



## **RULES & PROCEDURES**

TEXT OF PROPOSED RULE CHANGE

**Bold and underlined text** indicates proposed added language.

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

## RULE 52. MUTUAL FUND SERVICES

**[Changes to this Rule 52, as amended by File No. SR-NSCC-2022-002 are available at <https://www.dtcc.com/-/media/Files/Downloads/legal/rulefilings/2022/NSCC/SR-NSCC-2022-002.pdf>. These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. These changes will be implemented on March 28, 2022. Upon implementation, this legend will automatically be removed from this Rule 52.]**

### A. Fund/SERV®

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SEC. 2. A Member, Mutual Fund/Insurance Services Member, TPA Member, TPP Member or Investment Manager/Agent Member who desires to submit a Fund/SERV Eligible Fund order (e.g. purchase, redemption, exchange) or transaction to another Member (referred to as a Mutual Fund Processor) or Fund Member may do so by submitting order data to the Corporation on the day the order is intended to take place (“Trade Date”) or, to the extent established by each Fund Member, any day thereafter (hereinafter referred to as “As-Of” orders) **or any day prior to the Trade Date**, in such form and by such times as established by the Corporation from time to time.<sup>1</sup> An order submitted by a Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or TPA Member that does not indicate otherwise shall be settled through the facilities of the Corporation. An order processed through Fund/SERV but not settled through the Corporation’s facilities is referred to hereinafter as a “Fund/SERV Processing Only Transaction,” and the settlement of such transactions is the responsibility of the parties thereto.

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SEC. 4. A Mutual Fund Processor or Fund Member may **acknowledge (in the case of an interval fund repurchase order)**, confirm or reject an order received from a Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or a TPA Member by transmitting such **acknowledgement**, confirmation or rejection to the Corporation in such form and by such time as established by the Corporation from time to time. If the order was submitted by a TPP Member, TPA Member or Investment Manager/Agent Member, the corresponding TPP/TPA/IMA Settlement Entity will be notified of the action taken by the Mutual Fund Processor or Fund Member. All orders (except money market purchase orders) not **acknowledged**, confirmed or rejected within such time will be deleted from the Fund/SERV system. Upon receipt of a rejection from a Mutual Fund Processor or Fund

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<sup>1</sup> A Fund Member or Mutual Fund Processor may indicate to the Corporation the parameters and types of orders it is willing to process through Fund/SERV.

Member, the Corporation will delete the unsettled order from Fund/SERV. Responsibility for adjusting any orders which are deleted from Fund/SERV is between the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or the TPA Member, as the case may be, and the Mutual Fund Processor or Fund Member. In addition to the foregoing, if a Mutual Fund Processor or Fund Member recognizes that he has incorrectly priced orders, other than exchange orders, that were confirmed through Fund/SERV, in order to adjust the price for all such orders (other than money market orders) he may, until the day prior to settlement day, submit a reconfirmation in such form and by such time as established by the Corporation from time to time and with respect to money market orders settling on a same day basis he may on settlement day submit a reconfirmation in such form and by such time as established by the Corporation from time to time; provided, however, that no reconfirmation may be submitted if a Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or a TPA Member has submitted a correction, as provided for in Section 7 of this Rule; instead, the procedures set forth in Section 7 of this Rule shall apply.

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SEC. 8. A Mutual Fund Processor or Fund Member may either **acknowledge (in the case of an interval fund repurchase order)**, accept or reject a correction in such form and by such time as established by the Corporation from time to time. A Mutual Fund Processor or Fund Member must submit a correction confirmation in order to accept a correction. Corrections which are not confirmed or rejected within such time will be deleted from the Fund/SERV system. Upon receipt of a rejection, the Corporation will delete the order from Fund/SERV. Any orders which are deleted from Fund/SERV must be adjusted directly between the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or the TPA Member, as the case may be, and the Mutual Fund Processor or Fund Member.

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SEC. 11. (a) All money market purchase orders and all other confirmed or reconfirmed orders and money only related charges for which settlement is to take place through the facilities of the Corporation, except for orders that have been deleted, rejected or exited, or for which releases to settlement have not been submitted by the Fund Member or Mutual Fund Processor, will settle in accordance with the time frames as established by the Corporation from time to time, or in such extended or shortened time frame as established by agreement of the submitting parties; provided however, that such modified time frame shall be no shorter than T ~~and no longer than T+7~~. On settlement date, the Corporation will debit and credit the appropriate Members', Mutual Fund/Insurance Services Members', Mutual Fund Processors' or Fund Members' account for the value of such orders and money only related charges.

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**~~SEC. 13-14. (Section numbers reserved for future use.)~~**

SEC. ~~135~~. A Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or a TPA Member may submit registration data for orders and transactions processed and/or settled through Fund/SERV by transmitting such data to the Corporation in such form and by such time as established by the Corporation from time to time. Upon receipt of the registration data, the Corporation will review the data for such information which the Corporation determines from time to time to be necessary (including applicable Fund Member or Mutual Fund Processor parameters). If such data does not contain the information required by the Corporation, the Corporation will reject the data and report such rejection to the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member and the TPA Member, as the case may be, in such form and by such time as established by the Corporation from time to time. A Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member or a TPA Member who desires to resubmit registration data that has been rejected must resubmit the registration data as if it had never been submitted. If the registration data appears to contain the information required by the Corporation, the Corporation will transmit the data to the Mutual Fund Processor or Fund Member in such form and by such time as established by the Corporation from time to time. The Mutual Fund Processor or Fund Member must accept or reject the registration data in such form and by such time as established by the Corporation.

SEC. ~~146~~. ACAT/TRANSFERS

(a) Within the time frame established by the Corporation, the Corporation may transmit, to a Mutual Fund Processor or Fund Member, Fund/SERV Eligible Fund customer account transfer data in such form and by such time as established by the Corporation from time to time. The Mutual Fund Processor or Fund Member must reject or confirm the transfer in such format and by such time as established by the Corporation. Transfers not confirmed or rejected within such time frame will be deleted from the Fund/SERV system by the Corporation.

(b) The Corporation may permit a Member to designate another Member or Mutual Fund/Insurance Services Member as its ACATS-Fund/SERV Agent with regard to the re-registration of eligible book share mutual fund assets. Members and ACATS-Fund/SERV Agents must notify the Corporation of such designation in such form and within such timeframe as determined by the Corporation from time to time.

If such designation is made, the ACATS-Fund/SERV Agent (and not the ACAT Receiving or Delivering Member, as the case may be) will be identified on reports and output transmitted to a Mutual Fund Processor or Fund Member. Notwithstanding such designation, the Member shall at all times be responsible for all provisions of these Rules.

~~The processing of orders during an underwriting or tender offer will be the same as specified in this Rule except as modified below in Section 17.~~

**SEC. 17. Underwritings/Tender Offers**

~~(a) A Mutual Fund Processor or Fund Member who desires orders to be processed as part of an underwriting or tender offer (hereinafter called "Event") shall, in such form and by such time as established by the Corporation from time to time, submit to the Corporation such details of the Event as the Corporation may require or permit, including but not limited to the Members, Mutual Fund/Insurance Services Members, Investment Manager/Agent Members, TPP Members or the TPA Members and corresponding TPP/TPA/IMA Settling Entities entitled to participate in the Event as established by the Mutual Fund Processor or Fund Member, duration of the Event (hereinafter called the "Acceptance Period"), the type of order data that may be accepted and, the settlement date of the Event. Order data received by the Corporation for Fund/SERV Eligible Funds undergoing an Event for which the Corporation has not received details of the Event will not be processed in accordance with this Section.~~

~~(b) Upon receipt of the details, the Corporation will review the details for such information as the Corporation determines from time to time to be necessary. If the details do not include the required data the Corporation will reject the details. If the settlement date provided is not a Business Day, the data shall not be rejected but the next valid Business Day will be assigned by the Corporation as the settlement date.~~

~~(c) It shall be the obligation of a Mutual Fund Processor or Fund Member to determine the appropriateness of any order submitted during an Event and to take such action necessary to reject any invalid orders.~~

~~(d) A Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member, TPA Member or TPP/TPA/IMA Settling Entity may submit, during the Acceptance Period, a deletion of an underwriting order in such form and by such time as established by the Corporation.~~

~~(e) A Mutual Fund Processor or Fund Member may submit a reconfirmation beginning two days after the first day of the Acceptance Period until three days prior to settlement date.~~

~~(f) Settlement will occur in accordance with the time frames as established by the Corporation from time to time based upon data provided by a Mutual Fund Processor or Fund Member provided, however, that in no event shall settlement occur earlier than three (3) Business Days after the date the Corporation receives notice of the settlement date from the Mutual Fund Processor or Fund Member.~~

~~(g) If notice of cancellation of an Event is not received by the Corporation in such form and by such time as established by the Corporation and in no event later than three (3) Business Days prior to settlement date, settlement shall occur as previously established and it shall be the responsibility of the Member, Mutual~~

**Fund/Insurance Services Member or TPP/TPA/IMA Settling Entity and Mutual Fund Processor or Fund Member to adjust the item directly.**

**SEC. 158.** Transfer of Registration

(a) The Corporation may provide a service to enable the transfer of instructions relating to the registration of Fund/SERV Eligible Fund Shares between a Member and a Fund Member or Mutual Fund Processor (each, a “participant”). For purposes of this Section 158, the participant to which the registration is to be transferred is referred to as the “Receiving Participant” and the participant that initially holds the registration that is subject to transfer is referred to as the “Delivering Participant”.

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(e) Unless otherwise agreed between the participants that are a party to a transfer request transaction subject to this Section 158, each participant that submits a transfer request through the Corporation (the “Requesting Participant”) agrees as follows:

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**~~SEC. 19-20 (Section numbers reserved for future use.)~~**

**SEC. 1624.** Transfers of Fund/SERV Eligible Fund Shares.

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**~~SEC. 22-45. (Section numbers reserved for future use.)~~**

**SEC. 1746.** Notwithstanding the foregoing, the submission of a transaction or instruction through Fund/SERV and settlement, deletion, rejection and exit of such transaction or instruction from or through Fund/SERV shall not otherwise relinquish, extinguish or affect any legal rights, remedies or obligations of the Member, Mutual Fund/Insurance Services Member, Investment Manager/Agent Member, TPP Member, TPA Member, Mutual Fund Processor or Fund Member arising out of such transaction or instruction.

**SEC. 1847.** Each Business Day, the Corporation will make data available to Members, Mutual Fund/Insurance Services Member, Investment Manager/Agent Members, TPP Members, TPA Members, TPP/TPA/IMA Settling Entities, Mutual Fund Processors and Fund Members, indicating the status of all Fund/SERV transactions and instructions submitted to the Corporation. On a daily basis, Members, Mutual Fund/Insurance Services Members, Investment Manager/Agent Members, TPP Members, TPA Members, TPP/TPA/IMA Settling Entities, Mutual Fund Processors and Fund Members must compare the data against their records and any discrepancies must be immediately reported to the Corporation. To the extent necessary or appropriate, the Corporation may cause an adjustment to be made to the data within such time as the Corporation determines to be necessary.

SEC. ~~1948~~. At any time, the Corporation may prohibit one or more orders, money only related charges or transfer requests from settling through Fund/SERV if the Corporation, in its discretion, determines that such action is necessary for the protection of the Corporation, Members, Mutual Fund/Insurance Services Members, Fund Members, creditors or investors.

SEC. ~~2049~~. (a) The Corporation may delete from Fund/SERV any incompleated Fund/SERV items, with the exception of incompleated ACAT-Fund/SERV items, upon the withdrawal of a Member or Mutual Fund/Insurance Services Member from participation in Fund/SERV, but not earlier than five Business Days following notification to Members and Mutual Fund/Insurance Services Members of such Member's or Mutual Fund/Insurance Services Member's intention to withdraw from Fund/SERV, where such Member or Mutual Fund/Insurance Services Member continues as such or is merged into or acquired by another Member or Mutual Fund/Insurance Services Member which is not a participant in Fund/SERV.

(b) The Corporation may delete from Fund/SERV any incompleated Fund/SERV items upon the withdrawal of a TPP Member, TPA Member or Investment Manager/Agent Member from participation in Fund/SERV, but not earlier than five Business Days following notification to the TPP/TPA/IMA Settling Entity of such TPP Member's, TPA Member's or Investment Manager/Agent Member's intention to withdraw from Fund/SERV.

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B. Networking

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~~SEC. 6-49. (Section numbers reserved for future use.)~~

SEC. ~~650~~. The Corporation will not be responsible for the completeness or accuracy of any customer account or payment data received from or transmitted to a Member, Mutual Fund/Insurance Services Member, Fund Member, Data Services Only Member, Investment Manager/Agent Member, TPP Member or a TPA Member 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 customer account or payment data to or from a Member, Mutual Fund/Insurance Services Member, Fund Member, Data Services Only Member, Investment Manager/Agent Member, TPP Member or a TPA Member.

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