

MEMO# 9829

April 8, 1998

DEFINED CONTRIBUTION PROCESSING GUIDELINES

[9829] April 8, 1998 TO: BANK AND TRUST ADVISORY COMMITTEE No. 4-98
BROKER/DEALER ADVISORY COMMITTEE No. 6-98 OPERATIONS MEMBERS No. 10-98
TRANSFER AGENT ADVISORY COMMITTEE No. 22-98 RE: DEFINED CONTRIBUTION
PROCESSING GUIDELINES

Enclosed
please find the Defined Contribution Processing Guidelines document which was developed by the Defined Contribution User Group ("DCUG") and the Bank and Trust Advisory Committee ("BTAC") to facilitate the use of NSCCGs new Defined Contribution Clearance & Settlement Service. The document provides detailed guidelines for utilizing NSCCGs defined contribution interface to process mutual fund capital share transactions in defined contribution plans. The guidelines address the operational issues facing all the parties potentially involved in a transaction including bank trust companies, third party administrators ("TPAs"), clearing agents, broker-dealers and mutual fund companies. The preferred processing methods outlined in the document are not NSCC requirements but rather, are recommended best practices developed and approved by the DCUG and the BTAC which we anticipate will become the industry standard. The guidelines will be periodically updated to reflect business and technical developments. The ICI and the NSCC would like to acknowledge the following persons who contributed to the development of the Defined Contribution Processing Guidelines document: Jeff Becker, SunGard Shareholder Systems Gary Collins, Daily Access Russell Curtis, Putnam Paul Gaydor, State Street Jim Green, Fidelity Kathy Hill, Vanguard Ernie Linane, Edgewood Services Rob McCabe, DST Systems Linda Messoro, First Data Corporation Scott Morrison, Putnam Betsey Orlowski, Putnam Nino Palermo, American Funds Service Company Pam Pierce, DST Dana Rubin Scott Seibel, NSCC Stephen Slusarczyk, Vanguard David Warsoff, Goldman Sachs Funds Questions or comments about the enclosed Defined Contribution Processing Guidelines document can be directed to Diane Butler of the ICI at 202/326-5847, to NSCCGs Mutual Fund Hotline at 212/412-8893 or to any of the above named individuals. Additional copies of the document can be obtained from the NSCC or the ICI. The document is also available via the internet to authorized users of the NSCCGs mutual fund website which is fundserv.nsc.com. Frank Litwin Diane Butler Chairman - Bank & Trust Advisory Committee Director - Operations & Fund Custody Enclosure