service offerings were designed to be reasonable and align with the projected cost of building and operating such service offerings and would be charged ratably based on each I&RS Members’ use of such service offerings. Therefore, the proposed changes to implement such optional service offerings and the associated fees would not disproportionally impact any I&RS Members, have any effect on existing NSCC services other than to add a new method of transmitting, viewing and retrieving I&RS Data, nor have any adverse impact on competition.

Moreover, because the proposed rule changes would improve the efficiency by which subscribing I&RS Members may view, transmit and retrieve I&RS Data, the proposed rule change may have a positive effect on competition among Carriers and Distributors. The proposed features would provide these firms with a faster, more streamlined method of transmitting and receiving I&RS Data, and therefore could enable I&RS Eligible Products to be marketed more quickly. Specifically, I&RS Members could have the ability to distribute I&RS Eligible Products into the market to consumers more quickly because I&RS Members would have the ability to obtain information with respect to these products in a quicker, more efficient manner.

NSCC does not believe the clarifications to Rule 57 and Addendum A would impact competition. Such changes would help clarify the Rules. In addition, the changes would facilitate I&RS Members’ understanding of the Rules and their obligations thereunder. The proposed

\textsuperscript{15} Id.
changes would not affect NSCC’s operations or the rights and obligations of the membership. As such, NSCC believes these proposed rule changes would not have any impact on competition.

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. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Securities and Exchange Commission (“Commission”) does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission’s instructions on how to submit comments, available at www.sec.gov/regulatory-actions/how-to-submit-comments. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission’s Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

NSCC reserves the right not to respond to any comments received.

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)16 of the Act and subparagraphs (f)(2)17 and (f)(4)18 of Rule 19b-4 under the Act.

(b) With respect to the proposed fees relating to Paperless Replacements and Producer Authorization, the proposed rule change establishes or changes a due, fee, or other charge.19

With respect to the new proposed Paperless Replacements and Producer Authorization

service offerings, the proposed rule change constitutes 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 because such changes would merely enhance the I&RS services to add optional functions to transmit, view and retrieve I&RS Data in a more streamlined manner.  

With respect to the Rule 57/Addendum A Clarifications, the proposed rule change constitutes 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 because such change would be clarifying in nature and would not change any of the existing business practices of NSCC or affect the rights or obligations of NSCC or I&RS Members.

(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 – Pricing Methodology. Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 3 is being requested pursuant to 17 CFR 240.24b-2.

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21 Id.
Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Rules.
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-_________; File No. SR-NSCC-2024-005)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Add Paperless Replacements and Producer Authorization Service Offerings to I&RS and Make Certain Clarification Changes in the Rules

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)\(^1\) and Rule 19b-4 thereunder,\(^2\) notice is hereby given that on July __, 2024, 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) of the Act,\(^3\) Rule 19b-4(f)(2)\(^4\) and Rule 19b-4(f)(4)\(^5\) thereunder.\(^6\) 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

The proposed rule change consists of modifications to Insurance & Retirement Services (“I&RS”) in order to (i) provide for two new service offerings relating to replacements of insurance contracts and producer authorizations, and related fees for each

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new service offering, (ii) update the descriptions of I&RS service offerings and certain
defined terms in Rule 57 and Addendum A of NSCC’s Rules & Procedures (“Rules”).
and (iii) make other clarification changes, as described in greater detail below.6

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

The proposed rule change consists of modifications to the Rules in order to (i)
provide for two new service offerings relating to replacements of insurance contracts and
producer authorizations, and related fees for each new service offering, (ii) update the
descriptions of I&RS offerings and certain defined terms in Rule 57 and Addendum A,
and (iii) make other clarification changes, as described in greater detail below.

The objectives and expected impacts of the proposed rule change to I&RS
Members7 would be to make available two new optional service offerings that would

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7 I&RS Members include (i) insurance companies that are Insurance Carrier/Retirement Services Members (“Carriers”); and (ii) Carriers’
intermediaries, such as broker-dealers, banks and insurance agencies, that are
provide more efficient methods for I&RS Members to choose to transmit, view and retrieve I&RS Data and improve Members’ understanding of the Rules relating to I&RS.

The proposed new service offerings discussed below were developed at the request of and in consultation with industry participants, and the proposed fees for such service offerings were designed to pay for the costs of developing and maintaining such offerings in a manner that would fulfill the requirements expected from industry participants consistent with NSCC’s cost-based plus markup fee model.8 Based on financial projections of development and maintenance costs and anticipated participation by I&RS Members, it is anticipated that the costs and revenues would result in a slight increase in the overall operating margin percentage of I&RS. NSCC anticipates recouping the costs of building the service offerings within approximately two years of implementing the fees.

I&RS Services

I&RS allows I&RS Members to transmit I&RS Data9 among each other, including data relating to annuity and life insurance policy applications and premiums, Members, Mutual Fund/Insurance Services Members and Data Services Only Members that distribute participating Carriers’ insurance products (collectively, “Distributors,” and, together with “Carriers,” collectively referred to herein as “I&RS Members”).

8 NSCC has in place procedures to control costs and to regularly review pricing levels against costs of operation. NSCC’s fees are cost-based plus a markup as approved by its Board of Directors. This markup is applied to recover development costs and operating expenses and to accumulate capital sufficient to meet regulatory and economic requirements. See NSCC Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures, available at www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/NSCC_Disclosure_Framework.pdf, at 124.

9 “I&RS Data” means data and information relating to I&RS Eligible Products. See Rule 57, supra note 6. “I&RS Eligible Product” means an insurance product or a
licensing and appointments, commission payments, reporting of client positions and valuations, asset pricing, financial activity reporting and annuity customer account transfers. I&RS also allows certain I&RS Members to settle payments relating to I&RS Eligible Products. NSCC does not act as a central counterparty with respect to I&RS and I&RS are not guaranteed by NSCC.

**Paperless Replacements Processing (RPL)**

NSCC is proposing to establish a new service offering intended to support the transmission of I&RS Data regarding the transfer, exchange or replacement of existing insurance or annuity contracts (“Paperless Replacements”). Clients of I&RS Members holding insurance or annuity contracts replace existing contracts with new contracts from time to time. These replacements involve transfer of asset forms such as 1035 forms\(^{10}\) and other such forms or documents to document the requests and the authorization for a replacement. Currently, for Carriers, there is no centralized automated process for replacements and such replacements are a manual process involving exchanging paperwork often between different Carriers using facsimile, mail, email or other means. Paperless Replacements would provide for a data-only transmission relating to such replacements between Carriers, automating the current manual process and decreasing the administrative burden on and risk to Carriers of processing these replacements.

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\(^{10}\) 1035 forms are forms required to process a 1035 exchange which is an exchange made pursuant to a provision in the Internal Revenue Service tax code allowing for a tax-free transfer of certain insurance and annuity products.
There also may be movement of funds associated with these replacements. Settlement Processing for Insurance, an existing settlement feature of I&RS supporting the settlements of payments relating to I&RS Eligible Products, currently supports the settlement of payments related to such replacements and would continue to do so following the addition of Paperless Replacements. The settlement feature, together with Paperless Replacements, would provide for an automated process for processing forms and documents for replacements of such contracts and associated funds. In order to adopt this service offering, NSCC would amend Rule 57 to describe Paperless Replacements, as described below.

NSCC would also amend Addendum A to adopt a fee for Paperless Replacements of $1.85 per request. The fee would only be charged to the I&RS Member submitting the replacement request.

**Producer Authorization (PAR)**

NSCC is proposing to establish a new feature (“Producer Authorization”) to allow I&RS Members to confirm credentials of insurance producers. Insurance producers are insurance agents or brokers that are licensed by state insurance authorities to sell insurance related products on behalf of Carriers. In the process of selling insurance related products, Distributors must ensure that producers they use to distribute products are licensed, appointed and trained to sell such products in the markets the Distributors are targeting. Carriers that issue the products maintain data reflecting the licensing information relating to producers that are licensed to sell their products. Currently, there

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11 See subsections (k) and (l) of Section 1 of Rule 57, supra note 6.
is no standardized method for Distributors to communicate with Carriers to authenticate that producers are authorized to sell the Carriers’ products in particular markets. Producer Authorization would provide a standardized data transmission to allow Distributors to confirm with Carriers the credentials of insurance producers to sell specific products. NSCC would amend Rule 57, as described below, to describe the Producer Authorization service.

NSCC would also amend Addendum A to adopt fees for the Producer Authorization. The fees would consist of a monthly fee, ranging from $250 to $5,000 per month, that is based on the number of messages received during the month. The fees would only be charged to the Carriers receiving the Producer Authorization requests.

*Clarifications to Rule 57 and Addendum A*

NSCC would reorganize and clarify Rule 57 and Addendum A to more clearly describe the existing service offerings and incorporate descriptions for Paperless Replacements and Producer Authorization, as described above. Rule 57 is currently organized such that Section 1 of Rule 57 applies to all I&RS and Sections 2 through 10 of Rule 57 list out the separate service offerings within I&RS. Some service offerings, such as I&RS settlement, are only described in Section 1 and some service offerings are not specifically named in Rule 57 or are described within other named service offerings. NSCC is proposing to reorganize the sections of Rule 57 such that each service offering is separately listed in alphabetical order in newly numbered sections 2 through 17. The proposed list of such service offerings would include certain service offerings that are currently described within sections for other service offerings in the Rules. NSCC would move these descriptions into stand-alone sections of Rule 57 to better align the
descriptions of all the service offerings with current NSCC marketing of such service offerings.

NSCC is also proposing to update the descriptions of I&RS features and certain defined terms in Rule 57 and Addendum A to align the Rules with conventional descriptions used by NSCC and I&RS Members and make other clarification changes. NSCC would update Rule 57 to ensure that consistent defined terms are used to describe I&RS Members and I&RS features.

NSCC is also proposing to update Rule 57 and Addendum A to add a three-letter designation for certain service offerings and fees to match descriptions of such service offerings and fees in current NSCC marketing descriptions.

Proposed Rule Changes

In order to implement the proposal, NSCC would move the defined term “I&RS Members”, which describes all membership types that can use I&RS, from Section 10 to Section 1(a) of Rule 57 and consistently use the defined term throughout Rule 57 to describe all membership types that can use I&RS. In addition, NSCC would add a definition of “I&RS Payments” in Section 1(a) of Rule 57 to mean payments related to I&S Eligible Products to better describe the payments that are processed in I&RS.

NSCC would also reorganize description of I&RS to align the description of such services with conventional uses and current marketing descriptions. Specifically, NSCC would make the following changes:

- move the description of settlement services provided by I&RS, currently primarily in subsections (k) and (l) of Section 1 of Rule 57, to a new Section 16, entitled “Settlement Processing for Insurance (STL)” to clarify the name of the
settlement services provided by I&RS and reflect that it is marketed as a separate service offering.

- reorganize the descriptions of the service offerings of I&RS in alphabetical order in Rule 57.

- add three -letter abbreviations in the title of each service offering consistent with current conventional descriptions.

- remove the phrase “I&RS Data regarding” in the ACAT/Transfers section that is being moved because the phrase is redundant.

- capitalize the word “Premiums” in the phrase “Applications and premiums” in part (b) of the Applications and Premiums section to refer to the correct defined term “Applications and Premiums” used in part (a) of that section.

- move a description of transmission of Subaccount Data, currently in Section 8 of Rule 57 in the Financial Activity Reporting description, to a new Section 7 and refer to that service offering as “Financial Activity For Asset Managers (FAM)” consistent with current descriptions of that service offering and make a corresponding change to the fee description of the service in Addendum A.\textsuperscript{12}

- add descriptions for Paperless Replacements and Producer Authorization consistent with the descriptions above in new Sections 12 and 14, respectively.

• remove the quotes around “IIEX” in the title Insurance Information Exchange in Section 10 and add a defined term “IIEX” into the body of Section 10 to conform the listing of the four-letter abbreviation of the service in the title with listing of the abbreviations of other services in Rule 57.

• Add a description of the Producer Management Portal (PMP) as a separate service offering in a new Section 15 of Rule 57.13

• Add a description of Subsequent Premiums (SUB) as a separate service offering in a new Section 17 of Rule 57 and change the description from “Subsequent Activity” to “Subsequent Premiums” in Section IV.H.2.e of Addendum A consistent with current descriptions of that service offering 14

NSCC would also clarify the Rules by deleting a provision currently in Section 3 of Rule 57 “Applications and Premiums” that refers to the ability of Members and Mutual Fund/Insurance Services Member to submit a cancel instruction. The Applications and Premiums section currently provides that if such I&RS Members submit a cancellation instruction prior to a time established by NSCC for such purposes, the settlement


14 Subsequent Premiums is a service offering that enables Distributors to transmit I&RS Data to Carriers regarding subsequent premiums. Previously, it has been part of Applications and Premiums but is now marketed as a separate service offering as “Subsequent Premiums (SUB).”
transaction will be canceled and removed from I&RS. When Applications and Premiums was implemented, NSCC included functionality to allow I&RS Members to submit a cancel instruction. However, I&RS Members never use the instruction and instead have developed functions outside of NSCC to provide for such cancellations. I&RS Members have not indicated plans to use the cancellation instruction and so NSCC removed the functionality. NSCC would remove the cancellation instruction language in Applications and Premiums to reflect that the cancellation instruction functionality has been removed from Applications and Premiums.

NSCC would also clarify the Rules by more clearly stating which fees are per transaction and per side. Currently, footnote 6 of Addendum A states that unless otherwise noted, transaction fees are per side, and both sides are charged for each item. However, in the description of certain fees, there is also a note that fees are per side. This note is repetitive of footnote 6, which states that all fees are per side unless otherwise noted. In addition, certain fee descriptions contain a note that such fees are “per transaction”, “per inquiry” or “per request” or similar designations and such usage is not consistent. NSCC would add in footnote 6 of Addendum A that unless otherwise noted, all fees for I&RS are per transaction, per side and remove the similar descriptions in each fee description where the general designation applies for consistency.

NSCC would change the title in Section IV.H.3 of Addendum A from “Other Service Fees” to “Other Transaction Fees” to conform to the description of transaction fees in Section IV.H.2 of Addendum A and would change the heading “TIER” listed in Section IV.H.3 to “PRICE TIER” to conform how those pricing tiers are described in other marketing materials and to avoid confusion that those tiers are related to transaction
volumes. NSCC would change the three-letter designation for Licensing and Appointments from “L&A” to “LNA” in Section IV.H.3 of Addendum A to reflect current marketing descriptions.

NSCC would also delete a reference to “Producer Management Portal (per inquiry)” currently listed under TIER 4 in Section IV.H.3 of Addendum A. The description of the fees for Producer Management Portal were moved from Section IV.H.3 to Section IV.H.2.h of Addendum A and the reference to Producer Management Portal was intended to be deleted from Section IV.H.3 in 2019 from a rule filing filed in 2018 (“2018 Filing”) but due to a clerical mistake the change was not made in the Rules. NSCC would delete the reference from Section IV.H.3 as contemplated by the 2018 Filing.

**Implementation Timeframe**

NSCC would implement the proposed changes in three phases. NSCC would implement the clarifications to Rule 57 and Addendum A discussed above upon filing. NSCC would adopt the Producer Authorization service offering, associated fees and related changes to the Rules by no later than July 31, 2024. NSCC would implement the Paperless Replacements service offering, associated fees and related changes to the Rules by no later than September 30, 2024.

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2. **Statutory Basis**

Section 17A(b)(3)(F) of the Act, requires, that the Rules be designed to, among other things, promote the prompt and accurate clearance and settlement of securities transactions.\(^{16}\)

The proposed addition of Paperless Replacements and Producer Authorization service offerings would provide a standardized method to communicate I&RS Data among I&RS Members relating to (i) replacements of insurance and annuity contracts and related settlement of funds and (ii) producer credentials related to specific products, each as discussed above. The addition of Paperless Replacements discussed above would enhance Carriers’ ability to send and receive required information relating to replacements of insurance or annuity contracts and related settlement of funds by providing an automated data only transmission relating to such replacements between Carriers and bring greater efficiency to the transfer and settlement of those products as set forth above. The addition of Producer Authorization discussed above would enhance Distributors’ ability to confirm with Carriers the credentials of insurance producers to sell specific products by providing a standardized method to communicate such information and bring greater efficiency and expediency to the buying, selling and settlement of such I&RS Eligible Products among I&RS Members. Providing a more efficient and streamlined process with respect to transmitting and receiving such I&RS Data would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of Section 17A(b)(3)(F) of the Act.\(^{17}\)

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\(^{17}\) Id.
The clarifications to Rule 57 and Addendum A would enhance the clarity and transparency of the Rules with respect to services offered by NSCC. Specifically, these rule changes would allow I&RS Members to have a better understanding of the Rules relating to I&RS. The use of the defined terms “I&RS Members” and “I&RS Payments” throughout the rules and the reorganization of Section 1 of Rule 57 and the descriptions of the service offerings discussed above would reflect current uses of the terms used within I&RS. Removing the language regarding the ability of I&RS Members to submit a cancel instruction in the Applications and Premiums section which is no longer applicable would remove unnecessary language in the Rules. Having clear and accurate Rules would help I&RS Members to better understand their rights and obligations regarding NSCC’s services. NSCC believes that when I&RS Members better understand their rights and obligations regarding NSCC’s services, they can act in accordance with the Rules. NSCC believes that better enabling I&RS Members to comply with the Rules would promote the prompt and accurate clearance and settlement of securities transactions by NSCC consistent with the requirements of the Act, in particular Section 17A(b)(3)(F) of the Act.\textsuperscript{18}

Section 17A(b)(3)(D) of the Act\textsuperscript{19} requires that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. NSCC believes the proposed fees for Paperless Replacements and Producer Authorization would align with the cost of building and delivering the proposed service offerings, consistent

\textsuperscript{18} Id.

with this provision of the Act. NSCC believes the proposed changes to the fees are equitable because they would apply uniformly to all I&RS Members that utilize the service offerings. NSCC believes the proposed changes are reasonable because they would be commensurate with the costs of resources allocated by NSCC in developing and maintaining the service offerings. Based on financial projections of development and maintenance costs and anticipated participation by I&RS Members, it is anticipated that the Paperless Replacements and Producer Authorization costs and revenues would result in a slight increase in the overall operating margin percentage of I&RS and allow NSCC to recoup the costs of building the enhancements within approximately two years of implementing the fees. Therefore, by establishing fees that align with the cost of delivery of these service offerings and allocating those fees equitably among the subscribing users, the proposed rule change would provide for the equitable allocation of reasonable dues, fees and other charges among its participants consistent with the requirements of Section 17A(b)(3)(D) of the Act.  

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

NSCC does not believe that the proposed rule changes would have any adverse impact, or impose any burden, on competition.

The proposed changes to adopt the Paperless Replacements and Producer Authorization service offerings would add optional functions to NSCC’s services to provide more efficient methods by which subscribing Carriers and Distributors may transmit, view and retrieve I&RS Data. Such changes would not affect services for I&RS Members that do not subscribe to such service offerings and non-subscribing I&RS Members
Members would transmit, view and retrieve I&RS Data in the same manner as they currently transmit, view and retrieve I&RS Data. The fees proposed for each of these service offerings were designed to be reasonable and align with the projected cost of building and operating such service offerings and would be charged ratably based on each I&RS Members’ use of such service offerings. Therefore, the proposed changes to implement such optional service offerings and the associated fees would not disproportionately impact any I&RS Members, have any effect on existing NSCC services other than to add a new method of transmitting, viewing and retrieving I&RS Data, nor have any adverse impact on competition.

Moreover, because the proposed rule changes would improve the efficiency by which subscribing I&RS Members may view, transmit and retrieve I&RS Data, the proposed rule change may have a positive effect on competition among Carriers and Distributors. The proposed features would provide these firms with a faster, more streamlined method of transmitting and receiving I&RS Data, and therefore could enable I&RS Eligible Products to be marketed more quickly. Specifically, I&RS Members could have the ability to distribute I&RS Eligible Products into the market to consumers more quickly because I&RS Members would have the ability to obtain information with respect to these products in a quicker, more efficient manner.

NSCC does not believe the clarifications to Rule 57 and Addendum A would impact competition. Such changes would help clarify the Rules. In addition, the changes would facilitate I&RS Members’ understanding of the Rules and their obligations thereunder. The proposed changes would not affect NSCC’s operations or the rights and
obligations of the membership. As such, NSCC believes these proposed rule changes would not have any impact on competition.

(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. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission’s instructions on how to submit comments, available at www.sec.gov/regulatory-actions/how-to-submit-comments. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission’s Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

NSCC reserves the right not to respond to any comments received.
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)\textsuperscript{21} of the Act and paragraph (f)\textsuperscript{22} 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 (www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NSCC-2024-005 on the subject line.

Paper Comments:

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


\textsuperscript{22} 17 CFR 240.19b-4(f).
All submissions should refer to File Number SR-NSCC-2024-005. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet website (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 (dtcc.com/legal/sec-rule-filings). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-NSCC-2024-005 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. 23

Secretary

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The information contained in this Exhibit 3 is subject to exemption from mandatory disclosure under Exemptions #4 and #8 of the Freedom of Information Act because the information concerns (i) trade secrets and commercial information that is privileged or confidential and (ii) the supervision of National Securities Clearing Corporation (NSCC), a financial institution. This Exhibit 3 contains one electronic file embedded in a one-page document for filing efficiency, as listed below. The information contained in the embedded files is not intended for public disclosure. Accordingly, this Exhibit 3 has been redacted and confidential treatment requested pursuant to 17 CFR 240.24b-2. An unredacted version was filed separately and confidentially with the Securities and Exchange Commission. Notwithstanding the request for confidential treatment, NSCC believes the substance of this Exhibit 3 is clearly and adequately described in the accompanying Exhibit 1A and Form 19b-4 narrative to this filing, thus allowing for meaningful public comment.

Embedded File:

- Pricing Methodology; 2 pages; summary of pricing methodology.
PAGE REDACTED IN ITS ENTIRETY
TEXT OF PROPOSED RULE CHANGE

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

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

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**Note:**

Unshaded bold and underlined/strikethrough text indicates proposed changes that will be implemented immediately.

Green shaded bold and underlined/strikethrough text indicates proposed changes that will be implemented by no later than July 31, 2024.

Blue shaded bold and underlined/strikethrough text indicates proposed changes that will be implemented by no later than September 30, 2024.
RULE 57. INSURANCE & RETIREMENT SERVICES

[Changes to this Rule, as amended by File No. SR-NSCC-2024-005, are available at www.dtcc.com/legal/sec-rule-filings. These changes were effective upon filing, but certain changes have not yet been implemented. As described in File No. SR-NSCC-2024-005, by no later than July 31, 2024 and September 30, 2024, respectively, the applicable changes will be implemented, and this legend will automatically be removed from this Rule.]

SEC. 1. (a) The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Data Services Only Members (collectively, “I&RS Members”) to transmit such data and information relating to I&RS Eligible Products (the “I&RS Data”) and, with respect to Members, Mutual Fund/Insurance Services Members and Insurance Carrier/Retirement Services Members, to settle payments relating to I&RS Eligible Products (“I&RS Payments”) insurance products between themselves. Such services shall be known as the Insurance & Retirement Services (“I&RS”) and will be accomplished in accordance with the provisions of this Rule.

(b) Each I&RS Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member and Data Services Only Member that desires access to I&RS must complete and deliver to the Corporation such agreements as the Corporation may from time to time require.

(c) I&RS Data must be submitted to the Corporation in such formats and by such times as established by the Corporation from time to time, and, depending upon the type of I&RS Data submitted, may require a response from the receiver of I&RS Data.

(d) The Corporation will review I&RS Data received from I&RS Members Insurance Carrier/Retirement Services Members, Mutual Fund/Insurance Services Members, Members and Data Services Only Members for such information as the Corporation determines from time to time to be necessary. If the I&RS Data does not contain the information required by the Corporation, the Corporation will reject the I&RS Data and will advise the appropriate I&RS Member Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Services Only Member in such form and by such time as established by the Corporation from time to time.

(e) If the I&RS 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 I&RS Data to the appropriate I&RS Member Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Services Only Member in such form and by such time as established by the Corporation from time to time.
(f) Pursuant to the policies established by the Corporation from time to time, the Corporation will notify, in such form and at such times as established by the Corporation from time to time, an **I&RS Member Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Services Only Member**, in respect of certain I&RS Data which requires a response, if no such response has been received by the Corporation.

(g) Pursuant to the policies established by the Corporation from time to time, a submitter of I&RS Data can withdraw certain I&RS Data submitted by submitting an instruction to the Corporation in such form and by such time as established by the Corporation from time to time. Upon receipt of a withdrawal instruction, the Corporation will (i) delete from I&RS the I&RS Data withdrawn and (ii) notify the appropriate party of the withdrawn I&RS Data in such form and by such time as established by the Corporation from time to time. Unless I&RS Data is rejected, withdrawn or deleted from I&RS as provided herein, the Corporation will store and maintain all I&RS Data submitted to it for transmission between and among **I&RS Members Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Data Services Only Members** and be permitted to evaluate the usefulness of such I&RS Data, including by providing such I&RS Data to third parties under appropriate agreements of confidentiality and to prohibit such third parties from using such I&RS Data other than for evaluation purposes.

(h) Notwithstanding the foregoing, nothing prohibits an **I&RS Member Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, Member or Data Services Only Member** from requiring data or information in addition to any I&RS Data that has been transmitted through the Corporation.

(i) Submission of I&RS Data to, or alteration or withdrawal of I&RS Data from, the Corporation shall not relinquish, extinguish or affect any legal or regulatory right or obligation of the **I&RS Member Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member or Data Services Only Member**.

(j) The Corporation will not be responsible for the completeness or accuracy of the I&RS Data received from or transmitted to an **I&RS Member Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Service Only Member** transmitted through I&RS nor for any errors, omissions or delays which may occur in the absence of gross negligence on the Corporation’s part, in the transmission of such I&RS Data to or from an **I&RS Member Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Services Only Member**.

(k) Settlement of money payments in respect of I&RS transactions shall be made in accordance with Rule 12 and other provisions of these Rules. At any time, the Corporation may prohibit any payment from settling through I&RS if the
Corporation, in its discretion, determines that such action is necessary for the protection of the Corporation, creditors or investors.

(l) If at any time the Corporation fails to receive payment from a Member which payment was to be used to make payment to the contra side of the I&RS transaction, the Corporation, in its discretion, may reverse in whole or in part any credit previously given to the Member, Mutual Fund/Insurance Services Member, or Insurance Carrier/Retirement Services Member who is the contra side to the I&RS transaction, within such time frame as determined by the Corporation from time to time.

**ACAT/TRANSFERS**

SEC. 2. (a) The Corporation may provide a service to enable Members to transmit I&RS Data regarding I&RS Eligible Product customer account transfer data between Members.

(b) Within the time frame established by the Corporation, the Corporation may transmit, to an Insurance Carrier/Retirement Services Member, I&RS Eligible Product customer account transfer data in such form and by such time as established by the Corporation from time to time. The Insurance Carrier/Retirement Services Member must confirm, reject, or request a modification with respect to the transfer in such format and by such time as established by the Corporation. Transfers that are not confirmed or rejected within such time frame and in such manner as established from time to time by the Corporation will be deleted from the I&RS system by the Corporation.

**COMMISSIONS AND COMPENSATION**

SEC. 2. (a) The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit I&RS Data regarding commissions, charge backs and other compensation ("Commissions") to Members, Mutual Fund/Insurance Services Members and Data Services Only Members and, with respect to Members and Mutual Fund/Insurance Services Members, to settle payments in respect of thereof.

(b) An Insurance Carrier/Retirement Services Member may initiate a Commission transaction by submitting to the Corporation a payment instruction, in such form and by such time as established by the Corporation from time to time.

(c) Commission transactions received for settlement through the Corporation prior to the time established by the Corporation for this purpose will settle in the settlement cycle occurring immediately following the completion of

[1 Note: This entire section is being moved except for the language shown as being deleted which will be removed upon implementation. Upon implementation, this footnote will automatically be removed.]
the processing of data relating to such payment, unless the Insurance Carrier/Retirement Services Member’s initiation instruction indicated that such transaction will settle on a date thereafter; provided, however, that no transaction shall settle more than five Business Days after the day on which the transaction was submitted to the Corporation.

APPLICATIONS AND PREMIUMS (APP)

SEC. 3. (a) The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members and Data Services Only Members to transmit I&RS Data regarding applications and premiums (“Applications and Premiums”) to Insurance Carrier/Retirement Services Members and, with respect to Members, Mutual Fund/Insurance Services Members and Insurance Carrier/Retirement Services Members, to settle payments in respect thereof.

(b) Applications and premiums transactions submitted for settlement through the Corporation prior to the time established by the Corporation for this purpose will settle in the settlement cycle occurring immediately following the submission of data relating to such payment, provided however that the Member or Mutual Fund/Insurance Services Member initiating the transaction may submit a cancel instruction prior to the time established by the Corporation for this purpose. Applications and Premiums transactions received for settlement through the Corporation and cancelled in a timely manner will be deleted from I&RS.

ASSET PRICING (AAP)

SEC. 4. The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit I&RS Data to Members, Mutual Fund/Insurance Services Members and Data Services Only Members regarding the pricing of units and other values in respect of funds or other assets within annuities and other insurance products.

ATTACHMENTS (ATT)

SEC. 5. The Corporation may provide a service to enable I&RS Members to electronically transmit imaged documents, signatures, forms and other types of unstructured data relating to I&RS Data, including without limitation documents relating to customers of I&RS Members.

COMMISSIONS AND COMPENSATION (COM)

SEC. 6. (a) The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit I&RS Data regarding commissions, charge backs and other compensation (“Commissions”) to Members, Mutual Fund/Insurance Services Members and Data Services Only Members and, with respect to Members and Mutual Fund/Insurance Services Members, to settle payments in respect of thereof.
(b) An Insurance Carrier/Retirement Services Member may initiate a Commission transaction by submitting to the Corporation a payment instruction, in such form and by such time as established by the Corporation from time to time.

(c) Commission transactions received for settlement through the Corporation prior to the time established by the Corporation for this purpose will settle in the settlement cycle occurring immediately following the completion of the processing of data relating to such payment, unless the Insurance Carrier/Retirement Services Member’s initiation instruction indicated that such transaction will settle on a date thereafter; provided, however, that no transaction shall settle more than five Business Days after the day on which the transaction was submitted to the Corporation.

FINANCIAL ACTIVITY FOR ASSET MANAGERS (FAM)

SEC. 7. The Corporation may transmit and provide access to transaction-specific subaccount data (“Subaccount Data”) received through the Financial Activity Reporting service relating to funds or other assets within variable annuity and variable life insurance products to asset managers that manage such funds or assets and to service providers on behalf of such asset managers. Examples of Subaccount Data with respect to variable annuity and variable life insurance product transactions include, but shall not be limited to, the name of the insurance carrier, the date of the transaction, the broker-dealer named on the transaction, the individual advisor listed on the transaction, the type of transaction (e.g., new purchase, death claim, rebalance, subaccount transfer to or from the subaccount, etc.) and the amount of the transaction.

Asset managers which are not Members or Limited Members will be required to enter into such agreements with the Corporation as determined by the Corporation to gain access to the Subaccount Data, which agreements will include an agreement to pay the fees set forth in the Rules to receive such Subaccount Data and to set up any system requirements necessary to access the data. Service providers receiving the Subaccount Data on behalf of asset managers will also be required to enter into such agreements as determined by the Corporation in order to gain access to such Subaccount Data on behalf of such asset managers to ensure the data is being used as contemplated herein and that there are proper safeguards by the service provider to ensure data security.

LICENSING AND APPOINTMENTS

SEC. 4 The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Data Services Only Members to transmit I&RS Data regarding licensing and appointment authorizations and activity (including, but not limited to, licensing and appointment authorizations and activity relating to licensee or
appointee training) (“Licensing and Appointments”) among themselves or to otherwise supply and access I&RS Data regarding Licensing and Appointments directly to or from NSCC, as the case may be.

POSITIONS AND VALUATIONS

SEC. 5. The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit I&RS Data to Members, Mutual Fund/Insurance Services Members and Data Services Only Members regarding positions and valuations specific to an I&RS Eligible Product.

ACAT/TRANSFERS

SEC. 6. (a) The Corporation may provide a service to enable Members to transmit I&RS Data regarding I&RS Eligible Product customer account transfer data between Members.

(b) Within the time frame established by the Corporation, the Corporation may transmit, to an Insurance Carrier/Retirement Services Member, I&RS Eligible Product customer account transfer data in such form and by such time as established by the Corporation from time to time. The Insurance Carrier/Retirement Services Member must confirm, reject, or request a modification with respect to the transfer in such format and by such time as established by the Corporation. Transfers that are not confirmed or rejected within such time frame and in such manner as established from time to time by the Corporation will be deleted from the I&RS system by the Corporation.

ASSET PRICING

SEC. 7. The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit I&RS Data to Members, Mutual Fund/Insurance Services Members and Data Services Only Members regarding the pricing of units and other values in respect of funds or other assets within annuities and other insurance products.

FINANCIAL ACTIVITY REPORTING (FAR)

SEC. 8. The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit to Members, Mutual Fund/Insurance Services Members and Data Services Only Members I&RS Data regarding financial transactions and related activity specific to an I&RS Eligible Product. The Corporation may transmit and provide access to transaction-specific subaccount data (‘Subaccount Data’) received through the Financial Activity Reporting service relating to funds or other assets within variable annuity and variable life insurance products to asset managers that manage such funds or assets and to service providers on behalf of such asset managers. Examples of Subaccount Data with respect to variable annuity and variable life insurance product transactions include, but shall not be limited to, the name of the insurance carrier, the date of the
transaction, the broker-dealer named on the transaction, the individual advisor listed on the transaction, the type of transaction (e.g., new purchase, death claim, rebalance, subaccount transfer to or from the subaccount, etc.) and the amount of the transaction.

Asset managers which are not Members or Limited Members will be required to enter into such agreements with the Corporation as determined by the Corporation to gain access to the Subaccount Data, which agreements will include an agreement to pay the fees set forth in the Rules to receive such Subaccount Data and to set up any system requirements necessary to access the data. Service providers receiving the Subaccount Data on behalf of asset managers will also be required to enter into such agreements as determined by the Corporation in order to gain access to such Subaccount Data on behalf of such asset managers to ensure the data is being used as contemplated herein and that there are proper safeguards by the service provider to ensure data security.

IN FORCE TRANSACTIONS (IFT)

SEC. 9. (a) The Corporation may provide a service to enable I&RS Members, Insurance Carrier/Retirement Services Members, Members, Mutual Fund/Insurance Services Members and Data Services Only Members to transmit I&RS Data relating to an existing and effective insurance contract (“In Force Contract”) among themselves and, with respect to Insurance Carrier/Retirement Services Members, Members and Mutual Fund/Insurance Services Members, to settle payments in respect thereof.

(b) An I&RS Member, Insurance Carrier/Retirement Services Member, Mutual Fund/Insurance Services Member or Data Services Only Member may initiate a request relating to an In Force Contract by submitting to the Corporation instructions (“In Force Transaction Request”) in such form and by such time as established by the Corporation from time to time. The contra-side I&RS Member’s, Insurance Carrier/Retirement Services Member’s, Mutual Fund/Insurance Services Member’s or Data Services Member’s response to such In Force Transaction Request (“In Force Transaction Request Response”) shall be submitted to the Corporation in such form and by such time as established by the Corporation from time to time. In Force Transaction Requests and In Force Transaction Request Responses shall be treated and processed by the Corporation as other I&RS Data is treated and processed by the Corporation, and shall be subject to the terms, set forth in Section 1 of this Rule 57.

(c) The Corporation may provide a service to enable Members, Insurance Carrier/Retirement Services Members and Mutual Fund/Insurance Services Members to settle money-only payment transactions between themselves in respect of In Force Contracts. A Member, Insurance Carrier/Retirement Services Member or Mutual Fund/Insurance Services Member shall initiate a money-only settlement transaction (hereinafter, the “Initiating I&RS Member”) by submitting to the Corporation instructions
to debit such Initiating I&RS Member’s account in such form and by such time as established by the Corporation from time to time. In no event shall the Initiating I&RS Member be the Member, Insurance Carrier/Retirement Services Member or Mutual Fund/Insurance Services Member to be credited as part of the money-only settlement transaction. Settlement of money-only payments in respect of In Force Contracts shall be subject to Section 17(k) and (l) of this Rule 57.

INSURANCE INFORMATION EXCHANGE ("IIEX")

SEC 10. The Corporation may provide a service to enable Members, Insurance Carrier/Retirement Services Members, Mutual Fund/Insurance Services Members and Data Service Only Members (collectively, “I&RS Members”), and their respective service providers, to transmit, view and retrieve I&RS Data using a centralized data repository (“IIEX”). Service providers will gain access to IIEX only by authorization from I&RS Members and will be required to enter into such agreements as determined by the Corporation, which agreements will include an agreement to pay the fees set forth in the Rules for product data for which service providers are required to pay a fee as set forth in the Rules.

LICENSING AND APPOINTMENTS (LNA)

SEC. 11 The Corporation may provide a service to enable I&RS Members to transmit I&RS Data regarding licensing and appointment authorizations and activity (including, but not limited to, licensing and appointment authorizations and activity relating to licensee or appointee training) (“Licensing and Appointments”) among themselves or to otherwise supply and access I&RS Data regarding Licensing and Appointments directly to or from NSCC, as the case may be.

PAPERLESS REPLACEMENTS PROCESSING (RPL)\footnote{This new section “Paperless Replacements Processing (RPL)” will be implemented by no later than September 30, 2024. Upon implementation, this footnote will automatically be removed.}

SEC. 12. (a) The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit I&RS Data regarding a transfer, exchange or replacement of an existing contract relating to an I&RS Eligible Product (“Replacements”) to Insurance Carrier/Retirement Services Members and to settle payments with respect thereof.

(b) Replacements transactions submitted for settlement through the Corporation prior to the time established by the Corporation for this purpose will
settle in the settlement cycle occurring immediately following the submission of
data relating to such payment.

POSITIONS AND VALUATIONS (POV)

SEC. 13. The Corporation may provide a service to enable Insurance
Carrier/Retirement Services Members to transmit I&RS Data to Members, Mutual
Fund/Insurance Services Members and Data Services Only Members regarding
positions and valuations specific to an I&RS Eligible Product.

PRODUCER AUTHORIZATION (PAR)[1]

SEC. 14. The Corporation may provide a service to enable I&RS Members
to transmit I&RS Data to other I&RS Members regarding insurance producers
specific to I&RS Eligible Products.

PRODUCER MANAGEMENT PORTAL (PMP)

SEC. 15. The Corporation may provide a service to enable I&RS Members,
to transmit, view and retrieve I&RS Data using a centralized data repository
relating to insurance producer training information.

SETTLEMENT PROCESSING FOR INSURANCE (STL)

SEC. 16. (a) The Corporation may provide a service to enable Members,
Mutual Fund/Insurance Services Members, or Insurance Carrier/Retirement
Services Members, to settle I&RS Payments through the Corporation effected in
accordance with the provisions of this Rule, Rule 12, Rule 55, other provisions of
these Rules. At any time, the Corporation may prohibit any payment from settling
through I&RS if the Corporation, in its discretion, determines that such action is
necessary for the protection of the Corporation, creditors or investors.

(b) If at any time the Corporation fails to receive payment from an I&RS
Member, which payment was to be used to make payment to the contra side of
the I&RS transaction, the Corporation, in its discretion, may reverse in whole or in
part any credit previously given to the I&RS Member who is the contra side to the
I&RS transaction, within such time frame as determined by the Corporation from
time to time.

(c) The Corporation shall not guarantee the payment of I&RS Payments.
Settlement of all payments and transactions in respect of I&RS Eligible Products
which do not settle through the facilities of the Corporation are the responsibility
of the parties thereto and are not subject to the provisions of this Rule.

[1] This new section “Producer Authorization (PAR)” will be implemented by no later than July 31,
2024. Upon implementation, this footnote will automatically be removed.
SUBSEQUENT PREMIUMS (SUB)

SEC. 17. (a) The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members and Data Services Only Members to transmit I&RS Data regarding subsequent premiums ("Subsequent Premiums") to Insurance Carrier/Retirement Services Members and, with respect to Members, Mutual Fund/Insurance Services Members and Insurance Carrier/Retirement Services Members, to settle payments in respect thereof.

(b) Subsequent Premiums transactions submitted for settlement through the Corporation prior to the time established by the Corporation for this purpose will settle in the settlement cycle occurring immediately following the submission of data relating to such payment.

****
ADDENDUM A

[Changes to this Addendum, as amended by File No. SR-NSCC-2024-005, are available at www.dtcc.com/legal/sec-rule-filings. These changes were effective upon filing, but certain changes have not yet been implemented. As described in File No. SR-NSCC-2024-005, by no later than July 31, 2024 and September 30, 2024, respectively, the applicable changes will be implemented, and this legend will automatically be removed from this Addendum.]

NATIONAL SECURITIES CLEARING CORPORATION

FEE STRUCTURE

IV. OTHER SERVICE FEES

H. Insurance & Retirement Services

2. Transaction Fees
   a. (i) Positions (Full (PVF), New (PNF) and Retirement Plans (PRP))
      - From 0 to 500,000 items/month $6.25 per 1,000 items

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6 Unless otherwise noted, all Insurance & Retirement Services transaction fees are per transaction, per side, and both sides are charged for each item. Volume is calculated on an aggregate basis among qualified carrier members or qualified distributor members, as applicable.

Multiple destination fees apply. Participants directing NSCC to deliver Insurance & Retirement Service files to more than two (2) destinations will be charged an additional monthly fee, per product, as follows: (i) Participants directing NSCC to deliver Insurance & Retirement Service files to three (3), four (4) or five (5) destinations will be charged an additional $50 per month, per product; and (ii) Participants directing NSCC to deliver Insurance & Retirement Service files to more than five (5) destinations will be charged an additional $100 per month, per product.

7 Extraordinary Event Pricing: if arranged in advance with NSCC, a Participant may qualify for a credit on transaction fees incurred due to extraordinary events such as mergers or mass reconciliations that generate unusually high transaction volume for a limited duration. With respect to transaction types for which the participant has no history of prior usage, the credit is in the amount of 85% of the transaction fees chargeable in respect of the transaction type, with an additional credit in the amount of 5% if the participant continues use of the transaction type after the event. With respect to transaction types for which the participant has a history of prior usage, the credit is in an amount sufficient to produce an aggregate fee for the transaction type that is no more than 120% of the average amount charged to the participant in respect of such transactions in the prior three months.
• From 500,001 to 2,000,000 items/month $3.65 per 1,000 items
• From 2,000,001 to 4,000,000 items/month $3.10 per 1,000 items
• For 4,000,001 or more items/month $1.30 per 1,000 items

(ii) Positions (Focused) (PFF)
• From 0 to 500,000 items/month $3.25 per 1,000 items
• From 500,001 to 2,000,000 items/month $1.65 per 1,000 items
• From 2,000,001 to 4,000,000 items/month $1.10 per 1,000 items
• For 4,000,001 or more items/month $0.55 per 1,000 items

b. Asset Pricing (AAP)
• From 0 to 49,999 items/month $0.75 per 1,000 items
• From 50,000 to 249,999 items/month $0.65 per 1,000 items
• From 250,000 to 999,999 items/month $0.55 per 1,000 items
• More than 999,999 items/month $0.45 per 1,000 items

c. Commissions (COM)
• From 0 to 999 items/month $40.00 per 1,000 items
• From 1,000 to 9,999 items/month $35.00 per 1,000 items
• From 10,000 to 29,999 items/month $30.00 per 1,000 items
• More than 29,999 items/month $25.00 per 1,000 items

d. Initial Application Information (APP) 8
• From 0 to 1,999 items/month $1.50 per item
• From 2,000 to 3,499 items/month $1.00 per item

8 Each initial application with a new business attachment will be subject to a $0.25 discount.
- More than 3,499 items/month $0.50 per item

e. Subsequent **Premiums Activity** (SUB) $0.50 per item

f. **Paperless Replacements Processing** (RPL) $1.85 per request (per submitter)[13]

gf. **Financial Activity Report** (FAR) $0.05 per zero to 100,000 items

$0.04 per 100,001 to 150,000 items

$0.03 per 150,001 to 200,000 items

$0.02 per 200,001 or greater items

h. **Subaccount Data access Financial Activity for Asset Managers** (FAM) $2,500.00 per month

(for each participating asset manager)

gi. **Settlement Processing for Insurance** (STL)

- 0 to 20,000 items/month $0.65 (per item/transaction/ per side)

- 20,001 to 30,000 items/month $0.35 (per item/transaction/ per side)

- 30,001 to 40,000 items/month $0.25 (per item/transaction/ per side)

- More than 40,000 items/month $0.15 (per item/transaction/ per side)

[13] This new section “Paperless Replacements Processing (RPL)” will be implemented by no later than September 30, 2024. Upon implementation, this footnote will automatically be removed.
Producer Management Portal (PMP)

1. Distributor Batch Service Fees $6,000 per month
2. Distributor Subscription Fee $1.25 per inquiry, $6,000 maximum per month

3. For Insurance Company providers of producer training completions

<table>
<thead>
<tr>
<th>Band</th>
<th>Number of Active Producers Managed</th>
<th>Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0-999</td>
<td>$0</td>
</tr>
<tr>
<td>2</td>
<td>1,000-9,999</td>
<td>$1,000</td>
</tr>
<tr>
<td>3</td>
<td>10,000-49,999</td>
<td>$3,000</td>
</tr>
<tr>
<td>4</td>
<td>50,000-99,999</td>
<td>$4,000</td>
</tr>
<tr>
<td>5</td>
<td>100,000-249,999</td>
<td>$5,000</td>
</tr>
<tr>
<td>6</td>
<td>250,000 +</td>
<td>$5,000, plus $0.018 per active producer managed</td>
</tr>
</tbody>
</table>

Producer Authorization (PAR) (per receiving carrier)[1]

<table>
<thead>
<tr>
<th>Total Messages Received</th>
<th>Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-250</td>
<td>$250</td>
</tr>
<tr>
<td>251-2,000</td>
<td>$1,500</td>
</tr>
<tr>
<td>2,001-5,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>5,001 +</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

Insurance Information Exchange (IIEX)

Policy Data

IIEX Fees for Members and Limited Members

[1] This new section “Producer Authorization (PAR)” will be implemented by no later than July 31, 2024. Upon implementation, this footnote will automatically be removed.
Monthly subscription fee based on the number of policies that the Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member or Data Services Only Member, as applicable, would be entitled to access from the IIEX data repository as follows:

<table>
<thead>
<tr>
<th>Number of Policies</th>
<th>Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 50,000</td>
<td>$1,500</td>
</tr>
<tr>
<td>50,001 – 200,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>200,001 – 400,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>Greater than 400,000</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

**Product Data**

(1) Insurance Carrier/Retirement Services Members

<table>
<thead>
<tr>
<th>Subscription</th>
<th>Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Data Subscription</td>
<td>$3,000</td>
</tr>
<tr>
<td>Limited Data Subscription</td>
<td>$1,500</td>
</tr>
</tbody>
</table>

(2) Members, Mutual Fund/Insurance Services Members, Data Services Only Members and Service Providers

<table>
<thead>
<tr>
<th>Subscription</th>
<th>Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Data Subscription</td>
<td>$3,000</td>
</tr>
<tr>
<td>Limited Data Subscription</td>
<td>$1,500</td>
</tr>
<tr>
<td>Full Data Subscription (User Web Interface Only)</td>
<td>$500, plus $1.25 per CUSIP download transaction charge</td>
</tr>
<tr>
<td>Limited Data Subscription (User Web Interface Only)</td>
<td>$250, plus $1.25 per CUSIP download transaction charge</td>
</tr>
</tbody>
</table>
### 3. Other Service Transaction Fees

<table>
<thead>
<tr>
<th>PRICE TIER</th>
<th>FEE</th>
<th>PRODUCT/SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIER 1</td>
<td>$0.05</td>
<td>All Attachments (per attachment, per side)</td>
</tr>
<tr>
<td>TIER 2</td>
<td>$0.15</td>
<td>Licensing and Appointments (LN&amp;A) Periodic Reconciliation (per item)</td>
</tr>
<tr>
<td>TIER 3</td>
<td>$0.35</td>
<td>Licensing and Appointments (LN&amp;A) Transaction (per item)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Registered Representative (REP) Change Confirm (per transaction, per side)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Registered Representative (REP) Change Request (per transaction, per side)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brokerage Identification Number (BIN) Change Request (per transaction, per side)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brokerage Identification Number (BIN) Change Confirm (per transaction, per side)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Values Inquiry (per inquiry, per side)*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Policy Administration inquiry (per inquiry, per side)*</td>
</tr>
<tr>
<td>TIER 4</td>
<td>$0.65</td>
<td>Customer Account Transfer (CAT) Output (per transaction, charged to Insurance Carrier/Retirement Services Member only)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Account Transfer (CAT) Confirm (per transaction, per side)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Time Expired Transaction (TEX) (per transaction, per side)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Producer Management Portal (per inquiry)</td>
</tr>
<tr>
<td>PRICE TIER</td>
<td>FEE</td>
<td>PRODUCT/SERVICE</td>
</tr>
<tr>
<td>------------</td>
<td>-----</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Policy Administration Request <em>(per request, per side)</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Death Notification Request <em>(per request, per side)</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fund Transfer <em>(per request, per side)</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Withdrawals <em>(per request, per side)</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Arrangements <em>(per request, per side)</em></td>
</tr>
</tbody>
</table>

* For the transactions identified above with an asterisk (*) (“IFT Transactions”), entities must pay a minimum monthly fee based on the chosen threshold level as set forth in the *IN FORCE TRANSACTIONS CHART* below. For a participant that has chosen Level 2, Level 3 or Level 4 for a month, when the transaction fees for such month for IFT Transactions exceed the minimum monthly fee for such threshold level, the transaction fees above the minimum monthly fee amount will be discounted at the rate specified for such threshold level as reflected in the *IN FORCE TRANSACTIONS CHART* below.

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