



**Important Notice**  
National Securities Clearing Corporation

<b>A#:</b>	<b>9450</b>
<b>P&amp;S:</b>	<b>9023</b>
<b>Date:</b>	<b>June 26, 2024</b>
<b>To:</b>	<b>ALL MEMBERS AND LIMITED MEMBERS</b>
<b>From:</b>	<b>WEALTH MANAGEMENT SERVICES – MUTUAL FUNDS</b>
<b>Attention:</b>	<b>MANAGER MUTUAL FUNDS OPERATIONS, MANAGER DATA PROCESSING, MANAGER CASHIERS, MANAGER P&amp;S DEPARTMENT</b>
<b>Subject:</b>	<b>Profile Security Enhancements - SECURE 2.0 Act &amp; Money Market Reform</b>

Effective **Monday, September 30, 2024**, National Securities Clearing Corporation (NSCC) will implement **enhancements to Mutual Fund Profile Service II – Profile Security Database (Profile Security)** to assist clients in complying with the regulatory requirements of the **SECURE 2.0 Act of 2022** and **Money Market Reform**.

**SECURE 2.0 Act of 2022 (SECURE 2.0)**

The SECURE 2.0 Act of 2022, part of the Consolidated Appropriations Act of 2023, expands on the SECURE Act of 2019 to improve retirement-savings opportunities.

**Money Market Reform**

In July 2023, the Securities and Exchange Commission (“SEC”) adopted amendments to rules that govern money market mutual funds (“Money Market Reform”) under the Investment Company Act of 1940. The amendments remove provisions in the current rule that permit a money market fund to suspend redemptions temporarily through a gate and allow money market funds to impose liquidity fees (Mandatory and Discretionary) under certain conditions.

In connection with SECURE 2.0 and Money Market Reform, NSCC collaborated with working groups of the Investment Company Institute’s Broker/Dealer Advisory Committee, and Bank/Trust/Retirement Advisory Committee to recommend enhancement to NSCC’s Mutual Fund Services for the purpose of assisting our clients in complying with the new regulatory requirements. Below is a summary of the enhancements included in this release. Details illustrating the specific enhancements are included in the attached Appendix. ***The Appendix is for informational purposes and may not represent the final record layouts. NSCC reserves the right to make additional changes prior to implementation.***

## A. SECURE 2.0

The following new Social Codes will be added to provide required transparency to both intermediaries and funds to distinguish Roth SIMPLE and Roth SEP IRA account types from traditional SIMPLE and SEP IRA accounts.

- Roth SIMPLE IRA (fund-prototype)
- Roth SIMPLE IRA (non-prototype)
- Roth Simplified Employee Pension (SEP) IRA (fund-prototype)
- Roth Simplified Employee Pension (SEP) IRA (non-prototype)

## B. Money Market Reform

- The 'Money Market Fund Indicator' field description will be updated to further delineate the Money Market Fund categorization of Retail, Institutional, and Government funds.
- The 'Liquidity Fee/Redemption Gate Eligibility Fund Indicator' field name and description will be updated to remove reference to 'Redemption Gate', as the amended rule eliminated the gate provision.
- The 'Liquidity Fee Eligibility Fund Indicator' field value logic in the web interface will be updated to default to "Yes" for Prime & Tax-Exempt Money Market Funds to minimize manual data entry for clients.

## DOCUMENTATION

Updated documentation will be available on the DTCC Learning website **on or about September 23, 2024**. An email notification will be sent when the revised documentation has been posted to the website.

**Please note:** Details regarding additional enhancements to Mutual Fund Services in support of the aforementioned regulatory requirements were communicated via the following Important Notices:

- [a9441](#) - Fund/SERV®, Networking, Payment-aXis®, and ACATs-Fund/SERV
- [a9443](#) - MF Info Xchange

## TESTING

**Effective Monday, September 23, 2024**, clients can begin testing the enhancements in the Participant Services Environment (PSE) test region.

Clients are requested to test and must contact their Relationship Manager before testing the user interface changes if access to the PSE region has not been previously established.

Questions and comments regarding this Important Notice may be directed to your Relationship Manager or Wealth Management Services at 212-855-8877 or [WMSconnect@dtcc.com](mailto:WMSconnect@dtcc.com).

Peter Reist  
Product Manager

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DTCC Wealth Management Services

**Appendix**  
**(Batch Files & Web Screens)**

**A. SECURE 2.0 Enhancements**

**Social Code Enhancements (Batch files and Web Screens)**

The following new social codes will be added to **Profile Security**. These social codes will provide transparency to both firms and funds to identify Roth SIMPLE and Roth SEP IRA account types from traditional SIMPLE and SEP IRA accounts.

<b>Social Code</b>	<b>NSCC Social Code Description</b>	<b>Definition and Best Practice</b>
A6	Roth SIMPLE IRA (fund-prototype)	Use for accounts registered under the fund's custodial IRA plan.  Best Practice: Fund is responsible for tax reporting.
A7	Roth SIMPLE IRA (non-prototype)	Use for accounts not registered under the fund's custodial IRA plan.  Best Practice: Firm is responsible for tax reporting.
A8	Roth Simplified Employee Pension (SEP) IRA (fund-prototype)	Use for accounts registered under the fund's custodial IRA plan.  Best Practice: Fund is responsible for tax reporting.
A9	Roth Simplified Employee Pension (SEP) IRA (non-prototype)	Use for accounts not registered under the fund's custodial IRA plan.  Best Practice: Firm is responsible for tax reporting.

***Clients are strongly encouraged to review and update the mapping of accounts on their systems to the appropriate NSCC social code when communicating through NSCC.***

## B. Money Market Reform Enhancements

The following updates to Profile Security are informational and consist of modifications to existing field names and value descriptions; **no new functionality is being introduced**. Batch file updates will include both fixed and variable record layouts. However, for the purpose of illustration, the fixed record layouts are used below. **Red text** indicates updates to existing fields.

- a) The 'Money Market Fund Indicator' field description will be updated to further delineate Money Market Fund categorization of Retail, Institutional, and Government funds, allowing clients to select the Money Market type that most accurately describes their Product (**Batch & Web**).

- **Batch Record Type 033** – Money Market Fund Data, Record 1 of 3

Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req	Reject Code
Money Market Fund Indicator	58	58	1	A/N	1 = Retail MM 2 = Institutional MM 3 = Government MM	1 = Retail MM <b>(Prime &amp; Tax Exempt)</b> 2 = Institutional MM <b>(Prime &amp; Tax Exempt)</b> 3 = Government MM <b>(Retail &amp; Institutional)</b>	R	0790
<b>Note:</b> Required when the Product Type Code = "02" (Money Market Mutual Fund) or "15" (Section 529 Money Market) on the General Profile Record - Record Type 020								

- **Web Interface** – 'Money Market Fund Indicator' field, located under the General Profile/Money Market Fund Detail section of the Fund Portfolio Details tab.

The field values under the 'Money Market Fund Indicator' field will be updated, allowing clients to select either:

- Money Market Retail (Prime & Tax Exempt)
- Money Market Government (Retail & Institutional)
- Money Market Institutional (Prime & Tax Exempt)

* Money Market Fund Indicator	Money Market Institutional (P v)
* Money Market Liquidity Fee Eligibility Fund Indicator	Money Market Retail (Prime & Tax Exempt)
* Offering Type	Money Market Government (Retail & Institutional)
	Money Market Institutional (Prime & Tax Exempt)

b) The 'Liquidity Fee/Redemption Gate Eligibility Fund Indicator' field name and description will be updated to remove reference to 'Redemption Gates', as the rule eliminated the gate provision (**Batch & Web**).

- **Batch Record Type 033** – Money Market Fund Data, Record 1 of 3

Current Field Name	New Field Name	Start	End	Len	Type	Current Description	New Description	Opt/Req	Reject Code
Liquidity Fee / Redemption Gate Eligibility Fund Indicator	<b>Liquidity Fee Eligibility Fund Indicator</b>	57	57	1	A/N	0 – No, Fund is not subject to Money Market Liquidity Fees/ Redemption Gates  1 – Yes, Fund is subject to (may potentially impose) Money Market Liquidity Fee/Redemption Gate	<b>0 – No, Fund is not subject to Money Market Liquidity Fees</b>  <b>1 – Yes, Fund is subject to (may potentially impose) Money Market Liquidity Fee</b>	R	0792

- **Web Interface** – 'Money Market Liquidity Fee/Redemption Gate Eligibility Fund Indicator' field, located under the General Profile/Money Market Fund Detail section of the Fund Portfolio Details tab.

The field name will be updated as indicated below to remove reference to 'Redemption Gate', as the rule eliminated the gate provision.

Current Field Name	New Field Name
* Money Market Liquidity Fee/Redemption Gate Eligibility Fund Indicator	* Money Market Liquidity Fee Eligibility Fund Indicator

c) The 'Money Market Liquidity Fee Eligibility Fund Indicator' field value logic in the web interface will be updated to default to "Yes" for Prime & Tax-Exempt Money Market Funds to minimize manual data entry for clients (**Web only**)

The default values for this data point will be based on the value populated in the 'Money Market Fund Indicator' field as indicated below:

Money Market Fund Indicator	Default 'Money Market Liquidity Fee Eligibility Fund Indicator' Value
Money Market Retail (Prime & Tax Exempt)	"Yes, this money market fund may potentially impose a Liquidity Fee"
Money Market Government (Retail & Institutional)	"No, this money market fund is not subject to Liquidity Fees"
Money Market Institutional (Prime & Tax Exempt)	"Yes, this money market fund may potentially impose a Liquidity Fee"

**Default logic example:** If the 'Money Market Fund Indicator' field is populated with a value of 'Money Market Retail (Prime & Tax Exempt)', the 'Money Market Liquidity Fee Eligibility Fund Indicator' field will default to "Yes, this money market fund may potentially impose a Liquidity Fee".

\* Money Market Fund Indicator Money Market Retail (Prime) ▾

\* Money Market Liquidity Fee Eligibility Fund Indicator Yes, this money market fund ▾