



**NATIONAL
SECURITIES
CLEARING
CORPORATION**

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Bold and underlined text indicates proposed added language.

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

ADDENDUM A

[Changes to this Addendum A, as amended by File No. SR-NSCC-2018-011, are available at dtcc.com/~media/Files/Downloads/legal/rule-filings/2018/NSCC/SR-NSCC-2018-011.pdf. These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. On January 1, 2019, these changes will be implemented and this legend will automatically be removed from this 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 bond trade submitted - \$0.85 per side.
 - B. Trade Correction Fees:¹
 1. Listed Equity System Correction Fees:

Suggested Name Deletes submitted to the Corporation directly by participants on T+1 - \$0.40 to both sides.
 2. Bond Correction Fees:
 - a. ~~All supplemental input after T (Advisory, As Of, **Reversal Withhold**) except for Trades Deleted: **\$0.95 to the submitter**~~
 - ~~(1) T+1 - **\$0.60 to the submitter**~~
 - ~~(2) T+2 - **\$0.90 to the submitter**~~
 - ~~(3) after T+2 - **\$1.50 to the submitter**~~
 - b. ~~Trades Deleted:~~
 - ~~(1) T+1 - **\$0.60 to both sides**~~
 - ~~(2) T+2 - **\$0.90 to both sides**~~
 - ~~(3) after T+2 - **\$1.50 to both sides**~~
 3. ~~Trade Rejection Fee: **\$0.50 per bond reject.**~~

¹ 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.

- C. Trade recording fees will be charged as follows on those items originally compared by other parties, but cleared through the Corporation²:
1. Each side of each bond item entered for settlement, but not compared by the Corporation - \$0.85 per side.
 2. Each side of a foreign security trade entered for settlement, but not compared by the Corporation - ~~\$0.85~~ **\$0.75** per side.

D. OBLIGATION WAREHOUSE

1.	Warehouse Fee for each compared item	\$0.02
2.	Matching Fee for each submission	\$0.85
3.	Fee for each pending comparison advisory aged 5 days or more	\$5.50
4.	Fee to close an obligation and send to CNS	\$0.35
5.	Fee to withhold an obligation from being closed and sent to CNS	\$0.05
<u>46.</u>	Fee to apply mandatory corporate action events to compared obligations warehoused in Obligation Warehouse	\$2.50
<u>57.</u>	Fee for OW delivery notification request advisories aged 2 days or older	\$2.50
<u>68.</u>	Fee for OW pending cancel request advisories aged 2 days or older	\$2.50
9.	Fee for each obligation closed due to RECAPS (charged per RECAPS cycle)	\$0.35
10.	Fee for each obligation closed due to Pair Off (charged per obligation side)	\$0.35
<u>711.</u>	Fee for each obligation closed due to Envelope Settlement Service (ESS) (charged per obligation side)	\$0.35

² Trade recording fees for equities are incorporated into the Clearance Activity Fee set forth in II.A. below.

E. Index Receipts

1. ~~Index Creation and Redemption Units – each side of each Index Creation and Redemption instruction submitted **for regular way (T+2) settlement** – **\$35 \$30** per side.~~

2. ~~**Index Creation and Redemption Units – each side of each Index Creation and Redemption instruction submitted for shortened settlement – \$50 per side.**~~

II. *TRADE CLEARANCE FEES* - represents fees for trade recording, netting, issuance of instructions to receive or deliver, effecting book-entry deliveries, and related activity.

A. Clearance Activity Fee – The sum of: (a) ~~(i) **\$0.021593 per side for zero to 35,000 monthly sides, (ii) \$0.001197 per side for 35,001 to 42,000,000 monthly sides, and (iii) \$0.000628 per side for over 42,000,000 monthly sides, plus (b)**~~ a “value into the net” fee of ~~**\$0.47 \$0.331940430**~~ per million of processed value (i.e. for CNS and Balance Order netting, the sum of the contract amount and any CNS fail value), plus ~~(b)~~ a “value out of the net” fee of ~~**\$2.12 \$2.36844405**~~ per million of settling value (i.e. the absolute value of the CNS Long and Short Positions).

~~**B. Deliveries to CNS in the day processing cycle to cover a short valued position – \$40 per delivery.**~~

~~**BC.**~~ Fails to Deliver to CNS (Short-In CNS) –

1. ~~**\$0.25**~~ per item short in CNS for 1 to 30 days at close of business.

2. ~~**\$3.00 \$50**~~ per item short in CNS for ~~**more than 30 31 to 60**~~ days at close of business.

3. ~~**\$0.75 per item short in CNS for 61 to 90 days at close of business.**~~

4. ~~**\$1.00 per item short in CNS for more than 90 days at close of business.**~~

~~**D. Flip Trades – \$0.0060 per side.**~~

~~**CE.**~~ Security orders generated³ - ~~**\$0.40**~~ per item.

³ 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.

DF. CNS Buy-In (long Broker and short Broker) - \$5.00 per item.

EG. Clearing Interface Exemption or Inclusion Instruction to the Corporation - **\$0.75** per item.

FH. Reorganizations

1. Mandatory Reorganizations – \$2.50 each
2. Voluntary Reorganizations –
 - a. Long Broker (per input submitted on the business day prior to the protect expiration date or, when there is no protect period, the business day prior to the expiration date)
Automated Input \$15.00 each
 - b. Long Broker (per input or add submitted on the protect expiration date or, when there is no protect period, on the expiration date) \$500.00 each
 - c. Short Broker (per reorganization) \$35.00 each

~~**I. Foreign Securities Transactions** **\$0.50 per item in**
(Netted) **addition to F. above**~~

GJ. Dividends

CNS Stock Dividend, Cash Dividend, and Interest Payment (Long & Short) - \$1.85 per item

- ~~1. CNS Stock Dividend Payment (Long) - \$12.00 per item.~~
- ~~2. CNS Cash Dividend & Interest Payment (Long) - \$1.40 per item.~~
- ~~3. CNS Stock Dividend Payment (Short) - \$12.00 per item.~~
- ~~4. CNS Cash & Interest Payment (Short) - \$1.40 per item.~~
- ~~5. Research on invalid CNS dividend or interest claim - \$70 per claim~~

III. DELIVERY SERVICE FEES

A. Envelope Settlement Service:

ESS Deliveries or Receives⁴ \$10.00 per envelope

B. New York State Transfer Taxes **\$175.00 per month**
\$1.00 per Form

IV. OTHER SERVICE FEES

A. Reorganizations \$10.00 per item

B. Non-CNS Buy-ins \$10.00 per item

C. Check and Draft processing \$165.00 per month

D. Reconciliation and Proof of Settlement \$100.00 per month

E. Processing Daily Settlement activity entered on Settlement Statement \$1.00 per item (minimum \$25.00; maximum \$250.00 per month)

F. Automated Customer Account Transfer Service

1. **Account Transfers Initiation Form** **\$0.50 per transfer initiation**

a. ~~Standard~~ **\$.18 per submission**

b. ~~Non-Standard~~ **\$.18 per submission**

2. Recording

a. ~~Asset Delivers~~ **\$.05 per asset which is reported by the delivering firm**

b. ~~Asset Receives~~ **\$.06 per asset which is received by the receiving firm**

3. ~~Corrections~~ **\$.06 per asset**

Asset additions, deletions, or changes

⁴ This fee applies to all ESS deliveries and receives (including intercity).

4.	Insurance Registrations	\$0.25 per insurance registration submitted, to the receiver and the deliverer
35.	Non-CNS Receive/Deliver Orders	\$0.12 per order issued
6.	Adjustment of customer account number	\$0.12 per adjustment
7.	Account Transfer Rejects*	\$1.20 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

V. 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 services and their related base fees are:

1.	Trade Processing System	
	For Members	\$300.00 per month, per account
2.	Trade input, either (a) as a Service Bureau or (b) by an affiliated Service Bureau	\$250.00 per month
23.	Global Clearance Network Service	\$100.00 per month
34.	International Link Service	Per Agreement with Link Service Participant

B. Special Service Fees:

1.	DTC Sponsored Accounts— available to each CNS participant who is not also a participant of DTC:	Cost
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<u>12.</u>	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.	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
<u>23.</u>	Microfiche Reports	\$3.00 per fiche
<u>34.</u>	Special Research	\$25.00 per hour
<u>45.</u>	Domestic Portfolio Composition File	\$125.00 per month per file
<u>56.</u>	Foreign Portfolio Composition File	\$125.00 per month per file
<u>67.</u>	Subscription-based Portfolio Composition File Reporting	<p>\$3.00 per unit per month for the first zero to 200 average daily units¹⁹</p> <p>\$2.00 per unit per month for the next 300 average daily units (201st to 500th units)</p> <p>\$1.00 per unit per month for all average daily units above 500 (501st and above)</p> <p>\$600 minimum;²⁰ \$1,550 maximum per month</p>

¹⁹ "Units" refers to the number of portfolio subscriptions for each billing month. Unit charges are calculated by applying the tiered fee structure to the average daily number of units subscribed for by the Member in the billing month.

²⁰ From June 2, 2014 until December 31, 2015, the minimum will be \$300 per month and, thereafter the minimum will increase to \$600 per month and this footnote will be deleted.