

File No. SR-NSCC-2002-02

Securities and Exchange Commission  
Washington, D.C. 20549

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Form 19b-4

Proposed Rule Change

By

NATIONAL SECURITIES CLEARING CORPORATION

Pursuant to Rule 19b-4 under the  
Securities Exchange Act of 1934

1. Text of Proposed Rule Change.

(a) The proposed rule change consists of revisions to National Securities Clearing Corporation's ("NSCC" or the "Corporation") Fee Schedule and is attached hereto as Exhibit A.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) The proposed rule change has been approved by the Corporation's Board of Directors.

(b) Contact regarding questions and comments:

Merrie Faye Witkin (212) 855-3208.

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

(a) The purpose of the proposed rule change is to: (i) establish fees for the XML-based account inquiry feature of NSCC's Mutual Fund Services ("MFS"), (ii) establish fees for the XML-based communications interface that transmits fund transaction data to NSCC's Fund/SERV for processing, (iii) establish base participation fees for those Fund Members and Mutual Fund Processors<sup>1</sup> using these XML-communication interface features, and (iv) standardize the descriptions, under the name "Fund/SPEED", of such MFS features and communications in NSCC's Fee Schedule.

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<sup>1</sup> As defined in NSCC's Rule 52, a "Mutual Fund Processor" is a Settling Member that is acting in the capacity of a Fund Member in connection with the issuance or redemption of fund shares.

In addition, and in conjunction with these changes, the proposed rule change provides for Fund/SERV fees payable with respect to Fund/SERV Processing Only transactions that will settle on a participant to participant basis outside of NSCC.

All of the proposed fees are payable by the applicable Fund Member or Mutual Fund Processor. Pursuant to this rule change, the Fund/*SPEED* fee for account inquiry will be \$0.005 per request and fund response ("Account Inquiry"); the Fund/*SPEED* fee for the XML-interface transmission of fund transaction data (other than a new account transaction) to Fund/SERV will be \$.50 per item (a "Subsequent Trade Transmission"), and \$.75 per item for transmission of transaction data involving a new account (a "New Account Trade Transmission"). All of these fees will be payable with respect to services provided from and after April 1, 2002.

In addition, participating Fund Members and Mutual Fund Processors will be charged a monthly membership fee to use these services determined as follows: \$250 per month for such members with less than 25 Eligible Mutual Funds and/or Eligible Investment Funds (identified by CUSIP) on Fund/SERV; \$1,000 per month for such members with between 25 and 99 Eligible Mutual Funds/Investment Funds on Fund/SERV; and \$2,500 per month for such members with 100 or more eligible Mutual Funds/Investment Funds on Fund/SERV. These fees will be effective from and after February 1, 2002.

Finally, this rule change provides that the Fund/SERV fees payable with respect to Fund/SERV Processing Only transactions will be \$.175 per side, and both sides will be charged to, and payable by, the applicable Fund Member or Mutual Fund Processor, effective with respect to such services provided on and after April 1, 2002.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, since

it provides for the equitable allocation of dues, fees and other charges among NSCC's participants.

4. Self-Regulatory Organization's Statement on Burden on Competition.

NSCC does not believe that the proposed rule change will have an impact on or impose a burden on competition.

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

No written comments relating to the proposed rule change have been solicited or received. NSCC has notified participants who use MFS of the Fund/SPEED changes. NSCC will notify the Securities and Exchange Commission (the "Commission") of any written comments received by NSCC.

6. Extension of Time Period for Commission Action.

NSCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

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 change is to take effect pursuant to paragraph (A) of Section 19(b)(3) of the Act.

(b) The proposed rule change modifies NSCC's fee structure and provides for the equitable allocation of dues, fees and other charges among NSCC's participants.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission.

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

9. EXHIBITS

Exhibit A Text of the proposed change to NSCC's Rules.

Exhibit B Notice of the proposed rule change for publication in the Federal Register.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the self-regulatory organization has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL SECURITIES CLEARING CORPORATION

BY: \_\_\_\_\_

Karen L. Saperstein  
Managing Director

EXHIBIT A

**Underlined, boldface** text indicates additions

**[Bracketed, boldface, strikeout]** text indicates deletions

*Modify Addendum A to NSCC's Rules and Procedures as follows:*

ADDENDUM A

NATIONAL SECURITIES CLEARING CORPORATION

FEE STRUCTURE

- I. TRADE COMPARISON AND RECORDING SERVICE FEES - represents the fees to enter and correct original trade data.
  - A. Trade Comparison:
    1. Each side of each stock, warrant or right trade submitted - \$.010 per 100 shares, with a minimum fee of \$.030 and a maximum fee of \$.60 being applicable.
    2. Each side of each bond trade submitted – \$.75 per side.
    3. Each side of a compared trade in Foreign Securities - \$0.75, in addition to the fees provided for in I.A.1. above.
  - B. Trade Correction Fees:<sup>1</sup>
    1. OTC Equity System Correction Fees:
      - a. All supplemental input after the night of Trade Date (Advisory, As Of, Demand As Of, Withhold, Demand Withhold) except for Demand As Of Advisories and Demand Withhold Advisories:
        - (1) T+1 - \$.40 to the submitter
        - (2) T+2 - \$.60 to the submitter
        - (3) after T+2 - \$1.00 to the submitter
      - b. Demand Withhold Advisories:

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<sup>1</sup>Trade Submission Fees (see I.A. above) will be charged in addition to the Trade Correction Fees detailed in I.B. Trade Correction Fees will not be applied on OCS, IDC and ACT input.

- (1) DK'd (Don't Know):
  - (a) Response on the first day the Demand Advisory appears on the contract sheets (Day 1) - no charge.
  - (b) Response on the day after the Demand Advisory first appears on the contract sheets (Day 2) - \$1.00 to the responder.
- (2) Accepted (Stamped): Response on Day 1 or Day 2 - \$1.00 to the responder.
- (3) Automatic Acceptance (No response on Day 1 or Day 2) - \$5.00 to the participant that failed to respond.

2. Listed Equity System Correction Fees:

Suggested Name Deletes submitted to the Corporation directly by participants on T+1 - \$.40 to both sides.

3. Bond Correction Fees:

- a. All supplemental input after T (Advisory, As Of, Demand As Of, Withhold) except for Demand As Of Advisories and Trades Deleted:

- (1) T+1 – \$.60 to the submitter
- (2) T+2 – \$.90 to the submitter
- (3) after T+2 – \$1.50 to the submitter

- b. Trades Deleted:

- (1) T+1 – \$.60 to both sides
- (2) T+2 - \$.90 to both sides
- (3) after T+2 - \$1.50 to both sides

4. OTC Equity and Bond System Correction Fees:

Demand As Of Advisories:

- (1) DK'd (Don't Know) or Rejected:
  - (a) Response on the first day the Demand Advisory appears on the contract sheets (Day 1) - no charge.
  - (b) Response on the second or third day after the Demand Advisory first appears on the contract sheets (Day 2 or Day 3) – for equity issues, \$1.00 to the responder, for debt issues, \$1.50 to the responder.

- (2) Accepted (Stamped): Response on Day 1, Day 2 or Day 3 - for equity issues, \$1.00 to the responder, for debt issues, \$1.50 to the responder.
  - (3) Automatic Acceptance (No Response on Day 1, Day 2 or Day 3) - \$5.00 to the participant that failed to respond.
5. Trade Rejection Fee: \$.50 per bond reject
- C. Trade recording fees will be charged as follows on those items originally compared by other parties, but cleared through the Corporation:<sup>2</sup>
1. Each side of each stock, warrant or right item entered for settlement, but not compared by the Corporation – \$.003 per 100 shares, with a minimum fee of \$.009 and a maximum fee of \$.18 being applicable.
  2. Each side of each bond item entered for settlement, but not compared by the Corporation – \$.45 per side.
  3. Each side of a foreign security trade entered for settlement, but not compared by the Corporation - \$.75 per side.
- D. RECAPS
1. Submission for Pricing - \$.50 per submission.
  2. Sides submitted for re-comparison - \$.75 per side.
- E. INDEX RECEIPTS
1. Index Creation and Redemption Units - each side of each Index Creation and Redemption instruction submitted - \$30 per side
- // TRADE CLEARANCE FEES - represents fees for netting, issuance of instructions to receive or deliver, effecting book-entry deliveries, and related activity.
- A. Receipts from CNS to satisfy a long valued position<sup>3</sup> - \$.30 per issue received.

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<sup>2</sup>Trade Recording Fees will be charged for all OCS and IDC input except for sides originally submitted correctly to the Corporation's comparison system.

<sup>3</sup>Multiple receipts made in a deposit during a daily period due to partial delivery procedures as a result of timing differences will be considered as a single receipt and counted on a per-issue basis.

- B. Deliveries to CNS in the night processing cycle to cover a short valued position - \$.30 per delivery.
- C. Deliveries to CNS in the day processing cycle to cover a short valued position - \$.75 per delivery.
- D. Fails to Deliver to CNS (Short-In CNS) - \$.25 per item.
- E. Trade Clearance (netting) – \$.015 per side.
- F. Designated valued deliveries<sup>4</sup> (transaction processing) entered into the clearance system through special representative procedures – \$.05 per side.
- G. Flip Trades - \$.025 per side.
- H. Security orders generated<sup>5</sup> - \$.40 per item.
- I. CNS Buy-In (long Broker and short Broker) - \$5.00 per item.
- J. Clearing Interface Exemption or Inclusion Instruction to the Corporation - \$.75 per item.
- K. Reorganizations
- |    |   |              |
|----|---|--------------|
| 1. | Mandatory Reorganizations -<br>Mergers, Redemptions and<br>Liquidations | \$2.50 each  |
| 2. | Voluntary Reorganizations -   |              |
|    | a. Long Broker (per input)  |              |
|    | Automated Input   | \$15.00 each |
|    | Manual Input  | \$20.00 each |
|    | b. Short Broker (per<br>reorganization)                                 | \$15.00 each |
- L. Foreign Securities Transactions \$ .50 per item in

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<sup>4</sup>A designated valued delivery is an instruction from a Special Representative to CNS to transfer a valued position from one participant to another participant or to a non-participant through a clearing interface.

<sup>5</sup>A security order, or non-CNS settling item, is an instruction to deliver or receive securities outside of the CNS system. These instructions will be generated when cleared securities are not eligible for CNS or when both parties to a transaction wish to settle in this manner. Security orders may be issued on an item-by-item basis or netted through "balance order" procedures.

(Netted)

addition to H. above

**III. DELIVERY SERVICE FEES****A. Envelope Settlement Service:**

1. Intra-City Deliveries (ESS)<sup>6</sup>

Night Zone Up to 9:15 a.m.	\$1.00 per envelope
Early a.m. Zone 9:16 a.m. to 11:00 a.m.	\$1.50 per envelope
Late a.m. Zone 11:01 a.m. to 11:30 a.m.	\$2.50 per envelope
Reclamations 11:31 a.m. to 2:00 p.m.	\$1.00 per envelope
2. ESS Receives \$1.00 per envelope
3. Inter-City Deliveries or Receives (IESS) \$2.50 per envelope

**B. Funds Only Settlement Service<sup>7</sup>**

1. Deliveries or Reclamations (except for reclamations of original deliveries made in the reclaim zone, for which there is no charge to the reclaiming participant) \$1.00 per envelope
2. Receives \$1.00 per envelope

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<sup>6</sup>At present, New York City.

<sup>7</sup>At present, New York City.

C.	Dividend Settlement Service (DSS)	\$ .30 per envelope
D.	New York State Transfer Taxes	\$1.00 per Form
<u>IV. OTHER SERVICE FEES</u>		
A.	Deliver - Physical:	
1.	Over-the-Window Deliveries:	\$18.00 per envelope
2.	International receives through International Securities Clearing Corporation	\$.75 per envelope
B.	Receive - Physical: <sup>8</sup>	
1.	Without collection (at other than primary receive location)	\$7.00 per item
2.	Against payment	\$7.00 per item
3.	Over the Window Receives	\$10.00 per item
4.	Other Envelopes	
a.	FOSS Receives	\$7.00 per item
b.	DSS Receives	\$3.50 per valued envelope
C.	Underwriting Pick-Up	\$22.50 per pick-up
D.	Customer Transfer in which the participant instructs the Corporation to physically act on their behalf:	\$2.70 per item plus pass-through of any direct charges
E.	Depository Handling Fees in which the participant instructs The Corporation	

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<sup>8</sup>Under instructions, the Corporation will receive envelopes from third parties, at the Corporation's offices.

to act on their behalf:

1.	Each physical item withdrawn from a participant's account in a depository by The Corporation at the participant request	\$3.00 per item
2.	Each physical item deposited by The Corporation to a participant's account plus any depository in a depository fees charged to The Corporation	\$.45 per item
3.	Deposit Rejects by a Depository	\$3.00 per item
F.	Preparation Fees	
1.	Preparing DTC forms	\$1.80 per item
2.	Preparing securities and other envelopes for delivery	\$3.60 per item plus cost of delivery service
3.	Preparing securities for physical transfer, physical collateral loan or drafting	\$3.60 per item
4.	Preparing DSS envelopes	\$3.60 per item
G.	Reorganizations	\$10.00 per item
H.	Non-CNS Buy-ins	\$10.00 per item
I.	Check and Draft processing	\$165.00 per month
J.	Reconciliation and Proof of Settlement	\$100.00 per month
K.	Processing Daily Settlement activity entered on Settlement Statement	\$1.00 per item (minimum \$25.00; maximum \$250.00 per month)
L.	Special EDP Tape Output	\$ 45.00 per report as requested by participant
M.	Automated Customer Account	

## Transfer Service

1.	Transfer Initiation Form	\$.85 per submission
2.	Recording	
	a. Asset Delivers	\$.12 per asset which is reported by the delivering firm
	b. Asset Receives	\$.12 per asset which is received by the receiving firm
3.	Corrections	
	Asset additions, deletions, or changes	\$.12 per asset
4.	Non-CNS Receive/Deliver Orders	\$.25 per order issued
5.	Adjustment of customer account number	\$.12 per adjustment
6.	Account Transfer Rejects*	\$.25 per full account reject per side where both parties are required by their designated examining authority or other regulatory body to use an automated customer account transfer service

\* Fee effective March 1, 2002.

N. Fund/Serv<sup>9</sup>

- |   |   |
|---|---|
| 1. Membership Fee:<br>for each participating Settling Member and Fund Member regardless of activity level | \$50.00 per month   |
| 2. Transaction Fees:  | \$.175 per side per order or transfer request <b><u>settling through the Corporation</u></b><br><br><b><u>\$.175 per side per Fund/Serv Processing Only order or transfer request, both sides of which are payable by the Fund Member or Mutual Fund Processor<sup>10</sup></u></b> |

O. NETWORKING<sup>9</sup>

- |   |                                    |
|---|------------------------------------|
| 1. Membership Fee:<br>for each participating Settling Member and Fund Member regardless of activity level | \$200.00 per month                 |
| 2. Monthly Account Base Fee:  |                                    |
| a. for accounts with Funds paying dividends monthly   | \$.020 per NET-WORKING sub-account |
| b. for accounts with Funds paying dividends less frequently than monthly                                  | \$.010 per NETWORKING sub-account  |

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<sup>9</sup>The maximum cumulative Membership Fee for Items N, O and P shall be \$200 per month.

<sup>10</sup> **As defined in NSCC's Rule 52, a "Mutual Fund Processor" is a Settling Member that is acting in the capacity of a Fund Member in connection with the issuance or redemption of fund shares.**

3. Monthly Position Record Fee:

<p>For Networking firms who request more than 5,000 records in excess of twice their total sub-accounts</p>	<p>\$1.50 per thousand sub-account records in excess of twice the Networking firm's sub-accounts</p>
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P. MUTUAL FUND COMMISSION SETTLEMENT<sup>9</sup>

<p>1. Membership Fee</p>	<p>\$50.00 per month</p>
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2. Transaction Fees:

<p>a. For the first 500,000 records submitted each month</p>	<p>\$.30 per hundred records, \$50 minimum</p>
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<p>b. For each record in excess of 500,000, but not exceeding 1,000,000 submitted each month</p>	<p>\$.20 per hundred records</p>
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<p>c. For each record in excess of 1,000,000 submitted each month</p>	<p>\$.10 per hundred records</p>
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**Q.** **Fund/SPEED<sup>11</sup>**  
**All Fund/SPEED fees are payable by the applicable Fund Member or Mutual Fund Processor.**

**1. Fund/SPEED Membership Fees**

**for each participating Fund Member and Mutual Fund Processor<sup>10</sup>**

**\$250 per month for members with less than 25 Eligible Mutual Funds/ Investment Funds on Fund/SERV**

**\$1,000 per month for such members with between 25 and 99 Eligible Mutual Funds/ Investment Funds on Fund/SERV**

**\$2,500 per month for such members with 100 or more Eligible Mutual Funds/ Investment Funds on Fund/SERV**

**2. Account Inquiry Fee**

**\$.005 per inquiry (request and fund response)**

**3. New Account Trade Transmission<sup>12</sup>**

**\$.75 per order**

**4. Subsequent Trade Transmission<sup>12</sup>**

**\$.50 per order or transfer request**

**R.** PC Data Entry

a. The PC Platform \$20.00 per month

and,

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<sup>11</sup> **Fund/SPEED fees are payable in addition to any applicable fees payable under N, O & P above.**

<sup>12</sup> **Refers to transmission of trade data via NSCC's XML communication's interface to Fund/SERV.**

b.	Each application (except RECAPS) <sup>13</sup>	\$30.00 per month
<b>S.</b>	<b>New York Window</b>	
1.	Over The Window - Receives/Deliveries	
	a. 1-50 daily	\$12.00 per item
	b. 51-100 daily	\$10.00 per item
	c. 101 - and up daily	\$8.00 per item
2.	Branch Receives	
	a. With SIC validation	\$3.50 per item
	b. Without validation	\$2.50 per item
3.	Envelope Settlement Service/ Receives	
	a. 1-100 daily	\$6.00 per item
	b. 101-150 daily	\$5.00 per item
	c. 151 - and up daily	\$4.00 per item
4.	Envelope Settlement Services /Deliveries	\$6.00 per item
5.	FOSS/DSS - Receives/Deliveries (Money Only)	\$3.50 per item
6.	Transfers	\$15.00 per item
7.	Reorganizations	
	a. One-Way	\$15.00 per item
	b. Two-Way	\$18.00 per item
8.	Underwritings (Coordinating Distribution)	\$ 35.00 per hour
9.	Special Handling	\$ 35.00 per hour
10.	Custody (Per CUSIP)	\$.05 per day

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<sup>13</sup>The fee for the PC Platform includes the fee for RECAPS application.

11.	Return to Firm (Securities)	\$ .10 per item
12.	Internal Cross - Receives/ Deliveries	\$7.00 per item
13.	Messenger Service (Accommodation)	\$7.50 per hour
14.	Accommodation Handling	\$3.50 per item
15.	DTC Receives/Deliveries	\$3.00 per item
16.	Internal Tri-Party - Receives/ Deliveries	\$7.00 per transaction plus \$1.00 per security
17.	Settlement Reconciliation	\$25.00 per day

**I.** Insurance Processing Service

1.	Membership Fee <sup>14</sup> :	\$335 per month
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Provided that the Membership Fee for 2-5 qualified<sup>15</sup> Memberships shall be \$550 per month, and the Membership fee for 6 or more qualified Memberships shall be \$750 per month.

2.	Transaction Fees <sup>16, 17</sup> :	
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a. Positions (both Full and Focused)

• From 0 to 49,999 items/month	\$6.00 per 1,000 items
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<sup>14</sup>Payable from the time an applicant is approved as a new participant or, if a current participant, when it is approved for use of the service.

<sup>15</sup>Members are "qualified" if they are related by a common ownership scheme and/or, if there is an operational support services agreement in existence between entities.

<sup>16</sup>Payable both for test and production transactions, provided that a participant in a pilot test program will not be charged for the transmission of pilot test files for the period from the date the participant commences participation in the pilot program, through the date that is the last business day of the calendar month immediately following the month during which the pilot enhancement or new IPS product is first released by NSCC into production.

<sup>17</sup>All Transaction Fees are per side, and both sides are charged for each item.

- From 50,000 to 249,999 items/month \$5.00 per 1,000 items
- From 250,000 to 999,999 items/month \$4.00 per 1,000 items
- More than 999,999 items/month \$2.00 per 1,000 items

b. Asset Pricing

- 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

- 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 (with or without premium) (APP)

- From 0 to 249 items/month \$7.50 per item
- From 250 to 999 items/month \$4.00 per item
- From 1,000 to 2,499 items/month \$2.00 per item
- More than 2,499 items/month \$1.00 per item

e. Subsequent Activity (SUB) \$0.50 per item

f. Financial Activity Report (FAR) \$0.05 per item

g. Licensing and Appointments (L&A)

	• L&A Transaction	\$0.35 per item
	• Periodic Reconciliation	\$0.15 per item
3.	File Fee <sup>13, 18</sup> :	\$15.00 per file, per day

**U.** Global Clearance Network Service

## 1. Instruction Processing Fees

a.	Receipt of transaction instructions from a Member via CPU/CPU or I.P.C.	\$2.25 per item
b.	Rejects - each instruction submitted resulting in a rejection	\$.75 per item
c.	Processing of Accepted Instructions - forwarding of instruction to agent bank	\$.75 per item

## 2. Reporting Fees

Receipt of Reports - fee charged each day a Member is sent a set of reports, per location, based on the method of distribution

a.	Machine Readable Output (MRO)	\$10.00 per item
b.	Print Image Output	\$20.00 per item
c.	Hardcopy or Mail	\$50.00 per item

**V.** INTERNATIONAL LINK SERVICE-  
TRANSACTION FEES

Per Agreement  
with Link Service  
Participant

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<sup>18</sup>File Fee is applicable to all files, other than files that contain Licensing and Appointments (L&A) transmissions.

**W.** PASS-THROUGH AND OTHER FEES

A. Participant Fees - represents the monthly fee for each number assigned to a Member or Municipal Comparison Only Member for participation by each Member or Municipal Comparison Only Member under such number in one or more of the specified services provided by the Corporation. The seven services and their related base fees are:

- |    |   |  |
|----|---|--|
| 1. | Trade Processing System                         |  |
|    | a.  | For Members or Municipal Comparison Only Members with 10 or less assigned numbers  |
|    |   | \$1.00 per side for the first 150 sides compared per month under each assigned number with a minimum monthly fee of \$100.00 for Municipal Comparison Only Members and \$50.00 for other Members <sup>19</sup> |
|    | b.  | For Members or Municipal Comparison Only Members with 11 or more assigned numbers <sup>20</sup>  |
|    |   | \$100.00 per month for each of the first 10 assigned numbers and \$25.00 per month for each number assigned thereafter   |
| 2. | Envelope Settlement System (ESS, IESS and FOSS) | \$50.00 per month  |
| 3. | Dividend Settlement Service (DSS)               | \$50.00 per month  |
| 4. | Qualified Special Representative                | \$250.00 per month   |

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<sup>19</sup>The first 150 sides per month is based on total sides compared by the Corporation, sides compared by other parties and forwarded to the Corporation for settlement, and sides entered by special representatives through transactions processing procedures (see II.F. above). It includes both stock and bond transactions and is applicable to sides settled through CNS, security order or interface processing.

<sup>20</sup>This fee shall apply only for those Members that do not require the Corporation to provide training to the organizations or entities on whose behalf the Member has requested the additional numbers. If the Corporation provides such training, then the fee provided for in subsection W.A.1.a. shall be applied and not this fee.

- |    |  |   |
|----|--|---|
| 5. | Trade input, either (a) as a Service Bureau or (b) by an affiliated Service Bureau | \$250.00 per month                          |
| 6. | Global Clearance Network Service   | \$100.00 per month                          |
| 7. | International Link Service   | Per Agreement with Link Service Participant |

The maximum cumulative charge per number for items 1 through 3:

- |    |   |  |
|----|---|--|
| a. | For Members or Municipal Comparison Only Members with 10 or less assigned numbers               | \$200.00 per month   |
| or |   |  |
| b. | For Members or Municipal Comparison Only Members with 11 or more assigned numbers <sup>21</sup> | \$150.00 per month for each of the first 10 assigned numbers and \$75.00 per month for each number assigned thereafter |

The minimum Participant Fee per number:	\$100.00 per month for Municipal Comparison Only Members, \$50.00 per month for other Members, (except for numbers in excess of 10 assigned to Members or Municipal Comparison Only Members, where the minimum monthly Participant Fee is \$25.00 per month)
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<sup>21</sup>As with subsection W.A.1. above, this maximum charge shall apply only for those Members or Municipal Comparison Only Members that do not require the Corporation to provide training to the organizations or entities on whose behalf the Member or Municipal Comparison Only Member has requested the additional numbers. If the Corporation provides such training, then the maximum charge shall be \$200 per number.

## B. Special Service Fees:

1. Commission Billing:
  - a. Debit \$\$.50 per item
  - b. Credit \$\$.50 per item
  
2. DTC Sponsored Accounts - Cost  
available to each CNS participant who is not also a participant of DTC:
  
3. For each broker/dealer on whose behalf participants have indicated they will act as provided in Rule 3, Section 3 \$5.00 per month
  
4. Output Fees
  - a. Machine Readable Output \$10.00 per tape
  - b. Service Bureau Tapes \$2.50 per tape
  - c. Magnetic Tape not returned \$20.00 per tape
  - d. Archival Microfiche \$5.00 per fiche and, \$.50 per fiche for each duplicate fiche obtained at the same time
  - e. Printed Output Reports:
 

For Members with less than 20,000 lines per month	No charge
For Members with 20,000 or more lines per month	\$4.00 per each 1000 lines
  
5. Microfiche Reports \$3.00 per fiche
  
6. Special Research \$25.00 per hour

7.	Fees in which the participant requests the Corporation to receive and submit transactions by courier	\$25.00 per month
8.	Domestic Portfolio Composition File	\$125.00 per month per file
	Foreign Portfolio Composition File	\$125.00 per month per file
C.	Pass-Through Expenses:	
1.	Transportation and Insurance:	
a.	Physical handling and envelope delivery service outside of New York City	Cost
b.	Identifiable insurance costs, if any, incurred in shipping securities between branch offices	Cost
2.	Communications	
a.	Communications Access	Cost
b.	Telephone toll calls	Cost
3.	Forms	Cost
4.	Certificate Fees incurred by the Corporation to process transfers	Cost
5.	Postage Costs	Cost
6.	Miscellaneous Expenses: Any other expense not specified above, whether one-time or recurring, which the Corporation may incur on behalf of a Member at a Member's request	Cost

D.	Production of Clearing Data <sup>22</sup>	To provide a bi-monthly ranking within a pre-selected group of municipal bonds (not to exceed fifty in number), based upon the Corporation's comparison activity.	\$1,025 per month for the first 12 months; \$500 per month thereafter.
E.	(1)	Each item submitted in paper form (except Envelope Settlement Service, Funds Only Settlement Service, Dividend Settlement Service, Correspondent Delivery and Collection Service, and Automated Customer Account Transfer Service Transfer Initiation Form)	\$.50 per item
	(2)	Each ACAT Transfer Initiation Form submitted in paper form	\$1.00 per item
F.	Line of Credit Commitment Fee		Current month's cost -- pro rata monthly among Letter of Credit users based upon previous month's utilization
G.	Global Clearing Network Service P.C. Access/Hunt group Fee		\$125.00 per month

VI. COLLECTION CHARGE

The Corporation may, but shall not be obligated, to include from time to time on Settling Members' settlement statements, charges which may be imposed on such Settling Members by self-regulatory organizations, as defined in the Securities Exchange Act of 1934, as amended, or other security industry organizations or entities, with which the Corporation may enter into agreements, or other organizations or entities, with which the Corporation has entered into agreements and who provide services or equipment to Members which are integral to services provided by the Corporation. Any amounts so

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<sup>22</sup>In establishing fees for the production of clearing data, the Corporation will include its costs of developing requested programs, running such programs and any additional costs to distribute such data as produced, including an appropriate allocation of The Corporation's general and administrative expenses and an appropriate allocation of the Corporation's development costs of the system or service from which the data is developed, provided, however, that such latter allocation shall not exceed 25% of the above combined costs.

collected shall, in accordance with agreements between the Corporation and the respective organization or entity, be remitted to the appropriate organization or entity imposing the charge.

*VII.*    APPLICATION OF FEES

With the exception of certain registered clearing agencies, all fees will be charged uniformly to all participants and collected through the settlement system if possible. Charges will not be made to registered clearing agencies for inter-clearing corporation OTC trade comparison if the agency provides its own intra-clearing corporation OTC trade comparison, or for interface processing. Fees for other standard services provided to registered clearing agencies will be the same as those charged to other participants. Special services performed for other registered clearing agencies such as intra-clearing corporation OTC trade comparison and sharing of branches, will be contracted on an individual basis.

*VIII.*   NSCC PRICING POLICY

The Corporation's policy is to retain only those revenues which are required to maintain an adequate revenue base in order to liquidate current production costs, provide for a continuance of product enhancements and development, provide for a discount when volume levels equal or exceed projections and provide for retained earnings as directed by the Board. In order to meet such objectives, the Corporation will:

If the Corporation's gross billable revenues before adjustment (i.e., revenues before discount) exceed the approximate level of costs, adjust downward (i.e., discount) participants' invoices.

If the Corporation's gross billable revenues before adjustment (i.e., revenues before surcharge) are less than the approximate level of costs, adjust upward (i.e., surcharge) participants' invoices.

Both the discount and the surcharge when applicable will be reflected directly on participants' invoices.

**Exhibit B**

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No NSCC-2002-02

Proposed rule change by NATIONAL SECURITIES CLEARING CORPORATION ("NSCC") regarding revisions to its Fee Schedule.

Comments requested within \_\_\_\_\_ days after the date of this publication.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on \_\_\_\_\_, 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 NSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change.

(a) The proposed rule change consists of revisions to National Securities Clearing Corporation's ("NSCC" or the "Corporation") Fee Schedule as set forth in Exhibit A attached to NSCC's filing on Form 19b-4, File No. SR-NSCC-2002-02.

Exhibit A.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

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

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

(a) The purpose of the proposed rule change is to: (i) establish fees for the XML-based account inquiry feature of NSCC's Mutual Fund Services ("MFS"), (ii) establish fees for the XML-based communications interface that transmits fund transaction data to NSCC's Fund/SERV for processing, (iii) establish base participation fees for those Fund Members and Mutual Fund Processors<sup>1</sup> using these XML-communication interface features, and (iv) standardize the descriptions, under the name "Fund/SPEED", of such MFS features and communications in NSCC's Fee Schedule.

In addition, and in conjunction with these changes, the proposed rule change provides for Fund/SERV fees payable with respect to Fund/SERV Processing Only transactions that will settle on a participant to participant basis outside of NSCC.

All of the proposed fees are payable by the applicable Fund Member or Mutual Fund Processor. Pursuant to this rule change, the Fund/SPEED fee for account inquiry will be \$0.005 per request and fund response ("Account Inquiry"); the Fund/SPEED fee for the XML-interface transmission of fund transaction data (other than a new account transaction) to Fund/SERV will be \$.50 per item (a "Subsequent Trade Transmission"), and

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<sup>1</sup> As defined in NSCC's Rule 52, a "Mutual Fund Processor" is a Settling Member that is acting in the capacity

\$.75 per item for transmission of transaction data involving a new account (a "New Account Trade Transmission"). All of these fees will be payable with respect to services provided from and after April 1, 2002.

In addition, participating Fund Members and Mutual Fund Processors will be charged a monthly membership fee to use these services determined as follows: \$250 per month for such members with less than 25 Eligible Mutual Funds and/or Eligible Investment Funds (identified by CUSIP) on Fund/SERV; \$1,000 per month for such members with between 25 and 99 Eligible Mutual Funds/Investment Funds on Fund/SERV; and \$2,500 per month for such members with 100 or more eligible Mutual Funds/Investment Funds on Fund/SERV. These fees will be effective from and after February 1, 2002.

Finally, this rule change provides that the Fund/SERV fees payable with respect to Fund/SERV Processing Only transactions will be \$.175 per side, and both sides will be charged to, and payable by, the applicable Fund Member or Mutual Fund Processor, effective with respect to such services provided on and after April 1, 2002.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, since it provides for the equitable allocation of dues, fees and other charges among NSCC's participants.

(B) Self-Regulatory Organization's Statement on Burden on Competition.

NSCC does not believe that the proposed rule change will have an impact on or

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of a Fund Member in connection with the issuance or redemption of fund shares.

impose a burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others.

No written comments relating to the proposed rule change have been solicited or received. NSCC has notified participants who use MFS of the Fund/SPEED changes. NSCC will notify the Securities and Exchange Commission (the "Commission") of any written comments received by NSCC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action.

The foregoing rule change has become effective pursuant to Section 19(b)(3) of the Act and subparagraph (f) of Securities Exchange Act rule 19b-4. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the rule filing that are filed with the Commission, and all written communications relating to the rule filing between the Commission and any person, other than those that may

be withheld from the public in accordance with provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted within    days after the date of this publication.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz  
Secretary

Dated: