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Date:	March 14, 2014
To:	ALL MEMBERS AND LIMITED MEMBERS
From:	WEALTH MANAGEMENT SERVICES – MUTUAL FUNDS
Attention:	MANAGER MUTUAL FUNDS OPERATIONS, MANAGER DATA PROCESSING, MANAGER CASHIERS, MANAGER P&S DEPARTMENT
Subject:	MFPSII PROFILE SECURITY DATABASE COMPARISON TOOL- SCORECARD REPORT TARGETED IMPLEMENTATION

In 2013, National Securities and Clearing Corporation (NSCC) enhanced the Mutual Fund Profile Service (MFPSII) Profile Security issue database with a new feature, called the Security Issue Comparison Tool (the “Comparison Tool”). The Comparison Tool is a web-based interface which applies pre-determined data points from publicly available documents filed by Fund members, and compares them to existing Profile values on the Security Issue database for consistency.

Within the Filing Variances tab of the web application, variances are identified between the Profile value and the public document value for specific data points. Through the Comparison Tool, Fund members have the ability to clear a variance by accepting the data point found in the public document filing and apply the value in the public document to the Profile Security database, or, not accepting the public document data point, retaining the existing Profile Security value and providing an annotation explaining the reason the variance may be acceptable. If the variance is not cleared in one of these two ways, the Comparison Tool will continue to alert the Fund member daily of the variance via e-mail.

Introduction of Scorecard Feature

NSCC is targeting second quarter 2014 to introduce a scorecard feature to MFPSII-Profile Security database. A subsequent notice will be released announcing the specific date of implementation.

Subject to SEC approval of a rule amendment to Rule 52 of NSCC’s Rules and Procedures, funds and firms will be provided with a Scorecard Report available on the Profile Security web interface. The scorecard will provide two scores as follows: (i) the individualized score issued to each Fund member from the aggregation of its variances and its hard edits*and soft edits** and (ii) the industry average score issued with respect to the aggregation of all Fund members’ variances, hard edits and soft edits.

The scorecard is a measure of unresolved data discrepancies and other potential data reliability issues. It is not intended to be a measure of the quality of data but rather, is intended to provide Funds an incentive to

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*Hard edit – a hard edit occurs when MFPS recognizes that a required field has not been populated by a fund member.

**Soft edit – a soft edit occurs when MFPS recognizes that a field is generally populated by funds in a common manner, but a fund member has populated it differently.

review and confirming their Profile data. Funds should immediately review and clear each variance, hard edit and soft edit.

A Fund member that has no variances, hard edits or soft edits, or otherwise reviews and clears its variances, hard edits and soft edits, will have a high score, while a Fund member that fails to review and clear its variances, hard edits and soft edits will have a lower score.

Fund members will have access to their score only and the aggregated industry score average within the new Scorecard Report tab. As Fund members review and clear their variances, hard edits, and soft edits during the day, their scores will be recalculated nightly, as well as the industry average score. The recalculated scores will be available to funds and firms the following morning.

Firm Members Access to Reports

Firm members can access funds' scores within the "Reports tab" of the application and will be provided with each participating Fund member's score, as well as the industry average score. The excel report will list all participating Fund members, along with their scores, and will be in score order (high to low).

Firms can access the "Inquiry tab" to review variance annotations made by funds. By querying a specific Security Issue ID, firms can view all data points for a Security Issue ID, along with any applicable variances, hard edits, soft edits and annotations. Firm members can also access all annotations per fund family using the Charting feature.

New Profile Security and Best Practices documentation is targeted for second quarter release.

Any questions or concerns regarding this Important Notice should be directed to your Wealth Management Relationship Manager or 212-855-8877.

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