



# Customer Focus



1993 Annual Report

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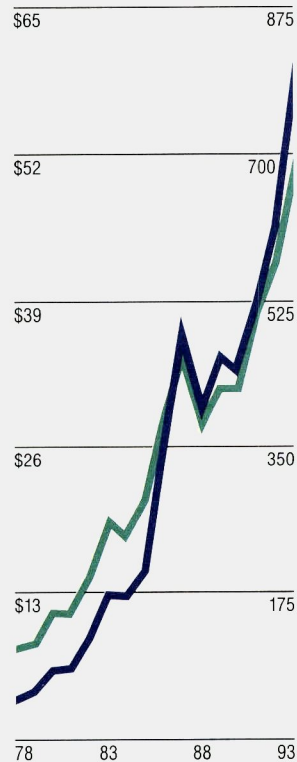
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NATIONAL SECURITIES CLEARING CORPORATION (NSCC), ESTABLISHED IN 1976, IS THE NATION'S LEADING PROVIDER OF CENTRALIZED CLEARANCE AND SETTLEMENT SERVICES TO OVER 1900 BROKERS, DEALERS, BANKS AND MUTUAL FUNDS. NSCC'S MISSION IS TO DELIVER HIGH QUALITY, INNOVATIVE SYSTEMS AND SERVICES THAT SUPPORT INDUSTRY REQUIREMENTS FOR COST EFFECTIVE, LOW RISK, HIGH VOLUME TRADE PROCESSING OF EQUITIES, BONDS AND MUTUAL FUND TRANSACTIONS.

NSCC ALSO PROVIDES CLEARANCE AND SETTLEMENT SERVICES TO U.S. BROKERS TRADING IN OVERSEAS MARKETS THROUGH INTERNATIONAL SECURITIES CLEARING CORPORATION (ISCC), A WHOLLY OWNED SUBSIDIARY OF NSCC; AND BROKERS, DEALERS AND BANKS TRADING IN GOVERNMENT SECURITIES THROUGH GOVERNMENT SECURITIES CLEARING CORPORATION (GSCC), AN AFFILIATE.

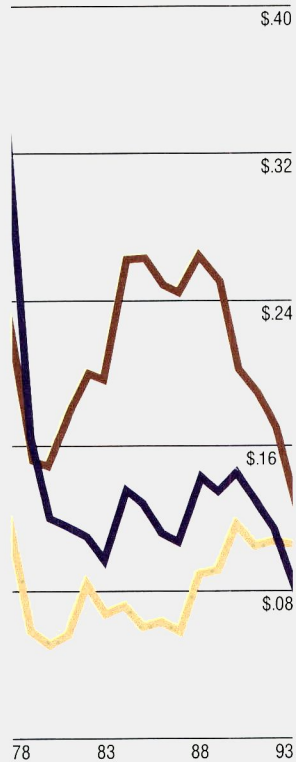
NSCC IS A REGISTERED CLEARING AGENCY, AND IS OWNED JOINTLY BY THE NEW YORK AND AMERICAN STOCK EXCHANGES AND THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**NSCC Average Daily Transactions Processed from 1978 -1993**



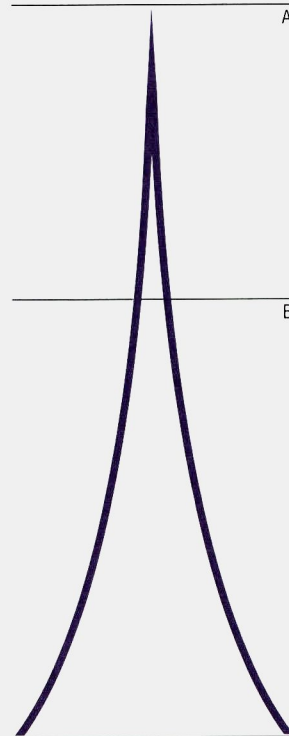
● Volume in thousands  
● Value in billions of dollars

**Average Cost Per Transaction (in dollars)**



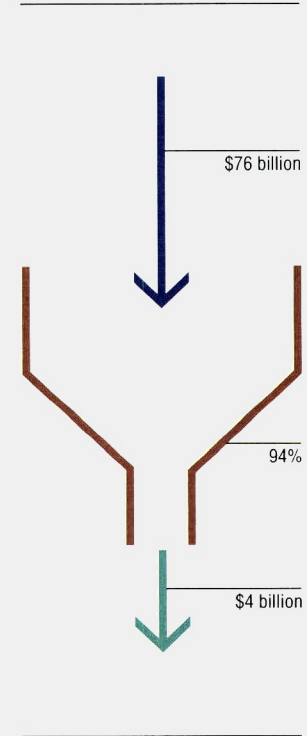
● Trade Processing  
● Clearance & Settlement  
● ACATS, Mutual Funds and Other

**A Peak Volume Day in 1993 compared with NSCC's Daily Average**  
A Peak Day - Feb. 23, 1993



A \$76 billion 910,000 transactions processed  
B \$60 billion average daily value of transactions settled 699,000 average daily volume of transactions processed

**Netting Factor for a Peak Day 1993**



NSCC reduces or nets the total number of financial obligations requiring settlement.

# To Our Participants

Milestones like NSCC's 15th anniversary last year, are both a cause for celebration and a reminder of how we achieved our success. With that in mind, it should come as no surprise that this year, NSCC's Annual Report is focused on you...our Customer.

We asked a number of client firms to help us show the diversity of our customer base and the range of products and services that we provide. Most of these firms use more services than the ones we've chosen to illustrate.

The point here is that NSCC truly is a national service organization, relentless in its commitment to understand and support customers, regardless of the size or geographic location of their business.

We are pleased to report that for NSCC, as well as our participants, 1993 was one of the best years in our history. Transaction processing volumes reached record levels. We enjoyed strong financial performance, and operations and planning efforts were very successful.

Volume growth and careful management of expenses allowed us to return a 51 percent discount to our members for 1993. Additionally, based on a careful analysis of volume anticipated in the coming year, NSCC's Board approved a 28 percent reduction in equity trade comparison fees and a 25 percent reduction in recording fees for the coming year.

To achieve its mission, NSCC must maintain a balance between three principal objectives: to provide cost-effective and reliable operations support, certainty to markets and their participants and to develop new applications and services that will support the industry's future requirements.

In line with these objectives, NSCC completed two major initiatives during 1993 — the Fixed Income Transaction System (FITS) and new Fund/SERV. Both represent the end products of efforts begun in 1990 to fundamentally change how we build systems...and recognize that our customers need greater operating flexibility to meet changing business requirements. Both of these new systems better position us for the transition to T+3.

In everything we do, NSCC works closely with our customers to define their needs and find appropriate solutions.

The New York Window is a good example. This platform of services addresses the high fixed costs of physical processing and the need to immobilize ineligible securities. The launch of the New York Window has been well received. Interest is growing in both the banking and brokerage sectors of the industry to see how these services can help provide economies of scale and be expanded to support other functions.

Looking ahead, NSCC has been moving to a state of readiness for settlement in T+3 and Same Day Funds for some time. This will require a major commitment of time and resources in 1994. We have identified 19 existing products that must undergo changes, and we established a project team to understand the impact on these systems, review that information with the industry and then begin the necessary modifications. We plan to complete these changes in advance of the mid-1995 deadline to enable our participants to have ample time for proper testing and training.

Over the past several years, the industry has made tremendous strides in reducing market and credit risk. Compressing settlement cycles and processing times, while improving operating efficiency, will bring more certainty to the overall marketplace.

On the international side of the business, the volume of transactions processed through ISCC's Global Clearing Network (GCN) surged this past year. This trend reflects the growth in cross-border investing and a growing confidence in ISCC's ability to support U.S. broker dealers trading in foreign securities.

In the U.S. government securities market, GSCC has been very successful in expanding the risk reduction benefits of netting to a growing number of participants. This has been accomplished by regularly bringing on new members, allowing non-member firms to access services through a GSCC member, and on-going efforts to create new membership categories.

GSCC is expected to complete two important initiatives in 1994 — first, to include members' Treasury



David M. Kelly (left), Raymond E. Wooldridge (right)

auction purchases in netting, and second, to compare and net repurchase agreements.

At this time, we want to express a special thanks to our Board for their valued support and guidance. We also want to express appreciation to our customers. Your willingness to share ideas, offer constructive feedback and your steadfast commitment to partner solutions that serve our industry's future are all very much responsible for NSCC's success.

We would also like to recognize the support provided by SIAC, and to acknowledge the numerous contributions of our NSCC staff, who work with a deep sense of pride and conviction to better serve customers. Without a doubt they believe, as we do, that this remains one of the most dynamic and fascinating industries anyone could be associated with.

Raymond E. Wooldridge, Chairman of the Board

David M. Kelly, President and Chief Executive Officer

# Focus on Our Customers

National Securities Clearing Corporation has a long and proud tradition of excellence in the delivery of post-trade processing of equities, bonds and mutual funds.

In fact, NSCC's Clearance and Settlement systems have been so successful in handling not only routine but unpredictable spikes in trading volume, that at times its key role in the national market system may seem almost transparent.

On any peak trading day during the year, however, NSCC effectively demonstrates how centralized clearance and settlement brings greater efficiency, standardization and helps reduce risk for member firms. Through



Wallace Bowling, Director of National Operations (left) and Walter Munsch, Director of Information Services (right), meeting with customers.

James Kiernan, Participant Services Representative, (far right).

NSCC's Continuous Net Settlement (CNS) system, the number of positions requiring settlement and the movement of funds to cover settlement are minimized. For example, during a peak day in February 1993, the number of financial obligations requiring settlement was reduced 94%, from \$76 billion to \$4 billion.

As a leading service organization, NSCC never rests on its laurels. In every aspect of our work, we are driven by one priority: our customer.

As the following pages illustrate, while headquartered in New York, NSCC serves a diverse customer base of broker/dealers, banks and mutual funds across the country. Whatever the size of the firm, the nature of its business or wherever it is located, our customers expect — and receive — nothing less than a seamless, high-quality level of service.

Customer focus is ingrained in the culture of NSCC. This focus is reflected not only in the support provided each day to troubleshoot problems firms may experience, but is equally evident in the design of systems NSCC develops.

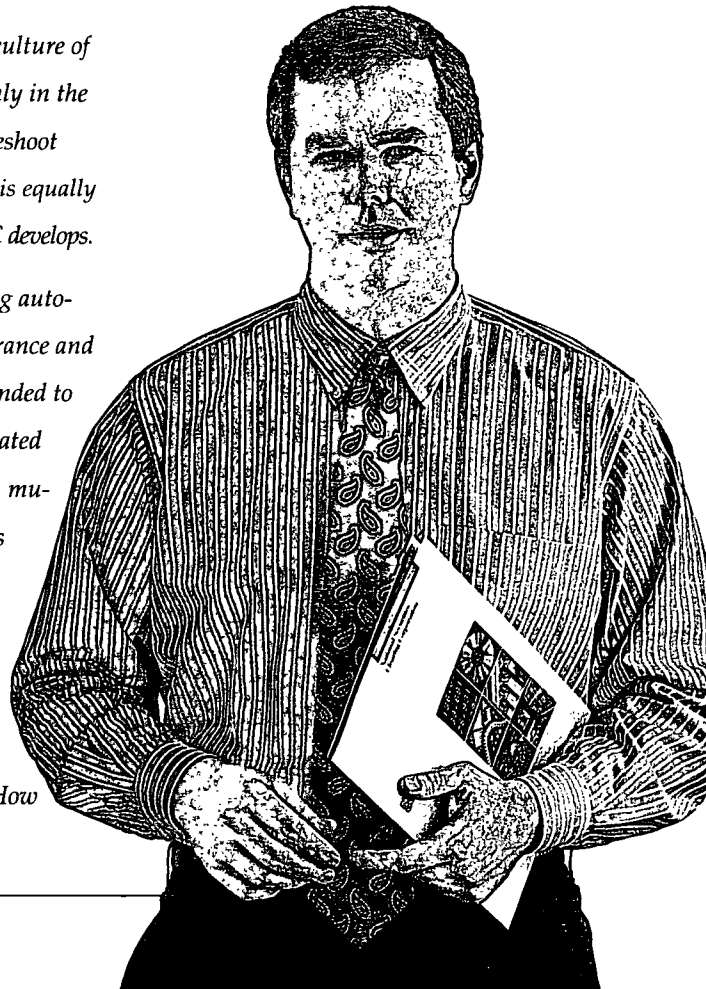
From the early challenges of bringing automation to an otherwise manual clearance and settlement process, NSCC has responded to the industry's call for similar automated solutions in handling mutual funds, municipal bonds, government securities and foreign securities transactions.

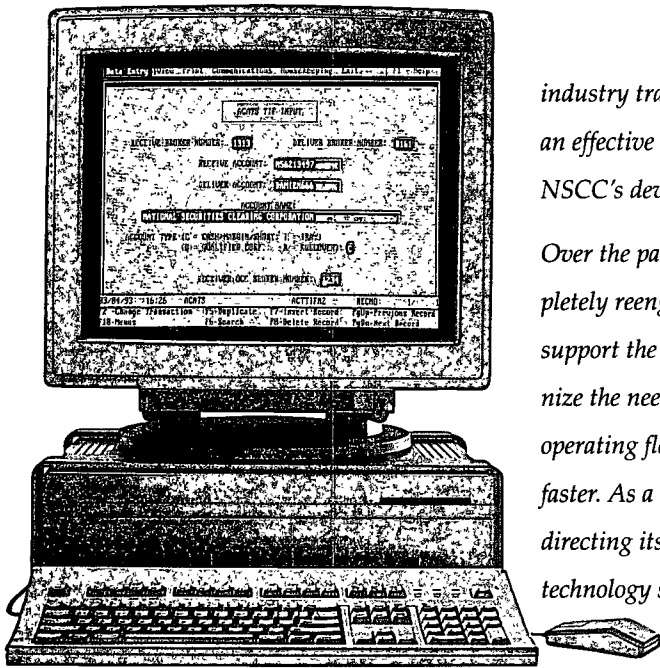
What are the trends driving change in the industry? What concerns do our customers have about how these trends might affect their business? How

can we build products and services that ensure the highest levels of operating flexibility and support the diverse constituencies that make up our participant base? What do our customers need to leverage further cost efficiencies?

These are only some of the ongoing questions NSCC regularly asks itself in the pursuit of customer-driven product and service strategies. In every area of the company, knowledgeable and dedicated people strive to gauge and respond to the often complex and changing requirements of member firms.

NSCC's Marketing Account Managers regularly reach out to senior executives at broker/dealers, mutual funds and banks by telephone and through periodic visits throughout the year. The insights garnered during these discussions play a critical role in guiding product development, introduction and training programs.





industry trade group committees, to provide an effective baseline of information to guide NSCC's development efforts.

Over the past several years, NSCC has completely reengineered how it builds systems to support the industry. These changes recognize the need to provide firms with greater operating flexibility and to develop services faster. As a result, NSCC's Planning staff is directing its efforts at building multi-user technology solutions that can be tailored to the platforms and requirements of individual firms.

The Legal, Compliance, Risk Management and Finance areas of NSCC are equally concerned with issues that affect customers. In 1993, NSCC's Legal department successfully completed a limited cross-guarantee and mandatory cross-endorsement agreement with DTC, which has since received approval

by the SEC. The agreement increases risk protection for NSCC members by allowing resources posted with either organization to be used in mitigating losses from the default of a common member.

In addition, the Compliance & Risk Management department has automated the submissions of monthly Focus Reports this past year, enhancing NSCC's ability to analyze financial data and monitor changes in a firm's financial condition. And NSCC's Finance department completed enhancements to the customer billing system, which will improve the quality of information available to our members.

At NSCC, providing leadership means that by staying focused on the customer we can better anticipate and respond to these issues in a way that adds value to our members — and to the industry.

In 1993, seminars on the rollout and training for the new Fixed Income Transaction System (FITS) were conducted in nine cities, reaching almost 500 representatives from over 165 firms. A detailed training manual and audio tape explaining FITS was broadly disseminated to firms not able to attend the seminars.

Similarly, an interdisciplinary team of NSCC Marketing and Planning professionals was organized last year to guide customers during the testing, training and implementation of new Fund/SERV.

Our Operations group provides important day-to-day support through staff based in New York and a network of branch offices around the country. In 1994, Operations will take the lead role in coordinating NSCC's effort in moving to T+3, working closely with the Securities Industry Automation Corporation (SIAC).

NSCC sponsors advisory groups made up of member firms, and its staff participates on



Jan Nymark, Manager, LAN User Support (left) working with Terry Wright, Director, Compliance.

**Bear Stearns & Co., Inc.**

Jeffrey C. Bernstein, Senior Managing Director (left) and Philip A. Lanz, Jr., Managing Director (right) from Bear Stearns, one of the firms that helped launch NSCC's New York Window, a major new initiative in 1993. The Window is a platform of services that support the clearance of physical securities for brokerage and banking institutions, including receipt and delivery of securities, envelope services, distribution of underwritings, end-of-day settlement and limited custody.



The New York Window reduces back-office expenses for customers through shared automated operations and a variable cost structure. Since the second quarter, the Window has cleared over 63,000 transactions in 1993, with a value of more than \$16 billion. The average daily value of transactions already exceeds \$120 million.

As New York Window continues to grow, NSCC anticipates that the industry will identify other areas where this platform can bring further efficiencies.

# Norththeast

While Smith Barney had been using NSCC's Networking system since 1988, the merger with Shearson brought an additional 300,000 subaccounts into the system and substantial growth is also expected in 1994.

## SMITH BARNEY SHEARSON

Networking is an automated record-keeping system that acts as a communication pipeline for updating non-trade related customer mutual fund account information between funds and broker/dealers, ensuring more accurate and efficient account maintenance and client support.

The number of firms and funds joining Networking continues to grow, reflecting an industry-wide move toward more effective asset management and improved service delivery.



**Fidelity Investments**

Robert J. Walker, Senior Vice President and Chief Operating Officer (right) and Robert M. Sauvageau, Vice President (left) from Boston-based Fidelity Investments, which went live on NSCC's Fund/SERV system in the third quarter of 1993.

As the nation's leading mutual fund group with over \$260 billion in assets under management, Fidelity joins those mutual funds in the fast-growing no-load segment of the industry that rely on Fund/SERV for centralized processing of mutual fund purchase and redemption orders, confirmation, settlement and account registration.

With the addition of Fidelity, over 185 fund families, including 14 no-load funds, and 145 financial services firms are processing their mutual fund transactions through Fund/SERV. During 1993, the average daily volume of mutual fund orders processed jumped 50% to 34,000 transactions, with a daily gross settlement of \$500 million.





**Colonial Mutual**

Manuel R. Hernandez, President of the Colonial Investors Service Center, the operations and customer service subsidiary of Colonial Mutual Funds (seated), with Assistant Vice Presidents Marybeth Hayes and Frank Citrone. Marybeth and Frank played key roles working closely with Mr. Hernandez on the effort to test and implement "new" Fund/SERV in 1993.

Having helped pioneer the original launch of Fund/SERV in 1986, Colonial continued its tradition of being the first mutual fund to process transactions through the new system as well.

New Fund/SERV provides a range of enhancements that give funds, broker/dealers and financial services firms that market mutual fund shares

greater operating flexibility and processing efficiency.

The new system can accommodate same-day and next-day settlement, provide improved correction capabilities and permit settlement in Clearing House and Fed funds.

This additional flexibility will accommodate no-load and money market funds. And new Fund/SERV meets the industry requirement for T+3 settlement.

As Manny Hernandez will tell you, during the move to a new system, nothing is as important as the spirit of teamwork between NSCC and its customers. And in that aspect of the work, NSCC places a premium on the valued support of members like Colonial.

*B*ryant Yunker, Limited Partner and Specialist for IBM (left) and Mark A. Castellano, Limited Partner—Operations (right) from Spear, Leeds & Kellogg, the largest specialist on the NYSE floor, taking a few minutes before the start of trading.

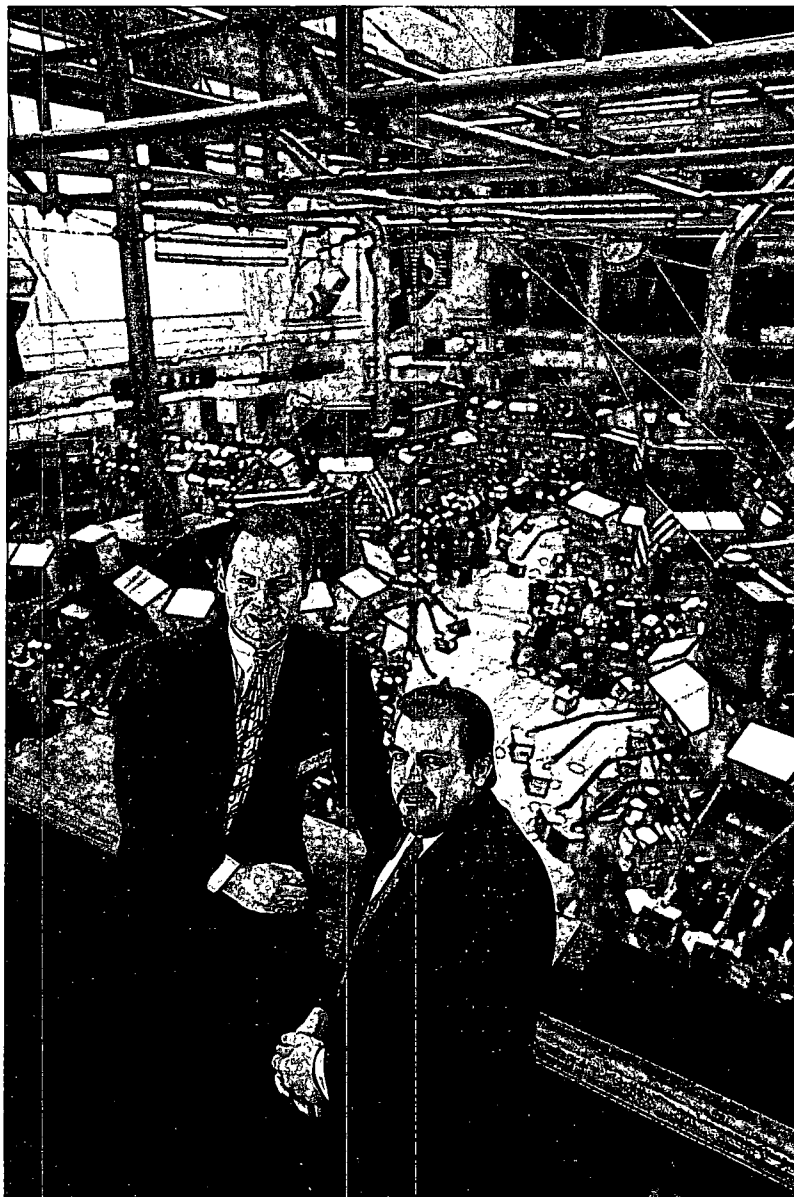
The NYSE, Amex and OTC markets all experienced record trading volumes in 1993. Average daily volume on the NYSE was up over 31% to 265 million shares. Nasdaq was up 38% with 263 million shares and Amex was up 28% to 18 million shares.

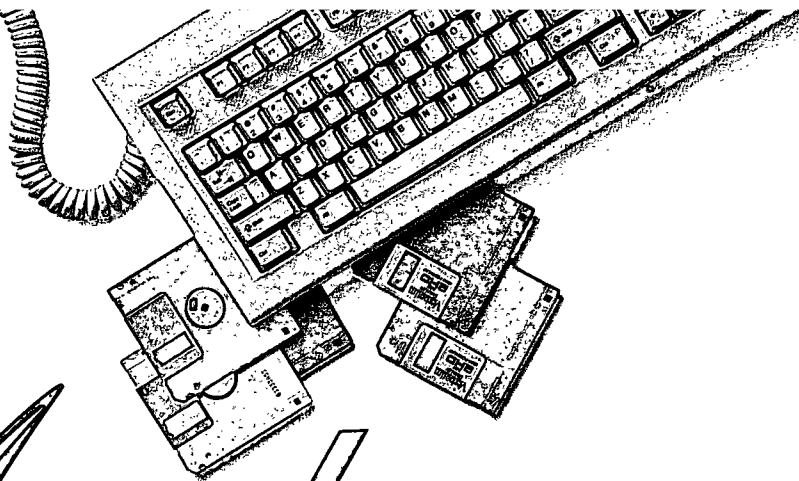
These record trading volumes were also reflected in the growth of transactions processed by NSCC. The average daily volume of transactions in 1993 was up 22% to 699,000, and the average daily value of these transactions reached over \$60 billion, up 32% from last year.

Capacity to handle unpredictable spikes in volume is one of the most critical aspects of post-trade processing. On a peak day in 1993, for example, the volume of transactions jumped 30% higher than the daily average, to 910,000 from 699,000. The market value of these transactions reached over \$76 billion.

NSCC's Continuous Net Settlement (CNS) System contributes to marketplace efficiency by reducing the number of positions and movement of funds required for settlement, on a peak day from \$76 billion to \$4 billion.

NSCC's goal is to provide seamless service to its customers and ensure that firms like Spear, Leeds & Kellogg can focus on what they do best—unimpeded by concerns about post-trade processing.





# Midwest

*Stephen J. Ashby, Partner (right) and Thomas Sargant, Manager/Operations (left) at William Blair & Co., with NSCC Account Manager Stephen Hoffmann, played a key role at their firm in the successful rollout of NSCC's Fixed Income Transaction System (FITS). The firm also served on NSCC's Municipal Bond Advisory Committee, which guided the development of Phase I of FITS for the industry.*

*FITS is bringing greater efficiency and standardization to the processing of municipal bonds, corporate bonds and Unit Investment Trusts (UITs).*

*FITS moves the submission of fixed income trades to trade date, from the current trade date + 1, allowing customers to compare and resolve trade discrepancies sooner; permits shortened settlement cycles; and reduces risk. In addition, the system will provide the industry with information to improve comparison rates and address SEC transparency issues.*

*Introduced late in the third quarter, the municipal bond component of FITS (Phase I) involved almost 600 firms, which by year-end had processed over 850,000 municipal bond transactions with a value of \$306 billion.*

*Phase II of FITS is planned late in 1994 for corporate bonds and UITs.*



# Regional Operations Group ▶

In April 1993, the Regional Operations Group (ROG) was established, consolidating the operations of Dain Bosworth Incorporated and Rauscher Pierce Refsnes, Inc., to serve as the clearing arm of their parent, Inter-Regional Financial Group, Inc. NSCC supports this industry trend toward eliminating duplicate operating expenses, through a number of products and services that standardize the way transactions are processed.

A full-service broker/dealer, Piper Jaffray became a participant in NSCC's ACATS-Fund/SERV Interface in 1993.

The Interface joins the advantages of the Automated Customer Account Transfer Service (ACATS) which standardizes and automates the transfer of assets from one brokerage firm to another, and the Fund/SERV system which centrally processes mutual fund transactions.



By establishing a communications link between the two systems, NSCC is revolutionizing the process of transferring and re-registering book-share mutual fund assets held by financial firms, within an automated, controlled environment.

During 1993, the number of mutual fund shares transferred via the interface more than quadrupled to 181 million shares with a value of \$1.78 billion, compared with the prior period.



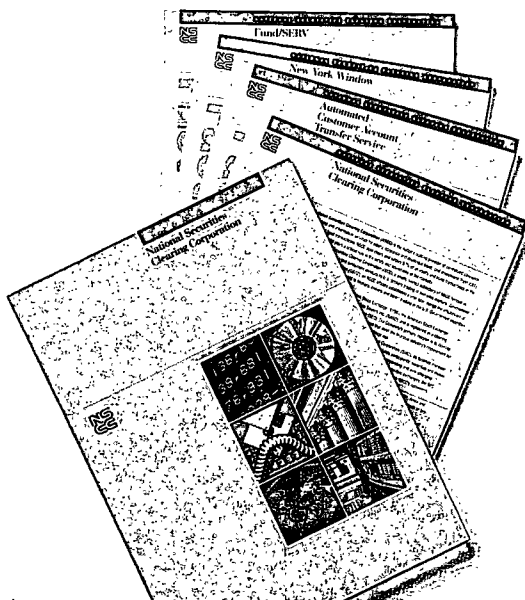
## The Chicago Corporation

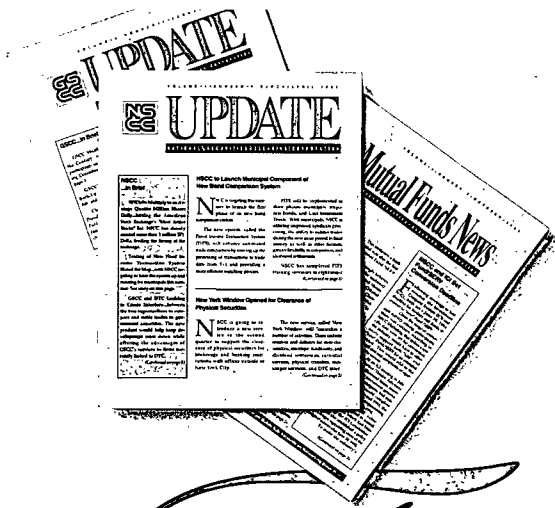
Ralph Collins Walter III, Chief Administrative Officer (left) and Kenneth H. McLellan, Jr., Senior Vice President (right), on the trading floor of The Chicago Corporation, where they conduct a substantial amount of trading in government securities as the largest second tier dealer.

NSCC's affiliate, Government Securities Clearing Corporation (GSCC), which supports this marketplace, compared and settled government securities transactions valued at over \$54 trillion in 1993, up 23% from the prior year.

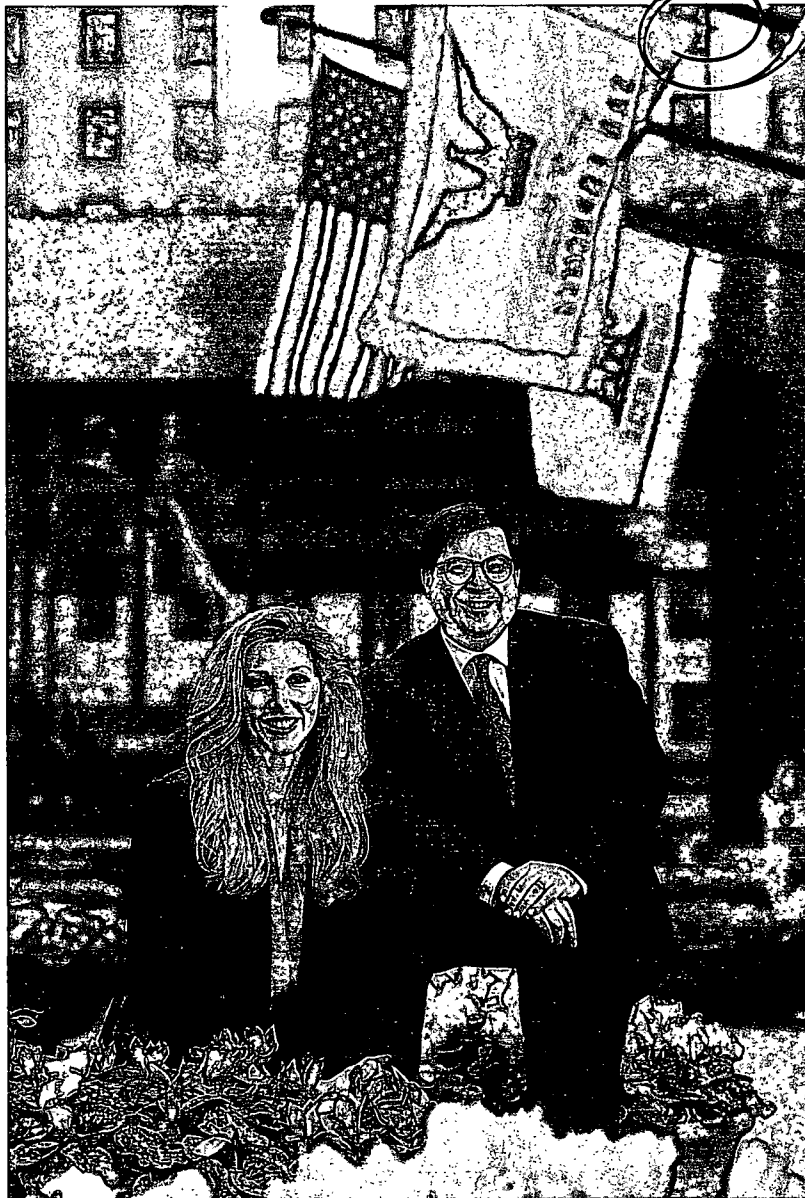
GSCC's automated comparison and netting systems reduce risk and help increase operating efficiency for firms like The Chicago Corporation. Of the \$876 billion in transactions that it processed, for example, on a peak day in 1993, GSCC's netting factor of 89% reduced the number of financial obligations requiring settlement to \$99.6 billion.

During 1993, GSCC continued to expand its membership, and created new membership categories to bring the trading activity of more non-member firms into the netting system.





# The West



Steven M. Black, Director of Operations at Bank of America (BA) Investment Services, with Gail Baker, NSCC's West Coast Customer Service Representative. BA Investment Services came on board as a full service NSCC participant late in 1993, to support its expanded activities in mutual funds, equities and bonds.

While NSCC has a number of relationships with banking organizations, the increasing homogenization of the business is expected to grow this base of customers. Like BA Investment Services, financial companies understand that NSCC offers a range of products and services that standardize processing, provide economies of scale and help improve their operating efficiency.

Since the ability to receive or deliver information to customers on a more timely basis is becoming increasingly important, in 1993 NSCC acquired innovative telecommunication message switching software. This software will allow NSCC to begin offering customers real-time interactive processing capabilities.

# The American Funds Group

Mutual fund activity continued to soar in 1993, with total industry-wide assets under management passing the \$2 trillion mark and 38 million Americans owning mutual fund shares. Los Angeles based American Funds is a major player in this market and the largest processor of mutual fund transactions through Fund/SERV. American Funds is also an excellent example of a firm that has sought to fully utilize the competitive advantages offered by NSCC's complementary mutual fund services.

As the largest discount broker in the U.S., Charles Schwab & Co. regularly transacts huge volumes of trades in equities, corporate and municipal bonds, and Unit Investment Trusts that are processed through NSCC. In 1993, Schwab also began using GSCC for comparison of its trading in government securities. An important part of NSCC's relationship with customers is the implicit reliability of its products and services.

# Charles Schwab



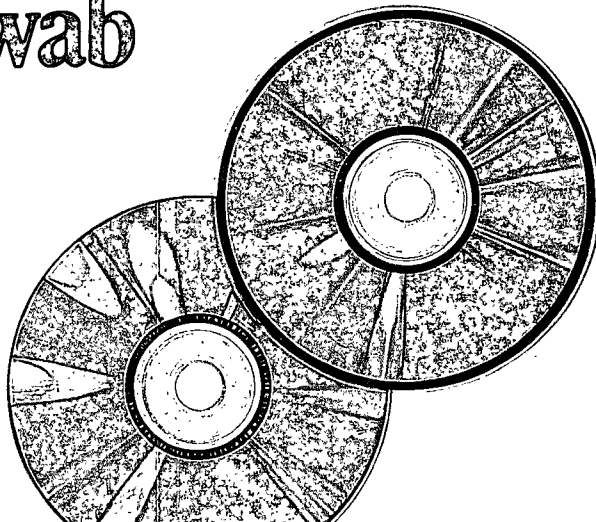
## Montgomery Securities

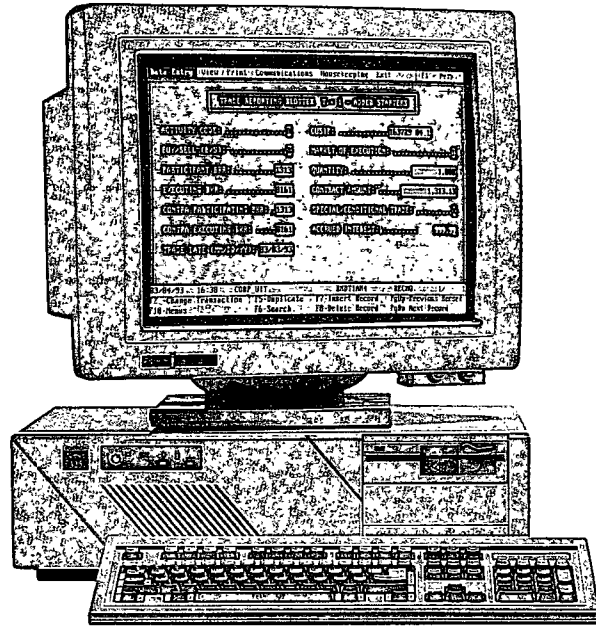
Seth J. Gersch, Managing Director & Chief Administrative Officer (right) and Charles R. Brama, Managing Director (left) from Montgomery Securities, a firm that specializes in trading for institutional investors and a regular user of NSCC's ID/CNS Interface.

Through the ID/CNS Interface, an executing broker like Montgomery trades in the marketplace on behalf of its institutional customers. Following the customer's instructions, the trade is affirmed in the Depository Trust Company's Institutional Delivery (ID) System with a designated broker (called the Prime Broker). The link to NSCC allows the customer and street side of the transaction to net and settle through NSCC's Continuous Net Settlement (CNS) System.

The ID/CNS Interface reduces securities movements between brokers and minimizes risk, since eligible transactions settling in CNS are guaranteed by NSCC.

NSCC expects growth in the ID/CNS link to continue, as firms become more aware of the benefits offered by this automated interface.





# The South

Headquartered in St. Petersburg, Florida, Raymond James & Associates, Inc. is a nationally known full service brokerage firm and an innovator in using technology to support its business activities.

## **RAYMOND JAMES & ASSOCIATES, INC.**

This commitment to technology led Raymond James to pilot NSCC's Commission Settlement and Global Update Service.

The Commission Settlement feature of the system automates the exchange of mutual fund commission-related information between financial services firms and mutual funds, and centralizes commission payments into NSCC's settlement system. The Global Update feature allows firms to easily update fund accounts when there is a change in the branch address, branch number or account executive.



### **Davenport & Co.**

Coleman Wortham, III, President and Ann Richmond, Vice President of Operations at Davenport & Co. of Virginia, which provides a full range of securities brokerage, investment banking and asset management services. NSCC supports strong regional firms like Davenport with products and services that can be tailored to meet their requirements. In major areas like fixed income securities, where Davenport has aggressively expanded its involvement in municipal securities, NSCC's new Fixed Income Transaction System (FITS) is offering increased operating flexibility.

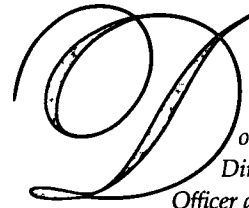
In addition, NSCC's PC Platform allows customers like Davenport to access a number of our services through a personal computer when creating a direct CPU-to-CPU link is not warranted.

A recent move by Interstate/Johnson Lane from Charlotte to an operations site outside the central business district is part of a continuing trend in the industry to streamline costs. NSCC plays a key role in helping facilitate these moves by providing the telecommunications support needed to manage the flow of information to and from our customers, wherever they are located.



## Interstate/Johnson Lane

Since nearly all member firms receive electronic data from NSCC, directly or through service bureaus, telecommunications capacity planning is essential. On an average day, over 22 million records are transmitted between NSCC and its customers.



Don L. Smith, Managing Director & Chief Operations Officer at Wheat First Butcher Singer, a rapidly growing firm, which has sought to leverage the full range of NSCC services. From NSCC's clearance and settlement systems, Wheat First is now a user of more than a dozen services and is a second tier dealer for comparison of government securities transactions through GSCC.

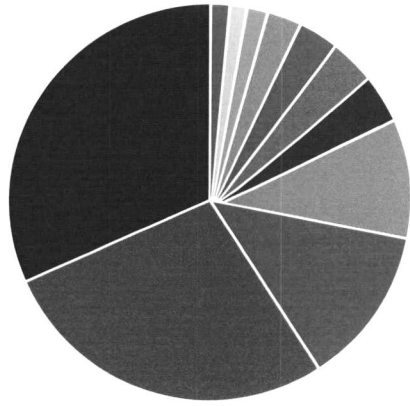
Technology has played a key role in allowing firms like Wheat First to expand their own product and service capabilities, while achieving improved service delivery and lower costs. As a leading service organization, NSCC must be able to anticipate, understand and respond to the increasingly diverse needs of growing firms like Wheat First.

One of NSCC's key goals this past year was to complete efforts to strengthen its technology infrastructure to meet the growing needs of customers, a process that started in 1990. With the implementation of information engineering, CASE technology, mainframe and LAN-based relational data bases and message switching, both NSCC's internal operating environment and development capabilities are better positioned for the future.

In addition, the new technology is helping NSCC reduce the amount of time required to develop or modify products and services. As the industry moves toward shortening the clearance and settlement cycle, this expanded capacity will play a key role in supporting customers wherever they may be on the technology curve.







**GCN Volume by Country**  
 YTD December 1993  
 Total 1993 YTD Volume 217,461

- Japan 31.7%
- Mexico 27.7%
- Singapore 12.6%
- Hong Kong 9.9%
- Italy 3.7%
- United Kingdom 3.6%
- Argentina 3.1%
- Canada 2.7%
- Australia 2.1%
- Malaysia 1.5%
- Netherlands 0.8%
- Thailand 0.2%
- France 0.1%
- Germany 0.1%
- Indonesia 0.1%

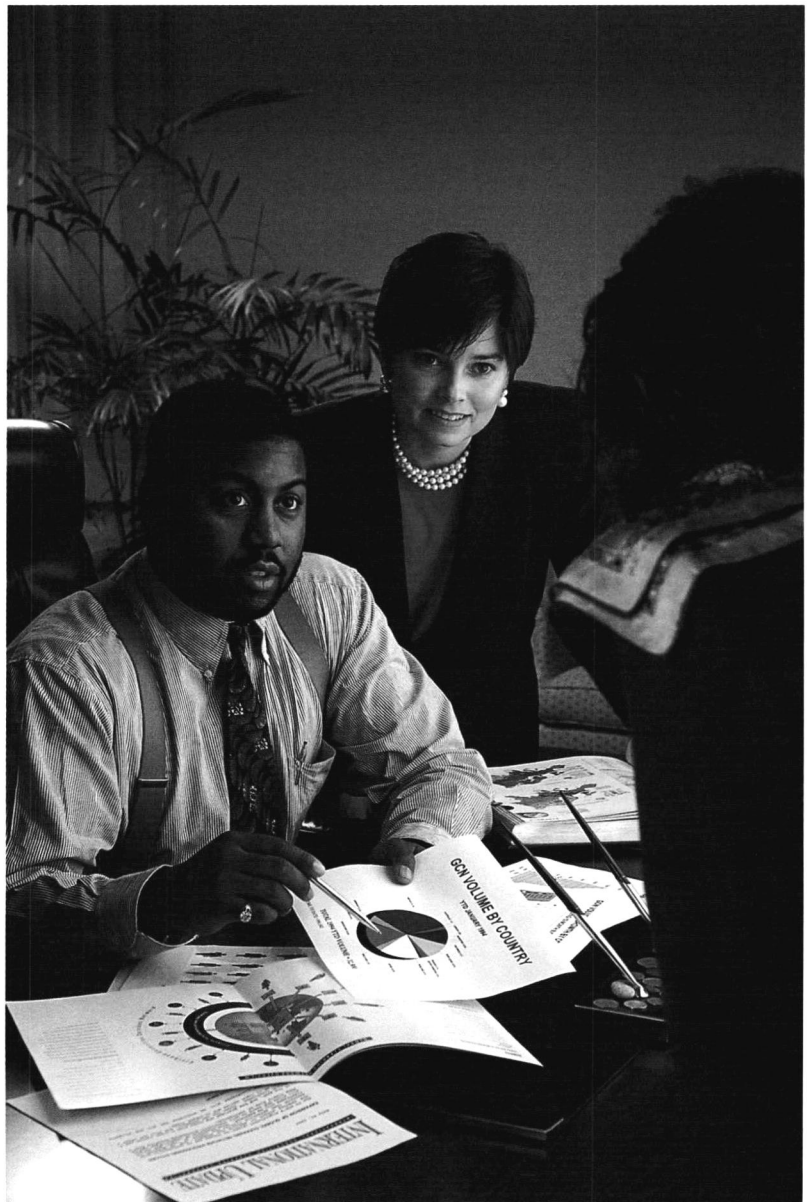
# International

*Challenged to respond to their clients' demand for investments in new capital markets around the world, 24 leading broker/dealers have joined forces with International Securities Clearing Corporation (ISCC) to gain greater control and minimize the complex risks and costs of international settlement and custody.*

*Monthly transaction volume on ISCC's main service, the Global Clearing Network, has more than tripled during 1993 in the 21 countries available. Surging to 30,000 transactions in December 1993 compared with 9,000 last January, GCN offers broker/dealers a standard platform streamlining their international settlements and focusing on transaction-driven activities, especially broker-client turnarounds and timely position reporting.*

*Besides offering its GCN services through an arrangement with Citibank, ISCC also provides participants with direct access to settlement services of the London Stock Exchange, Cedel and Euroclear; as well as links with Japan Securities Clearing Corporation, the Canadian Depository for Securities Ltd., Central Depository (Pte) Ltd. in Singapore, Monte Titoli in Italy, and by an agreement signed in December 1993, the Caja de Valores, S.A. in Argentina.*

*Photo of ISCC's Walter Springer, Director, International Operations and Lyn Marcrum, Director, Business Systems Development.*





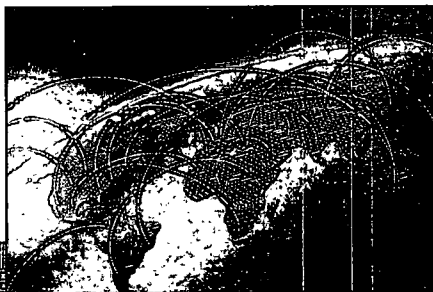
**Translating Understanding into Global Progress**

ISCC has earned the trust and respect of clearing and depository organizations worldwide, through regular contacts with and visitors from some 50 countries. As a result of such ongoing dialogue, ISCC is well positioned to keep its participants updated on international trends.

Through its participation in the SEC's International Institute for Securities Market Development, ISCC has strengthened understanding of clearance and settlement and provided internships for executives from developing markets around the world.

ISCC recognizes the strategic value of its unique industry role, and will continue to build strong relationships that serve U.S. participants and global markets.

Below, Bolsa Mexicana de Valores



**Creating Enlightened Standards for the Future**

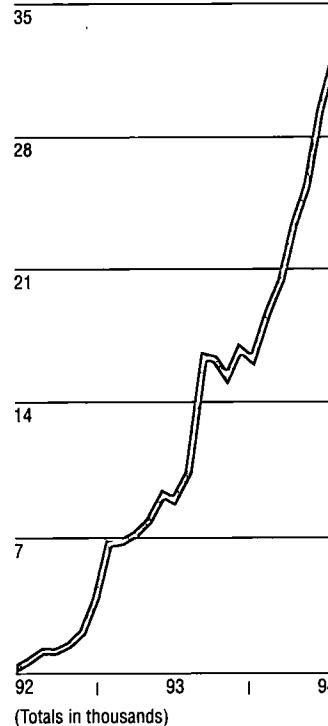
Charles Winters, Vice President of Merrill Lynch, is the President of the International Operations Association (IOA) and a member of the ISCC's GCN Steering Committee.

ISCC has gained a strong reputation for its role in international initiatives toward standardizing clearance and settlement practices, which in turn keep ISCC's services to broker/dealers in pace with progressive developments.

Most prominently in 1993, ISCC's Vice President/Director Mary Ann Callahan was asked to lead the Securities Standards Advisory Board's (SSAB) first multinational task force which, by mid-1994, will recommend a standard format for international trade confirmation, encompassing the practices and requirements of numerous systems and countries.

ISCC is also active in the International Society of Securities Administrators (ISSA) and the Conference of Central Securities Depositories (CSDs), among many affiliations.

**GCN Volume Growth of Transactions  
Monthly Average  
January 1992-January 1994**



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# *Board of Directors*

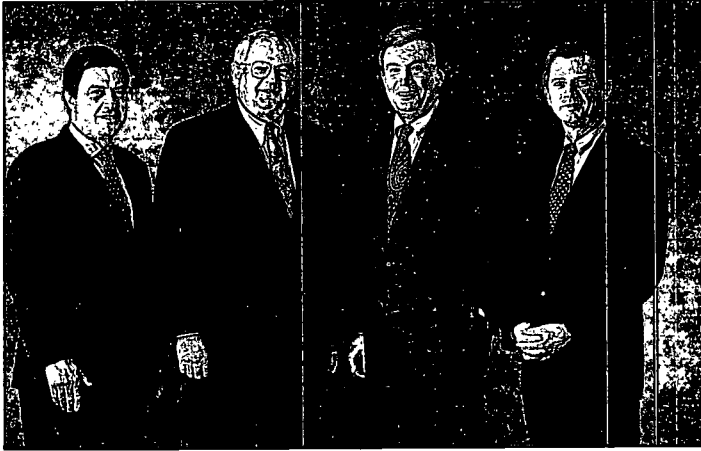
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NSCC's Board of Directors plays an integral role in policy development and the establishment of corporate objectives, financial management and operational planning at NSCC and ISCC. Through its professional expertise in executive, financial and corporate management, the Board, in 1993, continued to provide NSCC with guidance and direction.

The Board of Directors is made up of 18 members: 14 Participant Directors elected from participating brokers, dealers and banks, NSCC's President & Chief Executive Officer, and three Shareholder Directors.

GSCC's separate 15-member Board of Directors represents participants in GSCC, a full-service clearing corporation providing automated comparison, netting and settlement services for next-day and forward-settling transactions in Treasury Bills, Bonds, Notes, zero coupon securities and non-mortgage-backed Agency securities. Twelve members of the Board of Directors are participant Shareholder Directors elected to represent dealers, brokers and clearing agent banks. Additional members include two NSCC Designated Directors and the President of GSCC.

# *NSCC and ISCC Board of Directors*

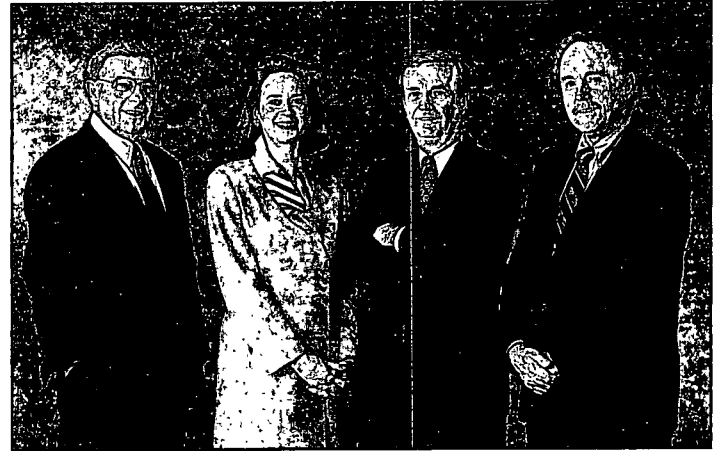


**Frank J. DeCongelio**  
*Managing Director,*  
*C.S. First Boston Corporation*

**Raymond E. Wooldridge**  
*Chairman of the Board,*  
*National Securities Clearing*  
*Corporation,*  
*Chief Executive Officer,*  
*Southwest Securities, Inc.*

**David M. Kelly**  
*President & CEO,*  
*National Securities Clearing*  
*Corporation*

**Arthur L. Thomas**  
*Senior Vice President,*  
*Director of Global Operation*  
*Services,*  
*Merrill Lynch, Pierce, Fenner*  
*& Smith, Inc.*

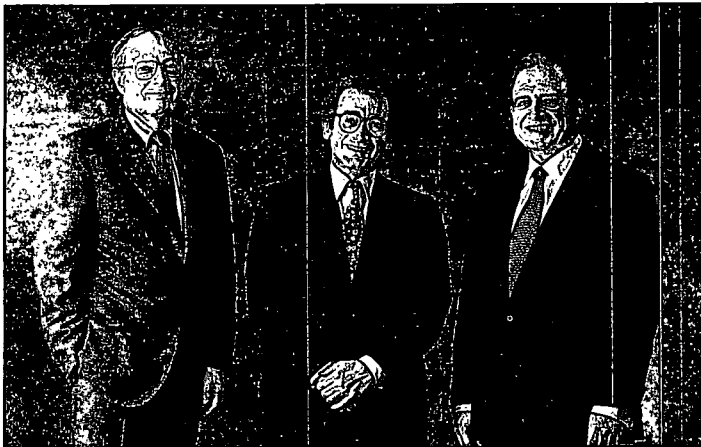


**Alfred J. Golden**  
*Executive Vice President,*  
*Director of Operations,*  
*Dean Witter Reynolds Inc.*

**Catherine R. Kinney**  
*Executive Vice President,*  
*New York Stock Exchange, Inc.*

**Walter F. Siebecker**  
*Executive Vice President*  
*& Managing Director,*  
*Securities Operations Division,*  
*Smith Barney Shearson*

**James C. Stone III**  
*Executive Vice President &*  
*Director,*  
*J.J.B. Hilliard, W.L. Lyons, Inc.*



**C. Richard Justice**  
*Executive Vice President,*  
*National Association of*  
*Securities Dealers, Inc.*

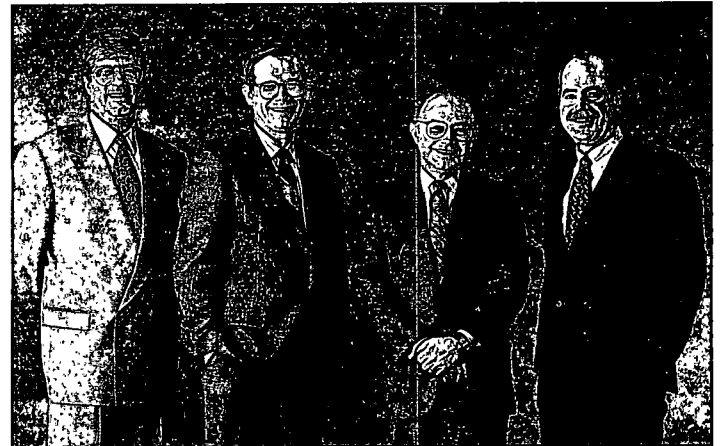
**George C. McNamee**  
*Chairman,*  
*First Albany Corporation*

**Carlos A. Salvatori**  
*Vice President,*  
*Citibank*

**Marshall N. Carter**  
*Chairman & CEO,*  
*State Street Bank & Trust Co.*  
*(not pictured)*

**Douglas J. Engmann**  
*President,*  
*Sage Clearing Ltd. Partnership*  
*(not pictured)*

**Jules L. Winters**  
*Chief Operating Officer,*  
*American Stock Exchange, Inc.*  
*(not pictured)*



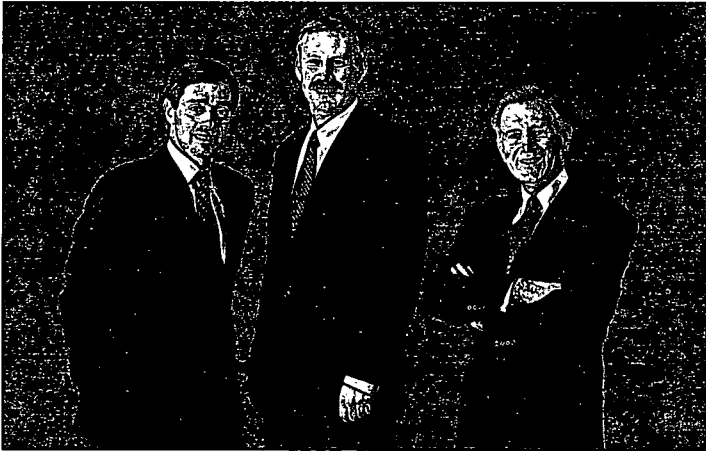
**Robert H. Benmosche**  
*Executive Vice President,*  
*Southern Division Manager,*  
*PaineWebber Inc.*

**J. Philip Smith**  
*President,*  
*Lewco Securities Corporation*

**John Cirrito**  
*Executive Vice President,*  
*Director of Operations,*  
*Gruntal & Company,*  
*Incorporated*

**Robert F. Gartland**  
*Managing Director,*  
*Morgan Stanley & Co., Inc.*

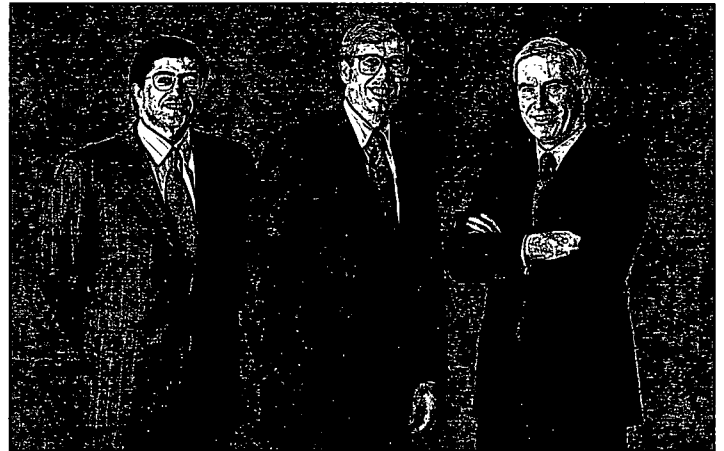
# GSCC Board of Directors



Joseph A. Malvasio  
*Executive Vice President,  
Cantor Fitzgerald Securities Corp.*

Frank D. Cuoco, Jr.  
*Executive Vice President,  
Garban, Ltd.*

Kurt D. Woetzel  
*Senior Vice President,  
The Bank of New York*



Daniel O. Minerva  
*Managing Director,  
Eastbridge Capital Inc.*

James P. Mahoney  
*Principal,  
Morgan Stanley & Co., Inc.*

Charles A. Moran  
*President,  
Government Securities Clearing  
Corporation*

Thomas J. Basile  
*Chairman of the Board,  
Government Securities Clearing  
Corporation,  
Executive Managing Director,  
Carroll McEntee & McGinley, Inc.  
(not pictured)*

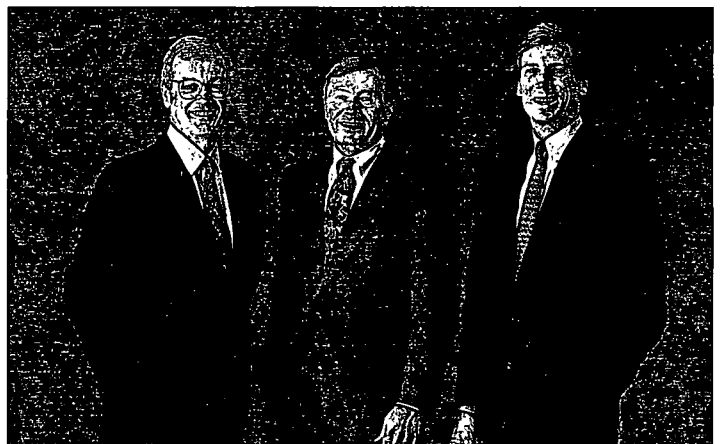


Edward F. Watts, Jr.  
*Director,  
Goldman, Sachs & Co.*

David M. Kelly  
*President & CEO,  
National Securities Clearing  
Corporation*

Kenneth J. Halpin  
*Managing Director & Treasurer,  
Discount Corporation, a Division  
of Zions First National Bank*

John M. Gavin, Jr.  
*Chief Financial Officer,  
RMJ Securities Corp.*



Allen B. Clark  
*Senior Vice President,  
Chemical Bank*

John G. Macfarlane III  
*Managing Director & Treasurer,  
Salomon Brothers Inc.*

Bruce R. Lakefield  
*Managing Director,  
Lehman Government  
Securities, Inc.*

# Consolidated Balance Sheets

| December 31,  | 1993      | 1992           |
|---|-----------|----------------|
| <b>Assets</b>   |           |                |
|   |           | (in thousands) |
| Current assets:   |           |                |
| Cash and cash equivalents   | \$329,402 | \$200,233      |
| Short-term U.S. Treasury securities   | 106,703   | 79,162         |
| Accounts receivable   | 1,003     | 8,715          |
| Settlement accounts receivable  | 6,734     | 3,651          |
| Other current assets  | 162       | 553            |
| Total current assets  | 444,004   | 292,314        |
| Clearing fund   | 320,566   | 218,873        |
| Fixed assets, less accumulated depreciation of \$4,338,000 and<br>\$3,392,000 at December 31, 1993 and 1992, respectively | 3,911     | 2,951          |
| Deposits and other noncurrent assets  | 6,512     | 7,762          |
| Total assets  | \$774,993 | \$521,900      |
| <b>Liabilities and Shareholders' Equity</b>   |           |                |
| Current liabilities:  |           |                |
| Accounts payable  | \$ 4,590  | \$ 9,068       |
| Settlement accounts payable   | 198,102   | 81,732         |
| Other current liabilities   | 6,855     | 5,838          |
| Total current liabilities   | 209,547   | 96,638         |
| Clearing fund:  |           |                |
| Participants' cash deposits   | 223,680   | 186,389        |
| Other participant deposits  | 320,566   | 218,873        |
|   | 544,246   | 405,262        |
| Commitments and contingent liabilities (Note 7)   |           |                |
| Shareholders' equity:   |           |                |
| Common stock authorized, issued and outstanding;<br>30,000 shares of \$.50 par value                                      | 15        | 15             |
| Capital in excess of par  | 885       | 885            |
| Retained earnings   | 20,300    | 19,100         |
|   | 21,200    | 20,000         |
| Total liabilities and shareholders' equity  | \$774,993 | \$521,900      |

The accompanying notes are an integral part of this statement.

# Consolidated Statements of Income and Retained Earnings

For the year ended December 31,

1993

1992

|  | (in thousands) |           |
|--|----------------|-----------|
| Revenues:  |                |           |
| Revenue from clearing services                                 | \$131,941      | \$109,175 |
| Discounts to participants                                      | 47,479         | 22,018    |
| Net revenue from clearing services                             | 84,462         | 87,157    |
| Interest income  | 2,988          | 2,971     |
| Total revenues   | 87,450         | 90,128    |
| Expenses:  |                |           |
| Securities Industry Automation Corporation processing expenses | 44,977         | 46,059    |
| The Depository Trust Company fees                              | 13,550         | 13,223    |
| General and administrative                                     | 27,023         | 23,696    |
| Total expenses   | 85,550         | 82,978    |
| Income before income taxes                                     | 1,900          | 7,150     |
| Provision for income taxes                                     | 700            | 3,150     |
| Net income   | 1,200          | 4,000     |
| Retained earnings, beginning of year                           | 19,100         | 15,100    |
| Retained earnings, end of year                                 | \$ 20,300      | \$ 19,100 |

The accompanying notes are an integral part of this statement.

# Consolidated Statements of Cash Flows

| For the year ended December 31,   | 1993              | 1992              |
|---|-------------------|-------------------|
| Cash flows from operating activities:   |                   | (in thousands)    |
| Net income  | \$ 1,200          | \$ 4,000          |
| Adjustments to reconcile net income to net cash provided by operating activities: |                   |                   |
| Depreciation and amortization   | 946               | 714               |
| Changes in operating assets and liabilities:                                      |                   |                   |
| Decrease (increase) in accounts receivable  | 7,712             | (2,631)           |
| Increase in settlement accounts receivable  | (3,083)           | (1,498)           |
| Decrease (increase) in other current assets                                       | 391               | (74)              |
| Decrease (increase) in deposits and other noncurrent assets                       | 1,250             | (402)             |
| Decrease in accounts payable  | (4,478)           | (1,163)           |
| Increase (decrease) in settlement accounts payable                                | 116,370           | (12,416)          |
| Increase (decrease) in other current liabilities                                  | 1,017             | (1,165)           |
| Increase in clearing fund participants' cash deposits                             | 37,291            | 44,550            |
| Net cash provided by operating activities   | <u>158,616</u>    | <u>29,915</u>     |
| Cash flows from investing activities:   |                   |                   |
| Increase in short-term U.S. Treasury securities                                   | (27,541)          | (30,256)          |
| Purchases of fixed assets   | (1,906)           | (1,339)           |
| Net cash used in investing activities   | <u>(29,447)</u>   | <u>(31,595)</u>   |
| Net increase (decrease) in cash and cash equivalents                              | 129,169           | (1,680)           |
| Cash and cash equivalents, beginning of year                                      | <u>200,233</u>    | <u>201,913</u>    |
| Cash and cash equivalents, end of year  | <u>\$ 329,402</u> | <u>\$ 200,233</u> |
| Supplementary disclosures:  |                   |                   |
| Income taxes paid   | \$ 1,718          | \$ 2,455          |
| Interest paid   | <u>\$ —</u>       | <u>\$ 4</u>       |

The accompanying notes are an integral part of this statement.

# Notes to Consolidated Financial Statements

## Organization and Operations:

1

National Securities Clearing Corporation (NSCC), a clearing agency registered with the Securities and Exchange Commission (SEC), provides various services to the financial community, consisting principally of securities trade comparison, recording, clearance and settlement. NSCC's common stock is owned equally by the New York Stock Exchange, Inc. (NYSE), American Stock Exchange, Inc. (Amex) and the National Association of Securities Dealers, Inc. (NASD).

NSCC provides discounts on its billing to participants based upon the amount of earnings to be retained in a given year with due regard to current and anticipated needs, as determined by its independent user Board of Directors.

## Summary of Significant Accounting Policies:

2

*Principles of consolidation:* The consolidated financial statements include the accounts of NSCC and its wholly-owned subsidiary, International Securities Clearing Corporation (ISCC). Intercompany accounts and transactions are eliminated in consolidation.

NSCC accounts for its investment in Government Securities Clearing Corporation (GSCC), using the equity method of accounting. NSCC's ownership interest in GSCC was approximately 18% or \$1,560,000 at December 31, 1993 and is included in deposits and other noncurrent assets on the consolidated balance sheet.

*Cash equivalents:* NSCC invests funds in overnight reverse repurchase agreements, which are considered cash equivalents. Such agreements provide for NSCC's delivery of cash in exchange for securities having a market value of at least 102% of the amount of the agreement. An independent custodian

designated by NSCC takes possession of the securities.

Overnight reverse repurchase agreements are recorded at the contract amounts, which approximates market, and totaled \$294,000,000 and \$193,000,000 at December 31, 1993 and 1992, respectively. At December 31, 1993, the counterparties to these agreements were five financial institutions.

Overnight investments in the commercial paper of a major U.S. bank holding company totaling \$3,955,000 and \$777,000 are also included in cash equivalents at December 31, 1993 and 1992, respectively.

*Short-term U.S. Treasury securities:* U.S. Treasury securities held, which mature in less than one year, are carried at cost adjusted for accretion of discounts. Such carrying value approximates market. At December 31, 1993 and 1992, \$74,892,000 and \$48,326,000, respectively, of such securities were held in an account for the exclusive benefit of participants to facilitate participants' compliance with customer segregation rules of the SEC.

*Settlement accounts:* Settlement accounts receivable and payable arise from time lags, primarily one-day, in the settlement process with participants and other registered clearing agencies.

*Income taxes:* The provision for income taxes was calculated according to the precepts of Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are provided for the expected future tax consequences of temporary differences between the carrying amount and tax basis of assets and liabilities.

## Participants' Clearing Fund Deposits:

3

NSCC's rules require certain participants to maintain minimum clearing fund deposits based on calculated requirements. These requirements are recorded in NSCC's balance sheet. The consolidated clearing fund balance includes NSCC



and ISCC clearing funds, which are available to secure participants' obligations and certain liabilities of NSCC and ISCC, should they occur. A summary of the deposits held including deposits in excess of calculated requirements at December 31, 1993 and 1992 follows:

|  | 1993          | 1992          |
|--|---------------|---------------|
| Cash   | \$223,680,000 | \$186,389,000 |
| Securities issued or guaranteed by the U.S. Government, its states and their political subdivisions, at market | 188,503,000   | 139,761,000   |
| Letters of credit issued by authorized banks   | 207,274,000   | 170,131,000   |

During 1993, NSCC increased from \$200,000,000 to \$300,000,000 its line of credit agreement with a major U.S. bank to provide for potential additional liquidity needs. This line was not used.

**Transactions with Related Parties:**

4

SIAC: Under the terms of an agreement, the Securities Industry Automation Corporation (SIAC), an entity owned by NYSE and Amex, provides computer facilities, personnel and services in support of NSCC's operations. SIAC charges NSCC for these services based on its direct and overhead costs arising from providing such services. The agreement has no expiration date and continues in effect unless prior written notice of cancellation is given by either party. Amounts payable to SIAC at December 31, 1993 and 1992 were \$812,000 and \$4,656,000, respectively.

DTC: NYSE, Amex and NASD own minority interests in The Depository Trust Company (DTC), whose facilities are used by NSCC. DTC fees in 1993 and 1992 included \$8,051,000 and \$8,554,000, respectively, relating to charges for NSCC participants which NSCC sponsors at DTC. Such amounts are rebilled to the related participants and are included in revenues from clearing services. Amounts payable to DTC at December 31, 1993 and 1992 were \$554,000 and \$484,000, respectively.

NYSE, Amex, and NASD: NSCC collects certain regulatory fees on behalf of NYSE, Amex and NASD. At December 31, 1993 and 1992, no amounts were due the NYSE, AMEX or NASD.

GSCC: NSCC has entered into an agreement with GSCC to provide various computer and other support services and office facilities. Charges under this agreement are based on a determination of NSCC's cost of providing these services. The agreement continues in effect unless cancelled by either party upon prior written notice. Charges under this agreement amounted to \$4,497,000 in 1993 and \$4,466,000 in 1992. NSCC's expenses are presented net of these charges. At December 31, 1993 and 1992, receivables from GSCC amounted to \$384,000 and \$277,000, respectively.

GSCC's excess cash may be aggregated with funds held by NSCC for investment purposes. At December 31, 1993 and 1992, accounts payable includes \$2,953,000 and \$3,273,000, respectively, representing NSCC's obligation to GSCC for such funds.

**Income Taxes:**

5

NSCC and ISCC file consolidated Federal, combined New York State and combined New York City income tax returns. The differences between NSCC's 37% and 44% effective tax rate for the years ended December 31, 1993 and 1992 respectively, and the 34% Federal statutory tax rate are primarily attributable to state and local taxes.

# Notes to Consolidated Financial Statements (continued)

The provisions for income taxes for the years ended December 31, 1993 and 1992 consist of the following:

|                       | 1993              | 1992               |
|-----------------------|-------------------|--------------------|
| Current income taxes  | \$1,095,000       | \$3,040,000        |
| Deferred income taxes | (395,000)         | 110,000            |
| Total income taxes    | <u>\$ 700,000</u> | <u>\$3,150,000</u> |

## Pension Plan:

6

NSCC has a trustee noncontributory defined benefit pension plan covering all eligible employees. Benefits under this plan are based on employees' years of service and compensation during the years immediately preceding retirement. NSCC's funding policy is to make contributions under the plan that meet or exceed the minimum funding standards under the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986, as amended. NSCC also has a noncontributory supplemental executive retirement plan (SERP) which provides for certain benefits to identified executives of NSCC upon retirement. NSCC's funding policy with regard to the SERP is to fund benefits accruing to employees meeting certain requirements of the SERP. Aggregate pension costs for 1993 and 1992 for both plans follows:

|                               | 1993               | 1992              |
|-------------------------------|--------------------|-------------------|
| Service cost                  | \$ 944,806         | \$ 852,629        |
| Interest cost                 | 557,874            | 445,701           |
| Actual return on plan assets  | (408,832)          | (373,833)         |
| Net amortization and deferral | (40,241)           | (46,262)          |
| Settlement charge             | 226,551            | —                 |
| Total pension cost            | <u>\$1,280,158</u> | <u>\$ 878,235</u> |

In 1993, NSCC settled certain obligations under the SERP incurring a charge of \$226,551.

The funded status of the plans at December 31, 1993 and 1992 follows:

|   | 1993                 | 1992                 |
|---|----------------------|----------------------|
| Actuarial present value of benefit obligations:     |                      |                      |
| Vested benefit obligations                          | (\$4,159,668)        | (\$3,497,174)        |
| Nonvested benefit obligations                       | (661,239)            | (721,502)            |
| Accumulated benefit obligations                     | (4,820,907)          | (4,218,676)          |
| Effect of salary projections                        | (3,284,844)          | (2,759,883)          |
| Projected benefit obligations                       | (8,105,751)          | (6,978,559)          |
| Fair value of plan assets                           | 6,045,266            | 6,087,475            |
| Plan assets less than projected benefit obligations | (2,060,485)          | (891,084)            |
| Unrecognized net gain                               | 190,380              | (379,981)            |
| Unrecognized prior service cost                     | (78,060)             | (56,580)             |
| Unrecognized transitional liability                 | 252,483              | 269,262              |
| Accrued pension cost                                | <u>(\$1,695,682)</u> | <u>(\$1,058,383)</u> |

The expected rate of return on plan assets was 8% in 1993 and 1992. The discount rate and rate of increase in future compensation levels used in determining the actuarial present value of accumulated benefit obligations were 7.75% and 6%, respectively, in 1993 and 1992.

## Commitments and Contingent Liabilities:

7

The Continuous Net Settlement (CNS) system interposes NSCC between participants in securities clearance and settlement. CNS transactions are guaranteed as of midnight on the day they are reported to the membership as compared. The failure of participants to deliver securities to NSCC on settlement date, and the corresponding failure of NSCC to redeliver the securities, results in open positions. Open positions are marked-to-market daily. Such marks are debited or credited to

the involved participants through the settlement process. At the close of business on December 31, 1993, open positions due NSCC approximated \$856,807,000 (\$628,728,000 at December 31, 1992), and open positions due by NSCC to participants approximated \$575,438,000 (\$381,435,000 at December 31, 1992) for unsettled positions and \$281,369,000 (\$247,293,000 at December 31, 1992) for securities borrowed through NSCC's Stock Borrow Program.

In connection with an agreement that NSCC has with the London Stock Exchange (LSE), NSCC has guaranteed the settlement obligations of NSCC's members at LSE and correspondingly, NSCC has guaranteed LSE's obligations to NSCC. NSCC's members collateralize such obligations by depositing clearing fund amounts with LSE as required pursuant to the LSE Member's Agreement.

NSCC is contingently liable for the cancellation of certain SIAC office and equipment leases which expire through December 31, 2003. At December 31, 1993, the aggregate contingent commitment of NSCC totals approximately \$38,000,000. In accordance with the agreement between NSCC and GSCC (see Note 4), \$147,000 of these contingent liabilities are passed through to GSCC.

Net rental expense amounted to \$3,142,000 and \$3,107,000, in 1993 and 1992, respectively. At December 31, 1993, future minimal rental payments under all noncancellable operating leases follows:

| Year                                 | Amount             |
|--------------------------------------|--------------------|
| 1994                                 | \$2,926,000        |
| 1995                                 | 2,848,000          |
| 1996                                 | 2,818,000          |
| 1997 (year of expiration)            | 951,000            |
| Total minimum annual rental payments | <u>\$9,543,000</u> |

**Off-Balance-Sheet Risk and Concentrations of Credit Risk:**



In the normal course of business, NSCC guarantees certain obligations of its participants under specified circumstances (see Note 7). If a participant fails to fulfill its obligations, NSCC could be exposed to risk in amounts in excess of that recorded in NSCC's settlement accounts receivable and payable.

NSCC mitigates its exposure to risk by requiring participants to meet NSCC established financial standards for membership, monitoring compliance with other financial standards established by NSCC and by requiring participants to provide clearing fund deposits in the form of cash, marketable securities or letters of credit (see Note 3).

If a participant fails to fulfill its settlement obligations with NSCC and NSCC ceases to act on behalf of the participant, NSCC would liquidate that participant's guaranteed security receive and deliver obligations and apply the clearing fund deposit received to satisfy any net outstanding obligation and/or loss.

In the event that a deficiency still exists, before NSCC may assess the membership, NSCC is required to apply against the deficiency at least 25% of its retained earnings or such greater amount to be determined by the Board of Directors. NSCC may assess the balance needed on a pro-rata basis to the remaining participants based upon their required clearing fund deposits.

As discussed in Note 1, NSCC provides various services to members of the financial community who participate in securities trade comparison, clearance and settlement. As such, NSCC has a significant group concentration of credit risk since its participants may be impacted by economic conditions affecting the securities industry.


# Report of Independent Accountants

Price Waterhouse 

To the Board of Directors and Shareholders of  
National Securities Clearing Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and retained earnings and of cash flows present fairly, in all material respects, the financial position of National Securities Clearing Corporation and its subsidiary at December 31, 1993 and 1992, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our

audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.



New York, New York

February 14, 1994

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# *NSCC, ISCC and GSCC Senior Executives*

---



*Standing left to right:*  
Richard W. Myers  
*Executive Vice President & COO,*  
*International Securities Clearing*  
*Corporation*

Steve M. Labriola  
*Senior Vice President, Marketing*  
*& Corporate Communications,*  
*National Securities Clearing*  
*Corporation*

Thomas F. Costa  
*Executive Vice President,*  
*Government Securities Clearing*  
*Corporation*

Marvin B. Koehler  
*Senior Vice President,*  
*Finance; Treasurer,*  
*National Securities Clearing*  
*Corporation*

Sandy Manata  
*Senior Vice President,*  
*Planning,*  
*National Securities Clearing*  
*Corporation*

*Seated left to right:*  
Robert A. Schultz  
*Executive Vice President,*  
*Planning and Operations,*  
*National Securities Clearing*  
*Corporation*

Sal Ricca  
*Senior Vice President,*  
*National Securities Clearing*  
*Corporation*

Robert J. Woldow  
*Executive Vice President,*  
*General Counsel & Secretary,*  
*National Securities Clearing*  
*Corporation*

---

# *NSCC, ISCC and GSCC Officers*

---

## Marketing and Corporate Communications



John D. Fitzgerald

John S. Vrettos

Edmund J. Fanning

Neil B. Outcault

Michael M. Molloy

James J. Ronayne

Stuart Z. Goldstein

Kevin F. Maloney

---

## Planning, Operations and Information Services



Claire L. Frankel

Robin E. Lauezzari

Kris A. Stala

Verlon S. Moore

Michael J. Kelleher

Edward O'Shaughnessy

Dwight Arthur

Henry J. Belusa

John J. Reilly

Thomas K. McCarthy

---

Legal, Membership, Compliance and Risk Management



Peter J. Axilrod  
Karen L. Saperstein  
Giulia F. Fitzpatrick  
David F. Hoyt

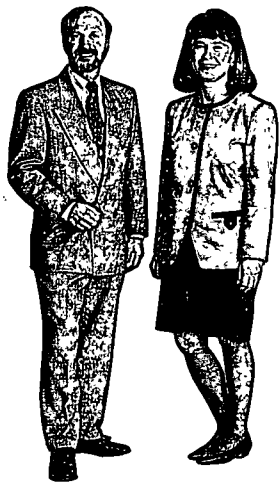
Finance and Human Resources



Neil S. Carfagna  
Joseph C. Trentacoste  
Robert S. Bennett

---

ISCC



Stuart M. Kleinman  
Mary Ann Callahan

GSCC



Jeffrey F. Ingber  
Steven M. Jukofsky  
Robert P. Palatnick  
Thomas A. Quaranta  
Frederick B. Roemer  
Joseph J. Grima

# NSCC, ISCC and GSCC Officers

---

## NSCC Officers

Raymond E. Wooldridge  
*Chairman of the Board*

David M. Kelly  
*President & CEO*

Robert A. Schultz  
*Executive Vice President,  
Planning and Operations*

Robert J. Woldow  
*Executive Vice President,  
General Counsel & Secretary*

Marvin B. Koehler  
*Senior Vice President,  
Finance; Treasurer*

Steve M. Labriola  
*Senior Vice President,  
Marketing and Corporate  
Communications*

Sandy Manata  
*Senior Vice President,  
Planning & PC Development*

Sal Ricca  
*Senior Vice President*

Dwight Arthur  
*Vice President, Director of  
Information Technology*

Peter J. Axilrod  
*Vice President,  
Director of Compliance,  
Membership & Risk Management*

Thomas K. McCarthy  
*Vice President, Director of  
Operations*

Karen L. Saperstein  
*Vice President, Director of  
Legal and Associate General  
Counsel*

Henry J. Belusa  
*Vice President, Planning*

Robert S. Bennett  
*Vice President, Contoller*

Neil S. Carfagna  
*Vice President, Human Resources*

Edmund J. Fanning  
*Vice President, Marketing*

John D. Fitzgerald  
*Vice President, Marketing*

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Joseph C. Trentacoste  
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# Branch Offices

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**National Securities  
Clearing Corporation**

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Corporate Office  
55 Water Street  
New York, New York 10041  
(212) 412-8400

Boston  
One Boston Place  
Boston, Massachusetts  
02108

Chicago  
135 South LaSalle Street  
Chicago, Illinois  
60603

Dallas  
Plaza of the Americas  
600 North Pearl Street  
Dallas, Texas  
75201

Denver  
Dominion Plaza  
600 17th Street  
Denver, Colorado  
80202

Detroit  
3153 Penobscot Building  
Detroit, Michigan  
48226

Los Angeles  
800 Wilshire Boulevard  
Los Angeles, California  
90017

Minneapolis  
IDS Center  
80 South 8th Street  
Minneapolis, Minnesota  
55402

San Francisco  
425 California Street  
San Francisco, California  
94104

Toronto  
85 Richmond Street West  
Toronto, Ontario, Canada  
M5H 2C9

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**International Securities  
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Corporate Office  
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**Government Securities  
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