

MEMO# 7382

November 1, 1995

NEW SERVICE ALLIANCE BETWEEN MUTUAL FUND INDUSTRY AND NATIONAL SECURITIES CLEARING CORPORATION (NSCC)

November 1, 1995 TO: BANK BROKER/DEALER ADVISORY COMMITTEE No. 25-95
BROKER/DEALER ADVISORY COMMITTEE No. 28-95 OPERATIONS MEMBERS No. 44-95
TRANSFER AGENT ADVISORY COMMITTEE No. 54-95 RE: NEW SERVICE ALLIANCE BETWEEN
MUTUAL FUND INDUSTRY AND NATIONAL SECURITIES CLEARING CORPORATION (NSCC)

On behalf of the mutual fund industry, the Investment Company Institute is pleased to announce that the National Securities Clearing Corporation (NSCC) has been selected as the vendor of choice for the development of centralized clearing facilities for, respectively, the automated transfer of retirement account assets, and the daily processing of 401(k) plan activity. These new efforts, in conjunction with mutual fund related services that the NSCC already provides in the form of Fund/SERV, Networking and Commission Settlement, uniquely position the NSCC as the preeminent service utility of the mutual fund industry. To signal its commitment to this new service alliance, the NSCC has proposed a series of recommendations aimed at further bolstering its already significant partnership with the mutual fund community. Among these recommendations, the Institute is pleased to note that, by years end, the NSCC will appoint an additional representative from the mutual fund industry to join Bob Lucey of Putnam on its Board of Directors. In addition to increased board membership, the NSCC has proposed that the mutual fund industry convene an advisory council of industry operations executives to provide input to the NSCC in formulating an overall strategy with respect to fund industry service delivery issues. To that end, the NSCC will examine possibilities with respect to the development of a generic PC platform, and to revised membership standards aimed at broadening the availability of clearinghouse services to the mutual fund community's ever more diverse population of distributors. As a prelude to these important developments, senior NSCC officials will address the ICIs Operations Committee during its November 28, 1995 meeting in San Francisco. Furthermore, the NSCC expects to shortly deliver a press release detailing the particulars of its approach to its new service partnership with the mutual fund industry. And, in the months to come, the ICI and the NSCC will be sponsoring joint workshops in several cities across the US aimed at providing mutual fund users with a fuller appreciation of the services NSCC has to offer, and a greater understanding of how these services can create value for the industry and its shareholders. In the interim, if you have any questions or concerns regarding this new service alliance, or regarding the NSCC in general, please do not hesitate to contact Kevin Farragher (202/326- 5848), or the undersigned

(202/326-5845). We will keep you informed of further developments. Donald J. Boteler Vice President Operations

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