



RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Bold and underlined text indicates proposed added language.

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

NATIONAL SECURITIES CLEARING CORPORATION RULES

RULE 1. DEFINITIONS AND DESCRIPTIONS

[Changes to the Rules & Procedures, as amended by File No. SR-NSCC-2020-017, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. By no later than November 30, 2020, these changes will be implemented and this legend will automatically be removed from the Rules & Procedures.]

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He, him, his

The words “he”, “him” and “his” shall include partnerships, corporations or other organizations or entities, as well as individuals, when the context so requires.

I&RS Eligible Product

The term “I&RS Eligible Product” means an insurance product or a retirement or other benefit plan or program included in the list for which provision is made in Section 1.(d) of Rule 3.

Id Net Subscriber

The term “ID Net Subscriber” has the meaning specified in Rule 65.

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~~IPS Eligible Product~~

~~The term “IPS Eligible Product” means an insurance product or a retirement or other benefit plan or program included in the list for which provision is made in Section 1.(d) of Rule 3.~~

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RULE 2. MEMBERS AND LIMITED MEMBERS

[Changes to the Rules & Procedures, as amended by File No. SR-NSCC-2020-017, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. By no later than November 30, 2020, these changes will be implemented and this legend will automatically be removed from the Rules & Procedures.]

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SEC. 2. Membership Types

The Corporation shall have the following membership types:

(i) Member -

A Member, unless otherwise limited by the Corporation pursuant to these Rules, may generally access all services made available by the Corporation. Only Members shall be entitled to settle contracts through the Corporation and to participate in the Comparison and Recording Operation and Accounting Operation.

(ii) Limited Members -

In addition to Members, upon the request of an applicant, the Corporation may approve an application by a Person to become a Limited Member, whose use of the Corporation's services is limited to those services specified by the Corporation. Such Limited Members will be termed as follows:

(a) Data Services Only Member –

Participates solely in the transmission of data and information, and shall utilize only those features of services that the Corporation may, from time to time, expressly designate as eligible for access by a Data Services Only Member.

(b) Fund Member –

Participates in the Corporation's Mutual Fund Services, acting as a mutual fund's 1) principal underwriter, 2) co-distributor, 3) sub-distributor, or 4) an entity that is otherwise authorized to process transactions on behalf of a mutual fund.

(c) Insurance Carrier/Retirement Services Member -

Participates in the Corporation's Insurance ~~and~~ Retirement ~~Processing~~ Services as provided for in Rule 57.

(d) Municipal Comparison Only Member –

Participates in the Corporation's Comparison Operation, solely for the comparison of municipal securities transactions.

(e) Mutual Fund/Insurance Services Member -

Participates in the Corporation's Mutual Fund Services and Insurance ~~and~~ Retirement ~~Processing~~ Services as provided for in Rules 52 and 57.

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RULE 2A. INITIAL MEMBERSHIP REQUIREMENTS

[Changes to the Rules & Procedures, as amended by File No. SR-NSCC-2020-017, are available at dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf. These changes became effective upon filing with the SEC but have not yet been implemented. By no later than November 30, 2020, these changes will be implemented and this legend will automatically be removed from the Rules & Procedures.]

SEC. 1. ELIGIBILITY FOR MEMBERSHIP

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E. Membership and Other Agreements

Each applicant to become a Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member, Fund Member, Third Party Administrator Member, Third Party Provider Member, Investment Manager/Agent Member, AIP Member or Data Services Only Member shall sign and deliver to the Corporation an instrument in writing whereby the applicant shall agree, among other things:

- (a) That the only services or systems which the participant may utilize are those that are permitted by the Corporation. If the participant intends only to use the (i) AIP Services, (ii) Mutual Fund Services and/or (iii) the Insurance ~~and~~ Retirement ~~Processing~~ Services, that the participant will so limit its activities at the Corporation;

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RULE 3. LISTS TO BE MAINTAINED

[Changes to the Rules & Procedures, as amended by File No. SR-NSCC-2020-017, are available at dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf. These changes became effective upon filing with the SEC but have not yet been implemented. By no later than November 30, 2020, these changes will be implemented and this legend will automatically be removed from the Rules & Procedures.]

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SEC. 1. (a) The Corporation shall maintain a list of the securities which may be the subject of contracts cleared through the Corporation (hereinafter referred to as "Cleared Securities"), and may from time to time add securities to such list or remove securities therefrom. Unless the Corporation shall otherwise determine, Cleared Securities may only be those issues of securities the issuer of which is subject to, or regularly complies with, Rule 10b-17 of the Securities and Exchange Commission, promulgated pursuant to the Securities Exchange Act of 1934, as amended. The Corporation shall accept an issue of securities as a Cleared Security only upon a determination by the Corporation that it has the existing operational capability to do so and to continue successfully to provide its services to Members.

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(d) The Corporation shall maintain a list of insurance products and retirement or other benefit plans or programs which may be the subject of orders processed through the Insurance ~~and~~ Retirement ~~Processing~~ Services (hereinafter referred to as "**IPSI&RS** Eligible Products") and may from time to time add **IPSI&RS** Eligible Products to such list or remove **IPSI&RS** Eligible Products therefrom. An **IPSI&RS** Eligible Product must have been assigned a CUSIP number.

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RULE 4. CLEARING FUND

[Changes to the Rules & Procedures, as amended by File No. SR-NSCC-2020-017, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. By no later than November 30, 2020, these changes will be implemented and this legend will automatically be removed from the Rules & Procedures.]

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SEC. 14. *Insurance Deposits.* Each Mutual Fund/Insurance Services Member that uses the Insurance ~~and~~ Retirement ~~Processing~~ Services and each Insurance Carrier/Retirement Services Member (collectively, "Insurance Participants") may be required to make a cash deposit to the Clearing Fund in the amounts determined in accordance with Procedure XV and other applicable Rules and Procedures (its "Insurance Deposit" and, unless specified otherwise, for the purposes of these Rules and Procedures, Required Fund Deposits shall include Insurance Deposits).

If any Insurance Participant fails to satisfy any obligation to the Corporation relating to the Insurance ~~and~~ Retirement ~~Processing~~ Services, the Corporation shall first apply such Insurance Participant's Insurance Deposit. If after such application any loss or liability remains, the Corporation shall next allocate such remaining loss or liability to the other Insurance Participants in successive rounds of loss allocations, in each case up to the aggregate of Insurance Deposits from non-defaulting Insurance Participants and, after the first such round, Insurance Participants that have not submitted a Loss

Allocation Withdrawal Notice in accordance with Section 6 of this Rule, following the procedures and subject to the timeframes set forth in Sections 4 and 6 of this Rule as if such Insurance Participants are Members. If any loss or liability remains thereafter and there are no continuing Insurance Participants, the Corporation shall proceed with loss allocations to Members for a Defaulting Member Event as set forth in Section 4 of this Rule. The application of any Insurance Participant's Insurance Deposit shall not affect any other right or remedy of the Corporation under these Rules and Procedures or under applicable law.

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RULE 50. AUTOMATED CUSTOMER ACCOUNT TRANSFER SERVICE

[Changes to the Rules & Procedures, as amended by File No. SR-NSCC-2020-017, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. By no later than November 30, 2020, these changes will be implemented and this legend will automatically be removed from the Rules & Procedures.]

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SEC. 8. A Receiving Member will have one (1) business day after receipt from the Corporation of the report detailing the customer account asset data to review the account and accept all assets, or, to the extent permitted by the Receiving Member's DEA, if applicable, reject one or more assets within a DEA determined asset category, request the Delivering Member to make adjustments to it or, as permitted by the Corporation or, to the extent applicable, the Receiving Member's DEA, reject the account. No action is required by the Receiving Member if it determines to accept all assets in an account. A Receiving Member may accelerate the transfer of the customer account by either (i) providing an acceleration instruction to the Corporation upon receipt of the customer account asset data list from the Corporation and accepting all assets or (ii) deleting MF/~~IPSI&RS~~ Products (as defined below) and accepting the remaining assets. Once a Receiving Member has accelerated the transfer, the transfer will be in accelerated status. During the one (1) business day time period, only the Delivering Member will be able to add, delete or change an item, provided that the Receiving Member did not accelerate the transfer, by delivering to the Corporation such information in such form and by such time as established by the Corporation from time to time, other than with respect to MF/~~IPSI&RS~~ Products, which can also be deleted by the Receiving Member. Once the Receiving Member accelerates the transfer, the Delivering Member will be prohibited from making any adjustments to the account. If the transfer is not in an accelerated status, each business day that a Delivering Member causes an adjustment to be made to an account will give the Receiving Member an additional one (1) business day to review the account. If Fund/SERV Eligible Fund assets and/or ~~IPSI&RS~~ Eligible Products ("MF/~~IPSI&RS~~ Products") are to be transferred the Receiving Member shall also, within one (1) business day after receipt from the Corporation of the report detailing the MF/~~IPSI&RS~~ Products data or

simultaneous with the submission of an acceleration instruction, submit to the Corporation detailed transfer instructions in such format as established by the Corporation from time to time, which instructions shall be processed through Mutual Fund Services in accordance with Section 16 of Subsection A of Rule 52 or through **IPSI&RS** in accordance with Section 6 of Rule 57, as applicable. If a Receiving Member submits instructions and determines that a modification must be made to such instruction, such modifications must be submitted within the same deadline. Modifications to an already submitted instruction will not be permitted if the transfer is in accelerated status. Each business day that the Delivering Member causes an adjustment to be made to an account will give the Receiving Member an additional one (1) business day to submit such transfer information. With respect to Fund/SERV Eligible Fund assets, if the Receiving Member fails to properly submit such transfer information within the required time period, the Corporation shall transmit through Mutual Fund Services such standing transfer information as the Corporation shall determine. Each day the Corporation will produce a report indicating the transfer instructions that have been received by the Corporation, if any, and, with respect to Fund/SERV Eligible Fund assets, if no instructions have been received, the standing instructions which will be submitted to the Mutual Fund Processor or Fund Member. Each day the Corporation will produce a report to the Receiving and Delivering Member, indicating the Fund/SERV Eligible Fund customer account asset transfers which have been confirmed or rejected by the Mutual Fund Processor or Fund Member in accordance with Section 16 of Subsection A of Rule 52. Such report will also indicate those transfers which the Mutual Fund Processor or Fund Member has not confirmed or rejected or which have been deleted. Each day the Corporation will produce a report to the Receiving and Delivering Member, indicating the **IPSI&RS** Eligible Products transfers which have been confirmed or rejected by the Insurance Carrier/Retirement Services Member in accordance with Section 6 of Rule 57, or which have been deleted.

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RULE 57. INSURANCE ~~AND~~ RETIREMENT-~~PROCESSING~~-SERVICES

[Changes to the Rules & Procedures, as amended by File No. SR-NSCC-2020-017, are available at dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf. These changes became effective upon filing with the SEC but have not yet been implemented. By no later than November 30, 2020, these changes will be implemented and this legend will automatically be removed from the Rules & Procedures.]

SEC. 1. (a) The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Data Services Only Members to transmit such data and information relating to **IPSI&RS** Eligible Products (the "**IPSI&RS** Data") and, with respect to Members, Mutual Fund/Insurance Services Members and Insurance Carrier/Retirement Services Members, to settle payments relating to insurance products between themselves. Such

services shall be known as the Insurance ~~and~~ Retirement ~~Processing~~ Services (“**IPSI&RS**”) and will be accomplished in accordance with the provisions of this Rule.⁴

(b) Each Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member and Data Services Only Member that desires access to **IPSI&RS** must complete and deliver to the Corporation such agreements as the Corporation may from time to time require.

(c) **IPSI&RS** Data must be submitted to the Corporation in such formats and by such times as established by the Corporation from time to time, and, depending upon the type of **IPSI&RS** Data submitted, may require a response from the receiver of **IPSI&RS** Data.

(d) The Corporation will review **IPSI&RS** Data received from Insurance Carrier/Retirement Services Members, Mutual Fund/Insurance Services Members, Members and Data Services Only Members for such information as the Corporation determines from time to time to be necessary. If the **IPSI&RS** Data does not contain the information required by the Corporation, the Corporation will reject the **IPSI&RS** Data and will advise the appropriate Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Services Only Member in such form and by such time as established by the Corporation from time to time.

(e) If the **IPSI&RS** Data appears to contain the information required by the Corporation, subject to any rights the Corporation may have as provided in the Rules generally, the Corporation will transmit the **IPSI&RS** Data to the appropriate Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Services Only Member in such form and by such time as established by the Corporation from time to time.

(f) Pursuant to the policies established by the Corporation from time to time, the Corporation will notify, in such form and at such times as established by the Corporation from time to time, an Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Services Only Member, in respect of certain **IPSI&RS** Data which requires a response, if no such response has been received by the Corporation.

(g) Pursuant to the policies established by the Corporation from time to time, a submitter of **IPSI&RS** Data can withdraw certain **IPSI&RS** Data submitted by submitting an instruction to the Corporation in such form and by such time as established by the Corporation from time to time. Upon receipt of a withdrawal instruction, the Corporation will (i) delete from **IPSI&RS** the **IPSI&RS** Data withdrawn and (ii) notify the appropriate party of the withdrawn **IPSI&RS** Data in such form and by such time as established by the Corporation from time to time. Unless **IPSI&RS** Data is rejected, withdrawn or deleted from **IPSI&RS** as provided herein, the Corporation will store and maintain all

⁴ ~~The Insurance and Retirement Services were formerly known as the “Insurance Processing Service”.~~

IPSI&RS Data submitted to it for transmission between and among Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Data Services Only Members and be permitted to evaluate the usefulness of such **IPSI&RS** Data, including by providing such **IPSI&RS** Data to third parties under appropriate agreements of confidentiality and to prohibit such third parties from using such **IPSI&RS** Data other than for evaluation purposes.

(h) Notwithstanding the foregoing, nothing prohibits an Insurance Carrier/Retirement Services Member, Mutual Fund/Insurance Services Member, Member or Data Services Only Member from requiring data or information in addition to any **IPSI&RS** Data that has been transmitted through the Corporation.

(i) Submission of **IPSI&RS** Data to, or alteration or withdrawal of **IPSI&RS** Data from, the Corporation shall not relinquish, extinguish or affect any legal or regulatory right or obligation of the Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member or Data Services Only Member.

(j) The Corporation will not be responsible for the completeness or accuracy of the **IPSI&RS** Data received from or transmitted to an Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Service Only Member transmitted through **IPSI&RS** nor for any errors, omissions or delays which may occur in the absence of gross negligence on the Corporation's part, in the transmission of such **IPSI&RS** Data to or from an Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Services Member, or Data Services Only Member.

(k) Settlement of money payments in respect of **IPSI&RS** transactions shall be made in accordance with Rule 12 and other provisions of these Rules. At any time, the Corporation may prohibit any payment from settling through **IPSI&RS** if the Corporation, in its discretion, determines that such action is necessary for the protection of the Corporation, Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members, creditors or investors.

(l) If at any time the Corporation fails to receive payment from a Member, Mutual Fund/Insurance Services Member or Insurance Carrier/Retirement Services Member which payment was to be used to make payment to the contra side of the **IPSI&RS** transaction, the Corporation, in its discretion, may reverse in whole or in part any credit previously given to the Member, Mutual Fund/Insurance Services Member, or Insurance Carrier/Retirement Services Member who is the contra side to the **IPSI&RS** transaction, within such time frame as determined by the Corporation from time to time.

COMMISSIONS AND COMPENSATION

SEC. 2. (a) The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit **IPSI&RS** Data regarding commissions, charge backs and other compensation ("Commissions") to Members, Mutual Fund/Insurance Services Members and Data Services Only Members and, with

respect to Members and Mutual Fund/Insurance Services Members, to settle payments in respect of thereof.

(b) An Insurance Carrier/Retirement Services Member may initiate a Commission transaction by submitting to the Corporation a payment instruction, in such form and by such time as established by the Corporation from time to time.

(c) Commission transactions received for settlement through the Corporation prior to the time established by the Corporation for this purpose will settle in the settlement cycle occurring immediately following the completion of the processing of data relating to such payment, unless the Insurance Carrier/Retirement Services Member's initiation instruction indicated that such transaction will settle on a date thereafter; provided, however, that no transaction shall settle more than five business days after the day on which the transaction was submitted to the Corporation.

APPLICATIONS AND PREMIUMS

SEC. 3. (a) The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members and Data Services Only Members to transmit **IPSI&RS** Data regarding applications and premiums ("Applications and Premiums") to Insurance Carrier/Retirement Services Members and, with respect to Members, Mutual Fund/Insurance Services Members and Insurance Carrier/Retirement Services Members, to settle payments in respect thereof.

(b) Applications and premiums transactions submitted for settlement through the Corporation prior to the time established by the Corporation for this purpose will settle in the settlement cycle occurring immediately following the submission of data relating to such payment, provided however that the Member or Mutual Fund/Insurance Services Member initiating the transaction may submit a cancel instruction prior to the time established by the Corporation for this purpose. Applications and Premiums transactions received for settlement through the Corporation and cancelled in a timely manner will be deleted from **IPSI&RS**.

LICENSING AND APPOINTMENTS

SEC. 4 (a) The Corporation may provide a service to enable Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Data Services Only Members to transmit **IPSI&RS** Data regarding licensing and appointment authorizations and activity (including, but not limited to, licensing and appointment authorizations and activity relating to licensee or appointee training) ("Licensing and Appointments") among themselves or to otherwise supply and access **IPSI&RS** Data regarding Licensing and Appointments directly to or from NSCC, as the case may be, and, with respect to Members, Mutual Fund/Insurance Services Members and Insurance Carrier/Retirement Services Members, to settle payments in respect thereof.

(b) Licensing and Appointments transactions submitted for settlement through the Corporation prior to the time established by the Corporation for this purpose shall

settle in the settlement cycle occurring immediately following the submission of data relating to such payment.

POSITIONS AND VALUATIONS

SEC. 5. The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit **IPSI&RS** Data to Members, Mutual Fund/Insurance Services Members and Data Services Only Members regarding positions and valuations specific to an **IPSI&RS** Eligible Product.

ACAT/TRANSFERS

SEC. 6. (a) The Corporation may provide a service to enable Members to transmit **IPSI&RS** Data regarding **IPSI&RS** Eligible Product customer account transfer data between Members.

(b) Within the time frame established by the Corporation, the Corporation may transmit, to an Insurance Carrier/Retirement Services Member, **IPSI&RS** Eligible Product customer account transfer data in such form and by such time as established by the Corporation from time to time. The Insurance Carrier/Retirement Services Member must confirm, reject, or request a modification with respect to the transfer in such format and by such time as established by the Corporation. Transfers that are not confirmed or rejected within such time frame and in such manner as established from time to time by the Corporation will be deleted from the **IPSI&RS** system by the Corporation.

ASSET PRICING

SEC. 7. The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit **IPSI&RS** Data to Members, Mutual Fund/Insurance Services Members and Data Services Only Members regarding the pricing of units and other values in respect of funds or other assets within annuities and other insurance products.

FINANCIAL ACTIVITY REPORTING

SEC. 8. The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit to Members, Mutual Fund/Insurance Services Members and Data Services Only Members **IPSI&RS** Data regarding financial transactions and related activity specific to an **IPSI&RS** Eligible Product. The Corporation may transmit and provide access to transaction-specific subaccount data ("Subaccount Data") received through the Financial Activity Reporting service relating to funds or other assets within variable annuity and variable life insurance products to asset managers that manage such funds or assets and to service providers on behalf of such asset managers. Examples of Subaccount Data with respect to variable annuity and variable life insurance product transactions include, but shall not be limited to, the name of the insurance carrier, the date of the transaction, the broker-dealer named on the transaction, the individual advisor listed on the transaction, the type of transaction

(e.g., new purchase, death claim, rebalance, subaccount transfer to or from the subaccount, etc.) and the amount of the transaction.

Asset managers which are not Members or Limited Members will be required to enter into such agreements with the Corporation as determined by the Corporation to gain access to the Subaccount Data, which agreements will include an agreement to pay the fees set forth in the Rules to receive such Subaccount Data and to set up any system requirements necessary to access the data. Service providers receiving the Subaccount Data on behalf of asset managers will also be required to enter into such agreements as determined by the Corporation in order to gain access to such Subaccount Data on behalf of such asset managers to ensure the data is being used as contemplated herein and that there are proper safeguards by the service provider to ensure data security.

IN FORCE TRANSACTIONS

SEC. 9. (a) The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members, Members, Mutual Fund/Insurance Services Members and Data Services Only Members to transmit **IPSI&RS** Data relating to an existing and effective insurance contract ("In Force Contract") among themselves and, with respect to Insurance Carrier/Retirement Services Members, Members and Mutual Fund/Insurance Services Members, to settle payments in respect thereof.

(b) A Member, Insurance Carrier/Retirement Services Member, Mutual Fund/Insurance Services Member or Data Services Only Member may initiate a request relating to an In Force Contract by submitting to the Corporation instructions ("In Force Transaction Request") in such form and by such time as established by the Corporation from time to time. The contra-side Member's, Insurance Carrier/Retirement Services Member's, Mutual Fund/Insurance Services Member's or Data Services Member's response to such In Force Transaction Request ("In Force Transaction Request Response") shall be submitted to the Corporation in such form and by such time as established by the Corporation from time to time. In Force Transaction Requests and In Force Transaction Request Responses shall be treated and processed by the Corporation as other **IPSI&RS** Data is treated and processed by the Corporation, and shall be subject to the terms, set forth in Section 1 of this Rule 57.

(c) The Corporation may provide a service to enable Members, Insurance Carrier/Retirement Services Members and Mutual Fund/Insurance Services Members to settle money-only payment transactions between themselves in respect of In Force Contracts. A Member, Insurance Carrier/Retirement Services Member or Mutual Fund/Insurance Services Member shall initiate a money-only settlement transaction (hereinafter, the "Initiating **IPSI&RS** Member") by submitting to the Corporation instructions to debit such Initiating **IPSI&RS** Member's account in such form and by such time as established by the Corporation from time to time. In no event shall the Initiating **IPSI&RS** Member be the Member, Insurance Carrier/Retirement Services Member or Mutual Fund/Insurance Services Member to be credited as part of the

money-only settlement transaction. Settlement of money-only payments in respect of In Force Contracts shall be subject to Section 1(k) and (l) of this Rule 57.

INSUREXPRESS

SEC. 10. The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members, Members, Mutual Fund/Insurance Services Members and Data Services Only Members to transmit **IPSI&RS** Data relating to the initiation, processing and completion of applications for life insurance contracts and other insurance products among themselves.

REPLACEMENTS

SEC 11. (a) The Corporation may provide a service to enable Members, Insurance Carrier/Retirement Service Members, Mutual Fund/Insurance Services Members and Data Services Only Members to transmit **IPSI&RS** Data regarding the transfer, exchange or replacement of an existing insurance contract ("Replacement") to Members, Insurance Carrier/Retirement Service Members, Mutual Fund/Insurance Services Members and Data Services Only Members and to settle payments in respect thereof.

(b) A Member, Insurance Carrier/Retirement Service Member, Mutual Fund/Insurance Services Member or Data Services Only Member may initiate a Replacement by submitting to the Corporation instructions to process a Replacement, in such form and by such time as established by the Corporation from time to time (referred to as a "Request for Replacement"). Within the time frame established by the Corporation, the Corporation may transmit, to a Member, Insurance Carrier/Retirement Service Member, Mutual Fund/Insurance Services Member or Data Services Only Member a Request for Replacement in such form and by such time as established by the Corporation from time to time. The Member, Insurance Carrier/Retirement Service Member, Mutual Fund/Insurance Services Member or Data Services Only Member must confirm, reject, or request modification with respect to the Request for Replacement in such format and by such time as established by the Corporation. Transfers that are not confirmed or rejected within such time frame and in such manner as established from time to time by the Corporation will be deleted from the **IPSI&RS** system by the Corporation.

(c) Unless specifically required by state laws, the Member, Insurance Carrier/Retirement Service Member, Mutual Fund/Insurance Services Member or Data Services Only Member receiving a Request for Replacement Processing ("Delivering Carrier") waives the obligation that a Transfer of Assets, 1035 Exchange Form, or other similar paperwork (collectively referred to as "TOA") be signed by an Officer of the carrier submitting the Request for Replacement Processing ("Receiving Carrier") and physically transmitted to the Delivering Carrier. By accepting the Request for Replacement Processing, the Delivering Carrier also agrees to accept the transfer proceeds; consents to the terms and conditions, if any, stated in the TOA attached to the Request for Replacement Processing; and is bound by the TOA with the same force and effect as if it were accompanied by a physical signature.

INSURANCE PROFILE

SEC 12. (a) The Corporation may provide a service (“Insurance Profile”) to enable Insurance Carrier/Retirement Services Members to transmit **IPSI&RS** Data to Members, Mutual Fund/Insurance Service Members and Data Service Only Members regarding fees, expenses and Commissions (“Fee Data”) or to otherwise supply and provide access to Fee Data directly to or from the Corporation, as applicable.

(b) Insurance Carrier/Retirement Services Members, Members, Mutual Fund/Insurance Service Members and Data Service Only Members may not use, distribute, transmit or otherwise make available Fee Data retrieved from Insurance Profile as the basis for or as a part of a data product or service offered for commercial gain to any other person without the prior written consent of the Corporation. This restriction includes, but is not limited to, service providers and other third parties, whether or not affiliated with an Insurance Carrier/Retirement Services Member, Member, Mutual Fund/Insurance Service Member or Data Service Only Member, regardless of whether such person has previously itself received and/or used any such Fee Data in the past. The Corporation shall have the right, but not the obligation, to audit the use and distribution of Fee Data retrieved from Insurance Profile.

INSURANCE INFORMATION EXCHANGE (“IIEX”)¹

SEC 13. The Corporation may provide a service to enable Members, Insurance Carrier/Retirement Services Members, Mutual Fund/Insurance Service Members and Data Service Only Members (collectively, “I&RS Members”), and their respective service providers, to transmit, view and retrieve I&RS Data using a centralized data repository. Service providers will gain access to IIEX only by authorization from I&RS Members and will be required to enter into such agreements as determined by the Corporation, which agreements will include an agreement to pay the fees set forth in the Rules.

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PROCEDURE XV. CLEARING FUND FORMULA AND OTHER MATTERS²

***[Changes to the Rules & Procedures, as amended by File No. SR-NSCC-2020-017, are available at [---

¹ **IIEX will initially be offered only to I&RS Members that are members of the pilot group \(“Pilot Group”\) that has been working on the development of IIEX with the Corporation. The Corporation will offer IIEX to members of the Pilot Group in November 2020 in order to finalize testing in a production environment. NSCC will not charge the members of the Pilot Group until the first full month that IIEX is available to the Pilot Group in a production environment which is anticipated to be December 2020. On January 1, 2021, IIEX will be offered to all I&RS Members and their service providers pursuant to this Rule 57 and this footnote will automatically be removed from this Rule.**](http://dtcc.com/~media/Files/Downloads/legal/rule-</i></u></p></div><div data-bbox=)***

² All calculations shall be performed daily or, if the Corporation deems it appropriate, on a more frequent basis.

filings/2020/NSCC/SR-NSCC-2020-017.pdf. These changes became effective upon filing with the SEC but have not yet been implemented. By no later than November 30, 2020, these changes will be implemented and this legend will automatically be removed from the Rules & Procedures.]

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I.(C) Clearing Fund Formula for Mutual Fund/Insurance Services Members who use the Mutual Fund Services.³

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I.(D) Clearing Fund Formula for Fund Members, Insurance Carrier/Retirement Services Members and Certain Mutual Fund/Insurance Services Members

The Clearing Fund Formula for each Fund Member, Insurance Carrier/Retirement Services Member and those Mutual Fund/Insurance Services Members who use the Corporation's Insurance ~~and~~ Retirement ~~Processing~~ Services shall be established at such time as the Corporation determines appropriate.

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ADDENDUM A

NATIONAL SECURITIES CLEARING CORPORATION

FEE STRUCTURE

[Changes to the Rules & Procedures, as amended by File No. SR-NSCC-2020-017, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/rule-filings/2020/NSCC/SR-NSCC-2020-017.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. By no later than November 30, 2020, these changes will be implemented and this legend will automatically be removed from the Rules & Procedures.]

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III. DELIVERY SERVICE FEES

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³ This section applies to entities whose use of the Corporation's services are restricted to the Mutual Fund Services and/or the Insurance ~~and~~ Retirement ~~Processing~~ Services. Entities which use or are permitted to use Services other than or in addition to the Mutual Fund Services ~~and~~ Retirement ~~Processing~~ Services are covered by section I.(A).

K. Insurance ~~and~~ Retirement ~~Processing~~ Services^{4, 5}

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⁴ Unless otherwise noted, all Insurance ~~and~~ Retirement ~~Processing~~ Services transaction fees are per side, and both sides are charged for each item. Volume is calculated on an aggregate basis among qualified carrier members or qualified distributor members, as applicable.

Multiple destination fees apply. Participants directing NSCC to deliver Insurance ~~and~~ Retirement ~~Processing~~ Service files to more than two (2) destinations will be charged an additional monthly fee, per product, as follows: (i) Participants directing NSCC to deliver Insurance ~~and~~ Retirement ~~Processing~~ Service files to three (3), four (4) or five (5) destinations will be charged an additional \$50 per month, per product; and (ii) Participants directing NSCC to deliver Insurance ~~and~~ Retirement ~~Processing~~ Service files to more than five (5) destinations will be charged an additional \$100 per month, per product.

⁵ Extraordinary Event Pricing: if arranged in advance with NSCC, a Participant may qualify for a credit on transaction fees incurred due to extraordinary events such as mergers or mass reconciliations that generate unusually high transaction volume for a limited duration. With respect to transaction types for which the participant has no history of prior usage, the credit is in the amount of 85% of the transaction fees chargeable in respect of the transaction type, with an additional credit in the amount of 5% if the participant continues use of the transaction type after the event. With respect to transaction types for which the participant has a history of prior usage, the credit is in an amount sufficient to produce an aggregate fee for the transaction type that is no more than 120% of the average amount charged to the participant in respect of such transactions in the prior three months.

i. Insurance Profile

(1) Insurance Carrier/Retirement Services Members

Subscription	Monthly Fee
Full Data Subscription	\$3,000
Limited Data Subscription	\$1,500

(2) Members, Mutual Fund/Insurance Services Members and Data Services Only Members

Subscription	Monthly Fee
Full Data Subscription	\$3,000
Limited Data Subscription	\$1,500
Full Data Subscription (User Web Interface Only)	\$500, plus \$1.25 per CUSIP download transaction charge
Limited Data Subscription (User Web Interface Only)	\$250, plus \$1.25 per CUSIP download transaction charge

j. Insurance Information Exchange (IIEX)

IIEX Fees for Members and Limited Members

Monthly subscription fee based on the number of policies that the Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member or Data Services Only Member, as applicable, would be entitled to access from the IIEX data repository as follows:

<u>Number of Policies</u>	<u>Monthly Fee</u>
<u>0 – 50,000</u>	<u>\$1,500</u>
<u>50,001 – 200,000</u>	<u>\$2,000</u>
<u>200,001 – 400,000</u>	<u>\$3,000</u>
<u>Greater than 400,000</u>	<u>\$5,000</u>

IIEX Fees for Service Providers (APIs only)

Monthly subscription fee based on the number of policies that the service provider would be entitled to access from the IIEX

data repository as follows:

<u>Number of Policies</u>	<u>Monthly Fee</u>
<u>0 – 50,000</u>	<u>\$750</u>
<u>50,001 – 200,000</u>	<u>\$1,000</u>
<u>200,001 – 400,000</u>	<u>\$1,500</u>
<u>Greater than 400,000</u>	<u>\$2,500</u>

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ADDENDUM D

STATEMENT OF POLICY

ENVELOPE SETTLEMENT SERVICE, MUTUAL FUND SERVICES, INSURANCE ~~AND~~ RETIREMENT ~~PROCESSING~~-SERVICES AND OTHER SERVICES OFFERED BY THE CORPORATION

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Specifically, but not in limitation of the foregoing, Members, Mutual Fund/Insurance Services Members, Insurance Carrier/Retirement Services Members and Fund Members are hereby advised that with respect to the Mutual Fund Services and Insurance ~~and~~ Retirement ~~Processing~~-Services, if at any time the Corporation fails to receive payment from a Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member or Fund Member which payment was to be used to make payment to the contra side of the Mutual Fund Services or Insurance ~~and~~ Retirement ~~Processing~~-Services transaction, the Corporation, in its discretion, may reverse in whole or in part any credit previously given to any Member, Mutual Fund/Insurance Services Member, Insurance Carrier/Retirement Services Member or Fund Member who is the contra side to the Mutual Fund Services or Insurance ~~and~~ Retirement ~~Processing~~-Services transaction within such time frame as determined by the Corporation from time to time.

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