

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6183

P&S#5753

DATE: December 30, 2005
TO: ALL PARTICIPANTS
ATTENTION: MANAGING PARTNER/OFFICER,
OPERATIONS PARTNER/OFFICER
SUBJECT: RULE CHANGE - FEES

On December 22, 2005, National Securities Clearing Corporation ("NSCC" or "the Corporation") filed rule change SR-NSCC-2005-16 with the Securities and Exchange Commission ("SEC") pursuant to Section 19(b)(3)(A) of the Securities Exchange Act of 1934.

The purpose of the proposed rule change is to update the fees of NSCC. Except as otherwise noted, the proposed fee changes will become effective on January 1, 2006.

- i) Change ACATS Transfer Initiation Form (TIF) input fees to realign fees with costs. The fee for standard TIF input will be reduced from \$.85 per TIF entered; however a new fee of \$.40 will be imposed for non-standard TIF input;
- ii) Increase the fee for ACATS account transfer rejects from \$.25 to \$1.00;
- iii) Create a fee for ACATS Insurance Registrations of \$.25 per insurance registration submitted, to the receiver and the deliverer;
- iv) Implement fee reductions in Trade Comparison and Recording Services, including: (A) a reduction in the trade recording fee for each side of stock, warrant, or right item originally compared by other parties from \$.0025 to \$.0015 per 100 shares; and (B) a reduction in the flip trade fee from \$.025 to \$.005 per side;
- v) Reduce the trade clearance netting fee from \$0.015 per side to \$.007 per side;
- vi) Reduce the Mutual Fund FUND/SERV settling transaction fee from \$.175 to \$.110 per side;
- vii) Restructure the Mutual Fund Networking fees to eliminate the two account base fees and position record fees of \$.02 per month/per side, \$.01 per month/per side, and \$1.50 per month/per thousand subaccount records, respectively, and replace them with an Activity Fee of \$.0025 per transaction¹;
- viii) Increase settlement service fees for improved cost recovery as follows:

¹ This new Mutual Fund Networking fee will go into effect on February 1, 2006

Service	Current Fee	Revised Fee
Envelope Settlement Service		
Intra-city deliveries		
Night Zone	\$1.00	\$2.00
Early a.m. Zone	\$1.50	\$3.00
Late a.m. Zone	\$2.50	\$5.00
Reclamations	\$1.00	\$5.00
ESS Receives	\$1.00	\$2.00
Inter-City Deliveries and Receives (IESS)	\$2.50	\$5.00
Funds Only Settlement Service		
Deliveries or Reclamations	\$1.00	\$5.00
Receives	\$1.00	\$5.00
Dividend Settlement Service	\$0.30	\$1.00

Participants were previously notified of the proposed changes via NSCC Important Notices A #6162 (P&S #5732) dated December 5, 2005, and A#6164 (P&S #5734) dated December 8, 2005.

The full text of the rule change (SR-NSCC-2005-16) may be obtained by visiting our web site at www.nsc.com. Written comments on the proposed rule filing may be addressed to Lisa T. Siebold, Assistant Secretary, National Securities Clearing Corporation, 55 Water Street, New York, New York 10041, and your comments will be forwarded to the SEC. You may also address your written comments to the Secretary of the Commission, Securities and Exchange Commission, 100 F Street NE, Washington, D.C. 20549. We request that you provide NSCC with a copy of your comments.

Questions regarding the above filing should be directed to John Petrofsky, Esq. at (212) 855-7634. Questions regarding the revised fee schedule should be directed to your account manager.

Larry E. Thompson
Managing Director and General Counsel