



A#:	7885
P&S#:	7455
Date:	August 18, 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:	DTCC Payment aXis Invoicing Enhancements

Effective **November 24, 2014**¹, National Securities Clearing Corporation (NSCC) will introduce enhancements to its DTCC Payment aXis service. These enhancements will provide clients the ability to invoice and settle the following third party negotiated fees:

- Sub-Accounting Service Fee
- Retirement / Bank Trust Service Fee
- Networking Service Fee

The addition of these fee types will further streamline the DTCC Payment aXis service, delivering automation and standardization of invoicing and settlement of fees to the mutual fund industry.

The following modifications are included in this release:

- Rename existing fields
- Add new values to existing fields
- Add new fields and sequences
- Create a new End of File Record
- Modify NSCC's fee schedule

Details illustrating the specific changes are included in the attached Appendix. *The Appendix is for informational purposes and may not represent the final record layouts. NSCC reserves the right to make additional changes prior to implementation.*

¹ Assuming timely rule filing with and, if required, approval from the Securities and Exchange Commission.

The Process

Clients wishing to process Sub-Accounting, Retirement / Bank Trust and Networking Service Fees will follow the existing 12b-1 Fee invoicing process where an Invoice is typically initiated by a Firm with the Fund responding with a:

- 1) Confirm*
- 2) Reject
- 3) Release to Settlement

*Funds will also have the ability to Modify or Partially Reject a firm initiated invoice and release to settlement with an adjusted settlement amount. This functionality is only available for the above referenced fee types.

Networking Service Fee payments may also be initiated by funds, where a fund can submit a remittance file which will be auto-settled on the next business day.

Omnibus Invoicing Fee Structure Change

The existing NSCC fee structure will be decreased for Detail Records 42. This change will align the charges for Omnibus Invoicing Detail Records to the existing DTCC Payment aXis charges for Non-Omnibus records. The following updated fee structure will be applied to all DTCC Payment aXis Omnibus Invoicing transactions:

Monthly Detail Record Fees (revised):

- From 1 to 500,000 records, \$0.30 per 100 records
- From 500,001 to 1,000,000 records, \$0.20 per 100 records
- More than 1,000,000 records, \$0.10 per 100 records

Renaming of Omnibus Invoicing

“Omnibus Invoicing” will be renamed to “Invoicing and Fee Settlement”. Record layouts, NSCC billing invoice and all other applicable documentation will be updated.

Existing “Non-Omnibus Invoicing” service (previously known as Commission Settlement) will be renamed to “Commission and Fee Settlement” on all applicable documents.

Service Activation

In order to submit and receive Invoices for the new fee types, clients are required to sign up for activation by submitting a “Service Add” request to activate the fee type(s):

- Sub-Accounting Service Fee and/or
- Retirement / Bank Trust Service Fee and/or
- Networking Service Fee

For more information on the sign up process please contact your Relationship Manager at (212) 855-8877.

TESTING

Effective, **Monday, October 27, 2014**, clients can begin testing in the Participant Services Environment (PSE) test region.

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

DOCUMENTATION

Record layouts will be available on or about **August 29, 2014** and will be located on DTCC's website under [Mutual Fund Services documentation](#) .

Invoicing and Fee Settlement User Guide will be available on or about **October 20, 2014**. An email notification will be sent upon posting of the documentation to our website.

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

Yana Granovskiy
Director - Product Manager

DTCC Wealth Management Services
(212) 855-1684

Appendix

DTCC Payment aXis Enhancements

1. Add New Fields and Record Sequences

The following fields will be added to support the new fee types:

a) Record 41 Sequence 2:

Field Name	Start	End	Len	Type	Description	Opt/Req
Invoice Initiator	30	30	1	A/N	<p>Required for Fee Type = 57.</p> <p>1 = Firm 2 = Fund</p> <p>Not allowed for other Fee Types. NSCC will reject if provided.</p>	O/C
Asset Type	31	32	2	A/N	<p>Optional for Fee Types 55, 56.</p> <p>Not expected for fee types other than 55, 56, however NSCC will NOT reject if provided for the other fee types.</p> <p>The type of Advisory / WRAP account included in this invoice. This field allows firms to describe the underlying type of account(s) that are included on the fund invoice.</p> <p>Asset Type is used to define specific Service Fee Groups by account classification and/or product distribution type.</p> <p>01 = Retirement (Combined ERISA and non-ERISA) 02 = ERISA 03 = Non-ERISA 04 = Advisory 05 = Advisory Retirement (Combined ERISA and non-ERISA) 06 = Advisory/ERISA 07 = Advisory/Non-ERISA 08 = Defined Benefit 09 = Correspondent 10 = 529 11 = Retail</p>	O
Program Name	33	82	50	A/N	<p>Optional for Fee Type = 55</p> <p>The name of the proprietary Advisory / WRAP Program included in this invoice.</p> <p>Defines Service Fee Sub-Groups within an Advisory Asset Type for the purpose of creating unique invoice records within the same Security Issue.</p> <p>Best Practice: This field should be populated if "Asset Type" field is populated with an Advisory Program indicator</p> <p>Not expected for fee types other than 55 however NSCC will NOT reject if provided for the other fee types.</p>	O

b) Record 42 Sequence 2

Field Name	Start	End	Len	Type	Description	Opt/Req
Rate Type	82	82	1	A/N	Required for Fee Type = 56 Not allowed for Fee Type = 50. NSCC will reject if provided for Fee Type=50. 1 = Asset Based 2 = Account Based	O/C

c) Record 42 Sequence 4 (new sequence) - Retirement / Bank Trust Account Detail Record

Optional Conditional

Note: This Record A*/B/F/T* 42 sequence 4:

- **Required for Fee Type = 56;**
- **Not allowed for Fee Types = 50, 51, 52, 53, 54, 55, 57.**

Field Name	Start	End	Len	Type	Description	Opt/Req
System Code	1	1	1	A/N	A = Investment Agent* B = Delivering Firm F = Fund T = TPA* *Placeholder for future use	R
Record Type	2	3	2	A/N	42	R
Sequence Number	4	5	2	A/N	04	R
Fund Account Number	6	25	20	A/N		R
Underlying Customer Type	26	26	1	A/N	This field describes the type of firm that is the 2 nd tier intermediary on the account. 1 = Recordkeeper 2 = Bank Trust/Broker	O

Field Name	Start	End	Len	Type	Description	Opt/Req
Underlying Customer Participant Number	27	30	4	A/N	Underlying Customer NSCC participant number (if applicable) <u>Best Practice:</u> <ul style="list-style-type: none"> Recordkeeper NSCC Number if "Underlying Customer Type" = "1" Bank Trust / Broker NSCC Number if "Underlying Customer Type" = "2" Will not be validated by NSCC If the Underlying Customer does NOT have NSCC Participant Number, a UFS symbol should be provided in the "Underlying Firm Symbol" field (if available) 	O
Modification Indicator	31	31	1	A/N	Modification indicator will indicate whether the invoice was modified by the fund. The following values are required when "System Code" = 'F' and "Confirm/Reject Code Indicator" on Record 41 seq 1 = 4 "Modified": 1 = Yes 2 = No Otherwise, SPACE is required.	OC
Modification Reason Code	32	33	2	A/N	Modification Reason Code is required when "Modification Indicator" field = 1 "Yes". To be provided by the Fund if the Invoice is modified. For a complete list of Modification Reason Codes please refer to the "Modification Reason Codes" section	OC
Detail Record ID	34	40	7	N	Detail Record count #. <u>Best Practice:</u> Each Detail Record must be assigned a unique sequential number. Funds must return the same Record Number on their response records. NSCC will not validate these numbers.	R
Plan ID	41	52	12	A/N	Unique internal (internal to 2 nd tier intermediary)recordkeeping plan identification number.	O
Plan Name	53	87	35	A/N	The Plan Name associated to the Plan ID	O

Field Name	Start	End	Len	Type	Description	Opt/Req
Deliverer Reject Indicator	88	88	1	A/N	`` = N/A 1 = Valid 2 = Rejected Blank is required when System Code = A*/B/T* Value `1` or `2` is required when System Code = F. If "Confirm/Reject Code Indicator" field on Record Type 41 seq.1 = "2" (Rejected), or "5" (Partially Rejected) , at least one of the 42 seq.4 records of the Fee Type = 56 invoice must have "Deliverer Reject Indicator" field = "2" (Rejected)	R
Deliverer Reject Code #1	89	90	2	A/N	Space or Fund Reject Code When "Deliverer Reject Indicator" field on this Record 42 seq4 = 2 (Rejected) then this Record 42 seq4 must have at least one of the "Deliverer Reject Code" fields populated with a Reject Code provided by the Fund.	R
Deliverer Reject Code #2	91	92	2	A/N	Space or Fund Reject Code	R
Deliverer Reject Code #3	93	94	2	A/N	Space or Fund Reject Code	R
Deliverer Reject Code #4	95	96	2	A/N	Space or Fund Reject Code	R
Filler	97	100	4	A/N	Space	R

d) Record 42 Sequence 5 (new sequence) - Retirement / Bank Trust Account Detail Record

Optional Conditional

Note: This Record A*/B/F/T* 42 sequence 5:

- **Required for Fee Type = 56 when Record A*/B/F/T* 42 seq.2 field "Rate Type" = 2 – Account Based ;**
- **Not allowed for Fee Types = 50, 51, 52, 53, 54, 55, 57.**

Field Name	Start	End	Len	Type	Description	Opt/Req
System Code	1	1	1	A/N	A = Investment Agent* B = Delivering Firm F = Fund T = TPA* *Placeholder for future use	R

Field Name	Start	End	Len	Type	Description	Opt/Req
Record Type	2	3	2	A/N	42	R
Sequence Number	4	5	2	A/N	05	R
Eligible Participant Count	6	13	8	N	Number of Plan participants eligible for fee payment included in this invoice (# of participants invested in the fund) Required when Record A*/B/F/T* 42 seq. 2 field "Rate Type" = 2 - Account Based Participant Count 99,999,999	OC
Ineligible Participant Count	14	21	8	N	99,999,999 Number of participants in the plan that have not invested in the fund	O
Filler	22	100	79	A/N		R

e) Record 43 Sequence 3 (new sequence) - Detail Summary Record

Optional Conditional

Note: This Record A*/B/F/T* 43 sequence 3 is required for Fee Types = 55, 56, 57.

Not allowed for Fee Types = 50, 51, 52, 53, 54.

Field Name	Start	End	Len	Type	Description	Opt/Req
System Code	1	1	1	A/N	A = Investment Agent* B = Delivering Firm F = Fund T = TPA* *Placeholder for future use	R
Record Type	2	3	2	A/N	43	R
Sequence Number	4	5	2	A/N	03	R

Field Name	Start	End	Len	Type	Description	Opt/Req
Rate Type	6	6	1	A/N	<p>1 = Asset Based 2 = Account Based</p> <p><u>Fee Type = 56</u> The value in this field must match the value on Record 42.</p>	R
Rate Category	7	7	1	A/N	<p>Required for Fee Type = 55.</p> <p>Rate Category is used for different fee rates applied to accounts with CDSC and/or a Zero Balance. Not allowed for Fee Types = 56, 57. NSCC will reject if populated for these fee types.</p> <p>1 = With CDSC 2 = Without CDSC 3 = With Zero Balance</p>	OC
Modification Indicator	8	8	1	A/N	<p>Modification indicator will be used by funds to indicate whether this invoice was modified by the fund.</p> <p>The following values are required when "System Code" = 'F' and "Confirm/Reject Code Indicator" on Record 41 seq 1 = 4 "Modified":</p> <p>1 = Yes 2 = No Otherwise, SPACE is required.</p> <p>If "Confirm/Reject Code Indicator" field on Record Type 41 seq.1 = 4 "Modified" at least one of the 43 seq.3 records of the invoice must have "Modification Indicator" field = "1" (Yes)</p> <p><u>For "Fee Type" = 56</u> If "Modification Indicator" field = "1" (Yes) on one or more of the preceding Detail Records 42 seq 4, this "Modification Indicator" field must be "1" (Yes)</p>	OC

Field Name	Start	End	Len	Type	Description	Opt/Req
Modification Reason Code	9	10	2	A/N	<p>Modification Reason Code is required when "Modification Indicator" field = 1 "Yes".</p> <p>To be provided by the Fund if the Invoice is modified.</p> <p>Optional for Fee Type =56</p> <p>For a complete list of Modification Reason Codes please refer to the "Modification Reason Codes" section</p>	OC
Detail Summary Record ID	11	17	7	N	<p>Required for Fee Type = 55, 57. Detail Summary Record count #. 9,999,999</p> <p><u>Best Practice:</u> Each Detail Summary Record must be assigned a unique sequential number. Funds must return the same Record Number on their response records.</p> <p>Optional for Fee Type =56</p>	OC
Number of Eligible Positions	18	26	9	N	<p>Required for Fee Type = 55, 57. 999,999,999</p> <p>Not allowed for Fee Type = 56. NSCC will reject if provided.</p> <p>Number of positions eligible for payment. Positions that meet the criteria for Service Fee Calculations based upon Fund/Firm Agreements.</p> <p>Not allowed for Fee Type 56 – this information will be passed in the "Eligible Participant Count" field.</p>	OC
Number of Ineligible Positions	27	35	9	N	<p>Optional for Fee Type = 55, 57. 999,999,999</p> <p>Positions excluded from Service Fee Calculations based upon Fund/Firm Agreements. Examples include minimum balance requirements or other account exclusions.</p> <p>Not allowed for Fee Type = 56. NSCC will reject if provided.</p> <p>Not allowed for Fee Type 56 – this information will be passed in the "Ineligible Participant Count" field.</p>	O

Field Name	Start	End	Len	Type	Description	Opt/Req
Networking Control Indicator	36	36	1	A/N	Required for Fee Type = 57. Not expected for Fee Type = 55, 56. NSCC will NOT reject if provided. 0 = Level 0 3 = Level 3 4 = Level 4	OC
Eligible Assets	37	53	17	N	Required for Fee Type = 57 when Record 43 seq. 3 field "Rate Type" = 1 - Asset Based. 999,999,999,999,999.99 Assets eligible for fee payment. Assets that meet criteria for Service Fee Calculations based upon Fund/Firm Agreements. Not allowed for Fee Types = 55, 56. NSCC will reject if provided.	OC
Ineligible Assets	54	70	17	N	Required for Fee Type = 57 when Record 43 seq. 3 field "Rate Type" = 1- Asset Based. 999,999,999,999,999.99 Assets excluded from Service Fee Calculations based upon Fund/Firm Agreements. Examples include minimum balance requirements, account exclusions, pre/post asset agreements. Not allowed for Fee Types = 55, 56. NSCC will reject if provided.	OC
Filler	71	100	30	A/N	Space	R

f) Record 43 Sequence 4 (new sequence) - Detail Summary Record

Optional Conditional

Note: This Record A*/B/F/T* 43 sequence 4 is required for Fee Type = 56 when Record A*/B/F/T* 43 sequence 3 field "Rate Type" = 2 – Account Based.

Not allowed for Fee Types = 50, 51, 52, 53, 54, 55, 57.

Field Name	Start	End	Len	Type	Description	Opt/Req
System Code	1	1	1	A/N	A = Investment Agent* B = Delivering Firm F = Fund T = TPA* *Placeholder for future use	R
Record Type	2	3	2	A/N	43	R
Sequence Number	4	5	2	A/N	04	R
Eligible Participant Count	6	13	8	N	Required for Fee Type = 56 when Record A*/B/F/T* 43 seq. 3 field "Rate Type" = 2 - Account Based Participant Count Number of Plan participants eligible for fee payment included in this invoice (# of participants invested in the fund) 99,999,999 Number of Plan participants eligible for fee payment	OC
Ineligible Participant Count	14	21	8	N	Participant Count 99,999,999 Number of participants in the plan that have not invested in the fund	O
Filler	22	100	79	A/N	Space	R

g) Record 44 Sequence 3 (new sequence) - Invoice Summary Record

Optional Conditional

Note: This Record A*/B/F/T* 44 sequence 3 is required for Fee Types = 55, 57.

Not allowed for Fee Types = 50, 51, 52, 53, 54, 56.

Field Name	Start	End	Len	Type	Description	Opt Req
System Code	1	1	1	A/N	A = Investment Agent* B = Delivering Firm F = Fund T = TPA* *Placeholder for future use	R
Record Type	2	3	2	A/N	44	R
Sequence Number	4	5	2	A/N	03	R
Number of Eligible Positions	6	14	9	N	Number of payable positions Positions that meet the criteria for Service Fee Calculations based upon Fund/Firm Agreements. 999,999,999	R
Number of Ineligible Positions	15	23	9	N	999,999,999 Positions excluded from Service Fee Calculations based upon Fund/Firm Agreements. Examples include minimum balance requirements or other account exclusions.	O
Eligible Assets	24	40	17	N	Required for Fee Type = 57. Assets that meet criteria for Service Fee Calculations based upon Fund/Firm Agreements. Must contain the total amount for all "Eligible Assets" fields from Detail Summary Record 43 where "Rate Type" = 1 - Asset Based. Not allowed for Fee Type 55. NSCC will reject if provided. 999,999,999,999,999.99 Assets eligible for fee payment	OC
Ineligible Assets	41	57	17	N	Required for Fee Type = 57. Assets excluded from Service Fee Calculations based upon Fund/Firm Agreements. Examples include minimum balance requirements, account exclusions, pre/post asset agreements. Must contain the total amount for all "Ineligible Assets" fields from Detail Summary Record 43 where "Rate Type" = 1 - Asset Based. Not allowed for Fee Type 55. NSCC will reject if provided. 999,999,999,999,999.99	OC
Filler	58	100	43	A/N	Space	R

2. Add New Values to Existing Fields

The following values will be added to the existing fields:

Field Name	Record	Start	End	Len	Type	Description	Opt/Req
Fee Type	41 seq 1	57	58	2	A/N	50 = Sub-Accounting 12b-1/ Shareholder Service Fee 51 = Sub-Accounting CDSC 52 = Sub-Accounting Underwriting Fee Adjustment 53 = Sub-Accounting Short-Term Redemption 54 = Sub-Accounting Finder's Fee Adjustment 55 = Sub-Accounting Service Fee 56 = Retirement/Bank Trust Service Fee 57 = Networking Service Fee Fee Types 51, 52, 53, 54 are not allowed when System Code = F.	R
Confirm/Reject Code Indicator	41 seq 1	89	89	1	A/N	1 = Confirmed 2 = Rejected 3 = N/A 4 = Modified 5 = Partially Rejected If System Code = A*/B/T*, value "3" = N/A is required. If System Code = 'F' and Fee Type = 50 : value "1" is required when "Confirmed" or "Release to Settlement" (Settlement Indicator = 1). Value "2" is required when "Rejected". If System Code = 'F' and Fee Type = 55, 56, 57 ("Invoice Initiator" = 1- Firm) : value "1", "4", or "5" is required when "Confirmed", "Modified" or "Partially Rejected"; Value "2" is required when "Rejected". Values "1", "4", or "5" is required when "Release to Settlement" (Settlement Indicator = 1) If System Code = 'F' and Fee Type = 57 ("Invoice Initiator" = 2-Fund): Value "3" = N/A is required	R

						<p>Best Practice:</p> <p>1) If the fund has previously confirmed an Invoice, they should not reject it, but should release to settlement.</p> <p>2) Fee Type = 50 - Partial payments are not allowed. Funds should settle the entire invoice, or reject the entire invoice. Values "4" and "5" will be rejected by NSCC if provided for Fee Type 50.</p> <p>3) Fee Type = 55, 56, 57 - funds can Modify or Partially Reject Invoices.</p>	
Deliverer Reject Indicator	43 seq 1	82	82	1	A/N	<p>`` = N/A 1 = Valid 2 = Rejected 3 = Partially Rejected</p> <p>Value "3" is NOT allowed for Fee Type 50. NSCC will reject if provided.</p>	R

3. Rename Existing Fields

The following fields will be renamed:

Field Name	Record	Start	End	Len	Type	Description	Opt/Req
Fund/Firm Processing Date Fund/Firm Submission Date	41 seq 1	81	88	8	A/N	mmddccyy Submission date of the file. NSCC will validate the date format; only valid calendar dates are allowed. NSCC does NOT validate for business dates. Best Practice: Date the deliver submits the invoice	R
Omnibus Eligible Assets Sub-Accounting Eligible Assets	44 seq 2	6	22	17	N	999,999,999,999,999.99 Required for Fee Types = 50, 55. All zero values are not allowed	R
Omnibus Ineligible Assets Sub-Accounting Ineligible	44 seq 2	23	39	17	N	999,999,999,999,999.99 Required for Fee Type = 50	O/C

Field Name	Record	Start	End	Len	Type	Description	Opt/Req
Assets						Optional for Fee Type = 55.	
Omnibus Excluded Assets Sub-Accounting Excluded Assets	44 seq 2	40	56	17	N	999,999,999,999,999.99 Required for Fee Type = 50. Not allowed for Fee Type = 55. NSCC will reject if provided.	O/C
Omnibus Account Balance Sub-Accounting Balance	43 seq 2 44 seq 2	65 57	81 73	17 17	N N	999,999,999,999,999.99 Sum of the " Sub-Accounting Balance " fields on records 43 Required for Fee Type = 50. Not expected for Fee Types = 55. NSCC will NOT reject if provided All zero values are not allowed.	O/C O/C

4. Create Grand Total Trailer Record N47

NSCC will create a Grand Total Trailer Record 47 for each recipient to recap all records included in their NSCC output file.

Record 46 – previously called Grand Total Trailer Record – will be renamed to Total Trailer Record and will continue to recap all records received from counterparties.

Grand Total Trailer Record N47

Field Name	Start	End	Len	Type	Description
System Code	1	1	1	A/N	<u>Output</u> N = NSCC
Record Type	2	3	2	A/N	47
Filler	4	5	2	A/N	Space
Receiving Firm/Fund Number	6	9	4	A/N	NSCC ID of the Receiver
Total Records Count	10	18	9	N	999,999,999 Total Number of physical records per recipient including Headers and Trailers.
Filler	19	100	82	A/N	Space