

During 1997, the market for fixed and variable annuities continued to grow as "Baby Boom" generation Americans sought new investment alternatives to provide a guaranteed income for their retirements. Sales of variable annuities reached \$87 billion this past year, up substantially from \$15 billion in the early 1990s, but nowhere near the potential this market offers.

The challenge of how to mainstream this investment product in the same manner as equities, bonds and mutual funds is critical to the entire financial services industry. Insurance carriers, recognizing the growing popularity of annuities, need to expand their distribution channels. Banks and brokerage firms, which offer additional marketing and sales networks, want to diversify the products they can offer baby boomers as they reach the new millennium.

At the center of this activity and at the urging of the industry, NSCC launched the Annuity Processing Service (APS) in late 1997. Almost two years in the making, APS marks a major milestone in our efforts to develop a standardized, centralized and automated processing solution linking insurance carriers and their distribution partners.

APS began in November with four pilot firms, two insurance carriers and two broker/dealers, exchanging production information on commissions and related money settlement. By the end of January 1998, these firms had actually settled more than \$8 million in commissions, representing over 100,000 transactions. APS began transmitting data on positions and valuations in February 1998 and by month-end had handled over two million position records.

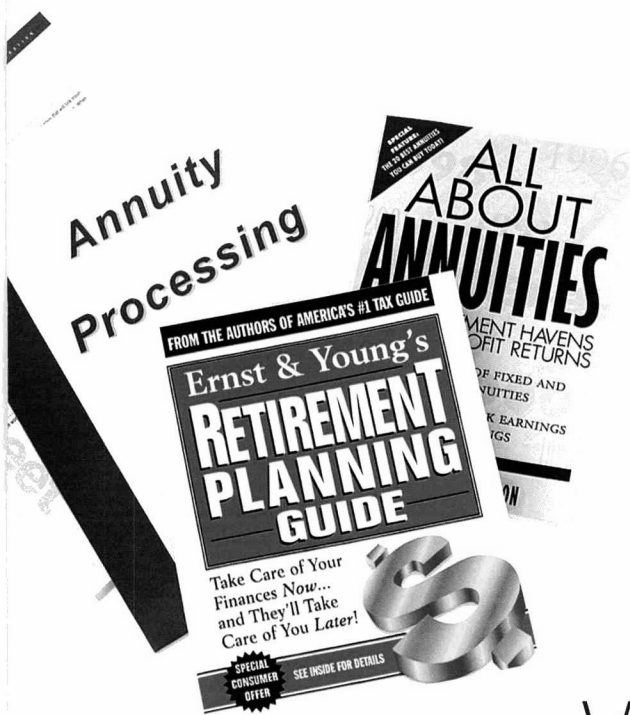
NSCC has worked closely with insurance carriers and received valued support from the National Association for Variable Annuities (NAVA) toward creating a foundation that will support the common goal of streamlining the processing of annuity transactions.

There are 18 insurance carriers who are in various stages of connecting to APS, representing almost 70% of the total variable annuity business in the U.S.

We expand
distribution

networks

by automating links
between insurance
carriers and marketers
of annuities



However, the real work still lies ahead of us. Toward the end of 1997, NSCC began a series of intense workshops and meetings with industry participants to prioritize further enhancements to APS. High on that list in 1998 will be to complete development of what we're calling APS Release 2.0, which includes the processing support needed by the industry to purchase and redeem annuity contracts and premiums.

Our affiliate, Government Securities Clearing Corporation (GSCC), has been a leader in its own right, pushing the envelope beyond its traditional lines of business to reinvent the role it will play well into the next century.

GSCC's core services of clearance and settlement of U.S. Government securities continue to provide unparalleled support, in what from a total dollars point of view is the world's largest securities market. During 1997, the value of Government securities transactions cleared by GSCC exceeded \$148 trillion, up 29% from the prior year. The average daily value of transactions netted and settled through GSCC was \$545 billion.

Like NSCC, GSCC brings certainty to this marketplace by ensuring capacity to handle unpredictable spikes in trading volume, guaranteeing trades and netting down the number of positions that require financial settlement. On a peak day in 1997, GSCC processed transactions worth almost \$1.9 trillion. Through netting, GSCC reduced these settlement obligations by 81%.

Expanding its comparison and netting services in the growing market for repurchase agreements (repos), GSCC has charted a new course for the role it will play in helping financial organizations

achieve balance sheet relief. GSCC has automated the comparison, netting and settlement of overnight repos, term repos and forward-starting repos. It has developed a new service, for roll-out in 1998, enabling dealers to trade general collateral repos without requiring intra-day, trade-for-trade settlement on a delivery-versus-payment basis. GSCC's settlement guarantee for repos eliminates contra-party credit risk, and netting reduces securities Fedwire charges and maximizes balance sheet offsets under FIN41.

A steering committee of brokers, dealers and representatives from GSCC's two clearing banks has been formed by GSCC to guide the development and implementation of other repo products. GSCC expects to play a continuing and larger role in supporting repo products that strengthen the financial positioning of major companies.

During 1997, GSCC also distributed a major White Paper on straight-through processing, setting out its plan and vision for bringing about a point-of-trade settlement guarantee and real-time processing capabilities. The report received strong support from industry participants and GSCC will be moving ahead with a more detailed implementation program beginning later in 1998.

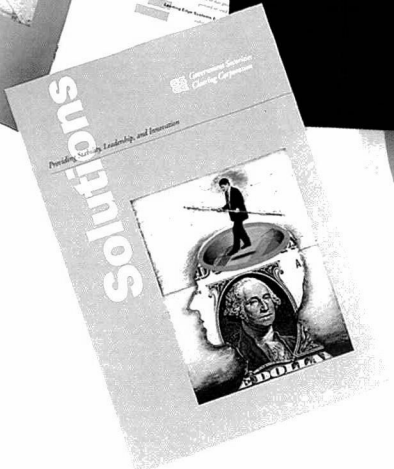
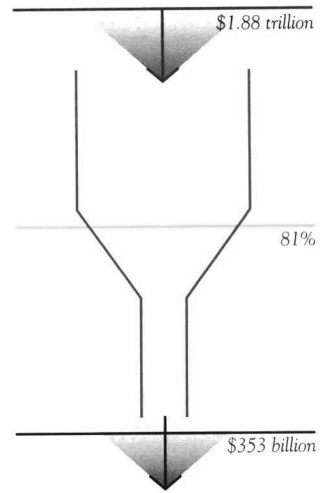
GSCC is ahead of the curve when it comes to year 2000 compliance, since processing Government securities required the original systems to accommodate maturity dates beyond

the next century. Nevertheless, GSCC has established an internal group and is working closely with participants and trade groups to ensure all of its services can make the transition seamlessly.

Never resting on its laurels, GSCC is establishing a forward-looking road map for the future.

We add value by
developing
services
that strengthen our
customers'
use of capital

GSCC Netting Factor
for Peak Day 1997



Paul G. Scheufele

Managing Director,

Credit Suisse

First Boston

Laura E. LoCosa

Principal,

Morgan Stanley & Co., Inc.



MBS Clearing Corporation, the sole provider of automated trade comparison, confirmation, risk management and netting of mortgage-backed securities, recorded a strong year in both its clearing and netting services, as well as in the growth of Electronic Pool Notification (EPN) traffic. In fact, it was so successful that MBSCC decided to reduce fees on discountable services by 20%, effective in January 1998.

The par value of transactions entered for comparison in 1997 increased 10%, to \$8.6 trillion, compared with \$7.8 trillion in 1996. Through

by enhancing
communication
between trading
parties, we help

reduce risk

netting, MBSCC is able to reduce the number of obligations requiring financial settlement. During a peak month, of the nearly \$300 billion in MBS transactions, MBSCC reduced trade and payment obligations by 91% and 85%, respectively.

MBSCC re-engineered its netting process to provide greater efficiency. This resulted in about \$6 million in additional clearance savings to participants above the estimated \$47 million in clearance fees saved in 1997.

Last year, MBSCC expanded the pilot for its new Comparison Only service. This service provides firms not requiring netting with an automated method of comparing and confirming To Be Announced (TBA) trades. By the end of 1997, 22 participants had processed \$66 billion

in TBA trades. The pilot and the types of trades included in the Comparison Only service will be expanded in the coming year.

MBSCC also received a no-action letter from the SEC and made necessary system modifications allowing broker/dealer participants to rely on MBSCC generated reports to satisfy SEC mandated rule 10b-10 confirmation requirements.

The unique MBS market, with its high transaction values and long settlement periods (45 to 90 days), requires concentrated efforts at risk management, streamlining the flow of trade data and moving the industry toward a seamless straight-through processing trade environment. A centerpiece of MBSCC's strategy is the growing importance of its EPN service.

EPN provides an automated platform for the transmission of messages detailing the underlying securities on MBS trades. In 1997, EPN processed nearly 260,000 messages with a current face value of \$2.1 trillion. In addition, MBSCC introduced a PC-based service last May,

called EaSy Pool (ESP), that will further expand participation in EPN by helping firms convert files so they can be transmitted into EPN.

In preparing for the next century, MBSCC is working aggressively with participants, regulators, DTC and trade associations to further expand its buy side industry participant base and to move post-trade processing closer to the point of trade. Some of these initiatives include adopting CUSIPS to standardize trade identification for clearing and EPN; determining the feasibility of real-time trade submission and matching; and working with DTC to link MBSCC's EPN system to DTC's ID system so participants can achieve a seamless flow-through of settlement instructions.



As markets become more global, we've pursued three distinct efforts to support the development of global standards and streamlined processing of cross-border trading activity.

The first of these efforts involved the development of the Emerging Markets Clearing Corporation (EMCC), which the SEC has approved and was launched in April 1998.

The new clearing corporation will initially provide clearance, settlement and risk management services for U.S. dollar-denominated Brady bonds and will have both U.S. and foreign based members. It is expected that through EMCC's centralized processing, guarantee of trade completion, collateralization methodology

supported the development of EMCC, will serve as EMCC's facilities manager.

A second effort was carried out by ISCC's Global Clearing Network (GCN), which continues to generate steady volume with 425,000 transactions, up slightly from 1996. GCN provides a standardized platform for communicating instructions and reporting on clearance, settlement and custody in 43 countries for 34 participating brokers.

Lastly, a White Paper, developed and distributed by International Depository & Clearing LLC (IDC) this past September on behalf of 15 major firms involved in cross-border securities trading, has generated new ideas on how to speed the comparison and settlement of cross-border activity.

we support **global** reach by facilitating clearance and settlement in overseas markets

and netting of obligations, the industry will reduce counter-party risk by as much as 75%.

Currently, the market for Brady bonds is over \$2.4 trillion annually. EMCC has plans, based on the needs of its participants, to expand into clearing sovereign Eurobonds and other emerging market debt instruments.

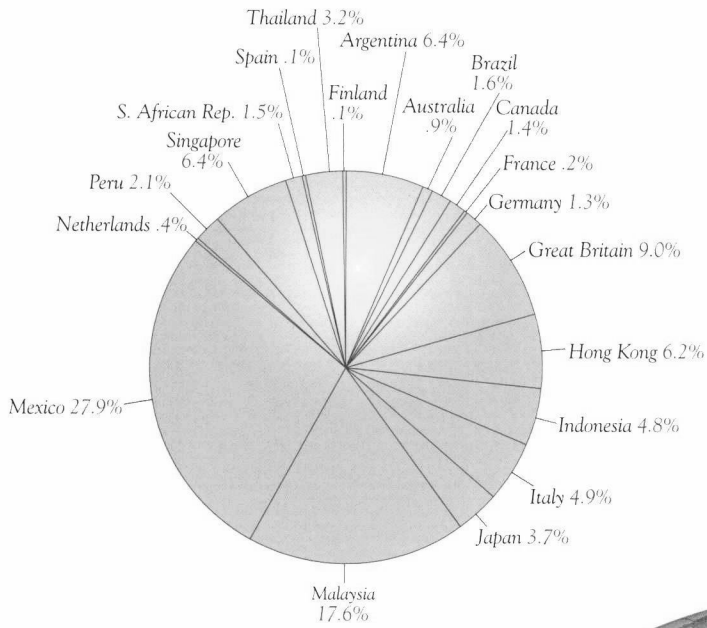
EMCC will be primarily owned by industry participants, with a minority interest held by NSCC, EMTA and International Securities Market Association (ISMA). The International Securities Clearing Corporation (ISCC), which

The paper proposed the development of a universal "plug", called an Application Program Interface (API), that would permit seamless and non-redundant communication of information from trade execution through settlement. IDC is continuing to support the efforts of this group, which is now referred to as the Global Straight Through Processing (GSTP) Committee.

IDC was established as a jointly owned affiliate of NSCC and DTC to provide a singular focus on global issues from a research, marketing and development standpoint, and a focal point for relationships with other Central Securities Depositories (CSDs). An IDC office was established in the U.K. during 1997 to promote the service offerings of its respective parents.

During the past year, IDC's consulting unit, the Resource Company, expanded its involvements overseas with emerging capital markets to help them develop and improve their clearance and settlement infrastructures.

GCN Volume by Country in 1997



- Others .4%
- Bangladesh
- Belgium
- Botswana
- China
- Colombia
- Denmark
- Ghana
- Kenya
- Namibia
- New Zealand
- Nigeria
- Norway
- Pakistan
- Philippines
- South Korea
- Sri Lanka
- Swaziland
- Sweden
- Taiwan
- Uganda
- Zaire
- Zambia
- Zimbabwe

Andrew Cortese

Senior Vice President,

The Chase

Manhattan Bank (left)

Valerie A. Gavora

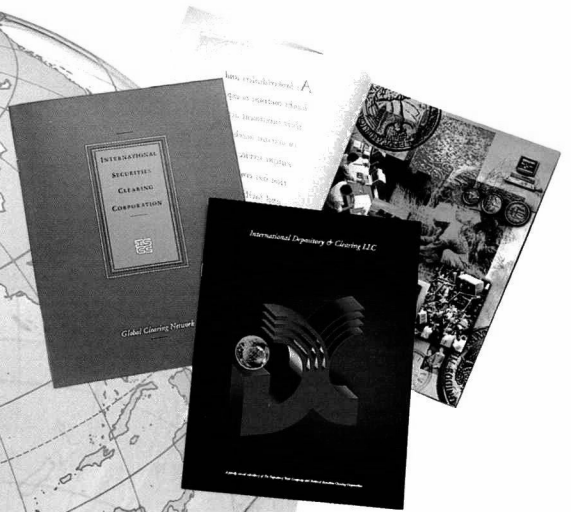
Vice President,

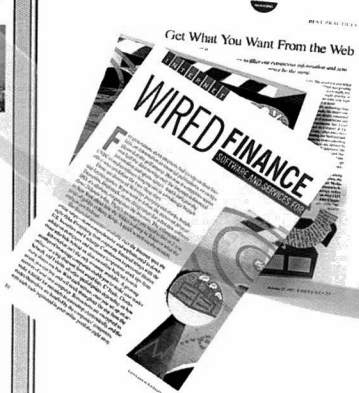
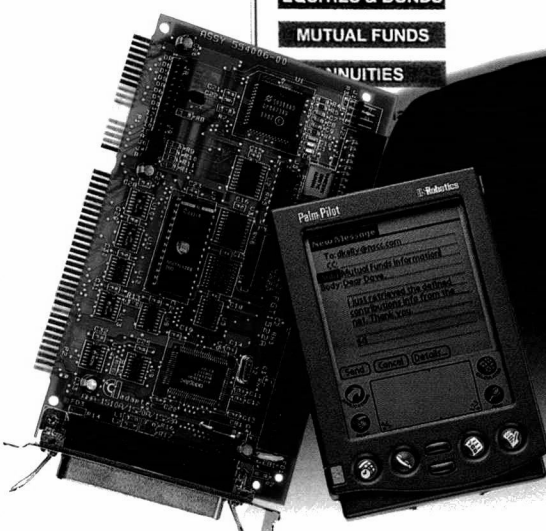
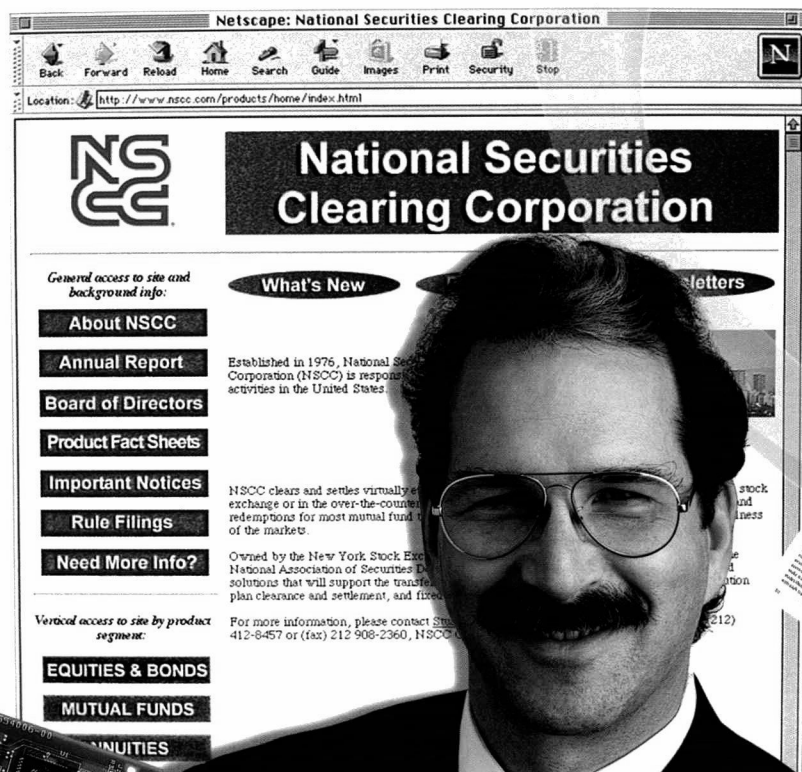
Fixed Income Securities

Goldman, Sachs & Co.



EMERGING MARKETS CLEARING CORPORATION





Scott Abbey

Executive Vice President &

Chief Information Officer,

Information Services Division,

PaineWebber, Inc.

The Internet has already dramatically transformed the way business is done — and NSCC and its affiliated companies are no exception.

The Internet provides a vast new channel for us to communicate with our participants and to develop safe and sound methods for transmitting data required by various business applications. There are unique challenges for a clearing corporation

The future
is now... and the

internet
offers new tools
as we build toward
a new paradigm

in using Internet technology. Our customers rely on us for the secure, successful and timely transmission of data. Our threshold and tolerance for disruptions must be zero. So the bottom line is that we're moving aggressively to carve out and use the Internet to the extent that our standards are not compromised.

Toward this end, NSCC and all the clearing corporations have established staff groups of systems developers, data security personnel, business planners, futurists and individuals from the marketing and corporate communications areas, to work independently and, at times, as part of a team to pursue innovative business ideas using the Internet.

During 1997, we established our own Web site, <http://www.nsccl.com>, to provide current and prospective participants with ready access to a broad spectrum of marketing and training material, important notices, newsletters, product fact sheets, press announcements, the annual report

and with the ability to request documents via E-mail. In 1998, we'll give participants the option to view information by vertical product segment, e.g., equities and bonds, mutual funds and annuities. We've also used the Internet to provide access to record formats associated with our Year 2000 project and an on-line version of our Fund/SERV User Manual, including record formats.

The development of PC Web Direct in 1997, replacing the old PC Platform, represents the first business application that will use the Internet for transmitting transaction data. The application is also the first time we've introduced digital certificates and encryption to ensure the security of these transmissions.

NSCC does plan to use Internet protocols for CPU-to-CPU transfers as our primary method of transmitting information, as we move toward the 21st century.

NSCC and ISCC Board of Directors



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Clearing Corporation
Chairman of the Board, ISCC

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Senior Managing Director
Bear, Stearns Securities Corp.



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Operating Officer
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National Financial
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Salomon Smith Barney

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Putnam Investments

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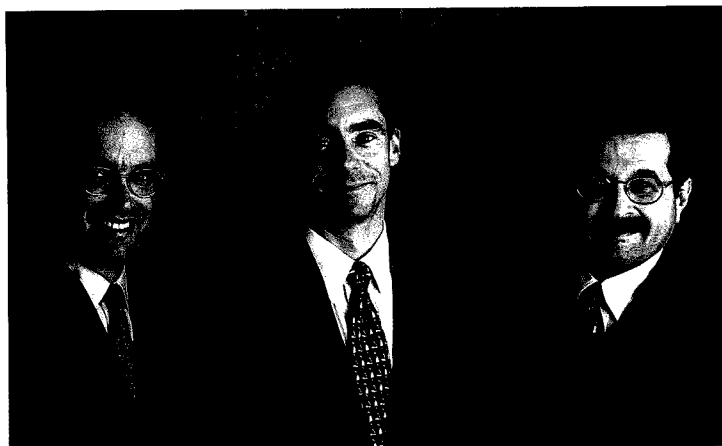
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Executive Vice President
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BT Alex. Brown, Inc.

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Chief Executive Officer
The Depository
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President & CEO
D. A. Davidson & Co.

Not Pictured:

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Chairman of the Board, NSCC
Senior Executive Vice President
Director of Operations and Systems
Salomon Smith Barney

Richard A. Edgar
Executive Vice President
Market Operations, Real Estate & Facilities
New York Stock Exchange, Inc.

Ronald J. Kessler
Corporate Vice President and
Director of Operations
A.G. Edwards & Sons, Inc.

Henry A. Lichstein
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Citibank Development Center

Thomas F. Ryan, Jr.
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American Stock Exchange, Inc.

Bruce C. Avery
Executive Vice President
Massachusetts Financial Services

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 1997 continued to provide NSCC with appropriate guidance and direction.

The Board of Directors is made up of 21 members:

16 Participant Directors elected from participating brokers, dealers, banks and mutual funds; NSCC's President and Chief Executive Officer; and three Shareholder Directors.

In addition, during 1997, the Board was expanded to include an Industry Director: William Jaenike, chairman and CEO of The Depository Trust Company (DTC).

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, non-mortgage-backed Agency securities and repurchase agreements. 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.

GSCC Board of Directors



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Senior Managing Director
Bear, Stearns & Co., Inc.

Sal Ricca
President & Chief
Operating Officer
Government Securities
Clearing Corporation

Edward F. Watts, Jr.
Chairman of the Board,
GSCC
Managing Director
Goldman, Sachs & Co.



Peter J. Murray
Director
Credit Suisse
First Boston Corporation

David M. Kelly
President & Chief
Executive Officer
National Securities
Clearing Corporation

Daniel O. Minerva
Co-President
Co-Chief Executive Officer
Eastbridge Capital Inc



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Managing Director
Deutsche Morgan
Grenfell Inc.

Joseph R. LaBato
Managing Director
The Chase Manhattan Bank
(left)

Stephen R. Tilton
President
Garban LLC.
(right)

Ralph Mastrangelo
Executive Vice President
The Bank of New York



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Principal
Morgan Stanley & Co.
Incorporated

Edwin F. Payne
Chairman &
Chief Executive Officer
Liberty Brokerage
Investment Corporation

Clive Cooke
Chief Executive Officer
Exco USA Securities Inc.

Consolidated Balance Sheets

December 31,	1997	1996
	(in thousands)	
Assets		
Cash and cash equivalents	\$ 507,375	\$439,174
U.S. Treasury securities	69,509	59,982
Accounts receivable	7,821	7,394
Settlement accounts receivable	423	304
Clearing fund	507,965	449,492
Fixed assets, less accumulated depreciation and amortization of \$11,429,000 and \$9,014,000 at December 31, 1997 and 1996, respectively	6,917	6,907
Intangible assets, less accumulated amortization of \$5,199,000 and \$2,313,000 at December 31, 1997 and 1996, respectively	12,098	9,254
Other assets	18,282	11,496
Total assets	\$1,130,390	\$984,003
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable	\$ 3,732	\$ 3,240
Settlement accounts payable	121,529	159,980
Clearing fund:		
Participants' cash deposits	424,850	314,811
Other participant deposits	507,965	449,492
Other liabilities	47,314	31,480
Total liabilities	1,105,390	959,003
Commitments and contingent liabilities (Note 8)		
Shareholders' equity:		
Common stock authorized, issued and outstanding; 30,000 shares of \$.50 par value	15	15
Capital in excess of par	885	885
Retained earnings	24,100	24,100
Total shareholders' equity	25,000	25,000
Total liabilities and shareholders' equity	\$1,130,390	\$984,003

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income and Retained Earnings

<i>For the Year Ended December 31,</i>	1997	1996
	(in thousands)	
Revenues:		
Revenue from services	\$209,049	\$177,962
Discounts to participants	89,207	65,205
Net revenue from services	119,842	112,757
Interest income	11,696	8,952
Total revenues	131,538	121,709
Expenses:		
Securities Industry Automation Corporation processing expenses	57,648	53,702
Employee compensation and related benefits	29,553	28,556
The Depository Trust Company fees	17,573	15,932
Occupancy and other general and administrative	21,244	15,519
Provision for estimated liquidation losses (Note 8)	5,520	8,000
Total expenses	131,538	121,709
Income before income taxes	—	—
Provision for income taxes	—	—
Net income	—	—
Retained earnings, beginning of year	24,100	24,100
Retained earnings, end of year	\$ 24,100	\$ 24,100

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

For the Year Ended December 31,

1997

1996

(in thousands)

Cash flows from operating activities:

Net income	\$ —	\$ —
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of fixed assets	2,415	2,016
Amortization of intangible assets	2,886	2,313
Accretion of discount on securities owned, net of premium amortized	(3,761)	(2,829)
Provision for estimated liquidation losses	5,520	8,000
Changes in operating assets and liabilities:		
Increase in accounts receivable	(427)	(1,600)
(Increase) decrease in settlement accounts receivable	(119)	3,288
Increase in other assets	(6,786)	(3,218)
Increase in accounts payable	492	1,118
Decrease in settlement accounts payable	(38,451)	(117,816)
Increase in clearing fund participants' cash deposits	110,039	53,168
Increase in other liabilities, net	10,314	1,877
Net cash provided by (used in) operating activities	82,122	(53,683)
Cash flows from investing activities:		
Maturity of investments in U.S. Treasury securities	60,500	87,300
Purchases of investments in U.S. Treasury securities	(66,266)	(56,931)
Purchases of fixed assets	(2,425)	(3,500)
Acquisition of intangible asset	(5,730)	(11,567)
Net cash (used in) provided by investing activities	(13,921)	15,302
Net increase (decrease) in cash and cash equivalents	68,201	(38,381)
Cash and cash equivalents, beginning of year	439,174	477,555
Cash and cash equivalents, end of year	\$507,375	\$439,174
Supplementary disclosure:		
Income taxes paid	\$ 1,769	\$ 2,358
Interest paid	\$ 21	\$ —

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1 Organization and Operations:

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.

2 Summary of Significant Accounting Policies:

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's ownership in Government Securities Clearing Corporation (GSCC) and International Depository & Clearing LLC (IDC) of approximately 24% and 50%, respectively, are included in other assets on the consolidated balance sheet at carrying values of approximately \$3,950,000 and \$1,000,000, respectively, at December 31, 1997. The equity method is used to account for these investments. At December 31, 1996, the carrying value of the investment in GSCC of \$2,548,000 (17%) was limited to the stated price at which GSCC could repurchase the shares. In November 1997, this limit was increased to the book value of the shares. At December 31, 1997, NSCC also owns approximately a 10% interest in MBS Clearing Corporation (MBSCC) and a 38% interest in Emerging Markets Clearing Corporation (EMCC). These investments, which are carried at their respective costs of \$432,000 and \$495,000, are also included in other assets. EMCC is in the initial phase of its capital formation process; it is anticipated that NSCC will own less than 20% of EMCC upon completion of this process.

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 which is 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 and totaled \$467,519,000 and \$406,000,000 at December 31, 1997 and 1996, respectively. At December 31, 1997, the counterparties to these agreements were six financial institutions.

Overnight investments in the commercial paper of two major U.S. bank holding companies totaling \$34,767,000 and \$30,029,000 are also included in cash equivalents at December 31, 1997 and 1996, respectively.

U.S. Treasury securities: U.S. Treasury securities are recorded at amortized cost and are considered to be held-to-maturity securities as NSCC has both the positive intent and ability to hold these securities to maturity. The contractual maturities, carrying value and market value of these securities at December 31, 1997 and 1996 are as follows:

	1997		1996	
	Carrying Value	Market Value	Carrying Value	Market Value
Due in one year or less	\$69,509,000	\$69,534,000	\$59,483,000	\$59,516,000
Due in one through two years	—	—	499,000	510,000
Total	\$69,509,000	\$69,534,000	\$59,982,000	\$60,026,000

At December 31, 1997 and 1996, \$69,509,000 and \$59,483,000, respectively, of such securities were held in an account for the exclusive benefit of participants to facilitate participants' compliance with customer protection rules of the SEC.

Settlement accounts: Settlement accounts receivable arises from time lags, primarily one-day, in the settlement process with participants. Settlement accounts payable primarily represents deposits received from participants to facilitate participants' compliance with customer protection rules of the SEC.

Fixed assets: These assets consist primarily of computer equipment and software which are being depreciated over a three or five-year period.

Intangible assets: In 1996, NSCC entered into an agreement with the Chicago Stock Exchange, Incorporated (CHX) and Midwest Clearing Corporation (MCC) in which CHX and MCC signed covenants not to compete with NSCC and NSCC paid \$11,567,000 consisting of \$5,003,000 in cash and the assumption of certain net lease obligations valued at \$6,564,000.

In 1997, NSCC entered into an agreement with the Philadelphia Stock Exchange, Inc. (PHLX) and the Stock Clearing Corporation of Philadelphia (SCCP) in which PHLX and SCCP signed covenants not to compete with NSCC and NSCC paid \$5,754,000 consisting of \$1,900,000 in cash and a note valued at \$3,854,000 which is due in installments between June 1998 and June 2004 at 7% interest.

The amounts paid for these covenants are being amortized over five years, their estimated benefit periods.

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.

Notes to Consolidated Financial Statements

Deferred tax assets relate principally to depreciation and employee benefit costs.

Financial instruments: Management believes that the carrying value of all financial instruments approximates market value.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain reclassifications of 1996 amounts have been made in the accompanying financial statements to conform to the 1997 presentation.

3 Participants' Clearing Fund Deposits:

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, 1997 and 1996, follows:

	1997	1996
Cash	\$424,850,000	\$314,811,000
Securities issued or guaranteed by the U.S. Government, at market	373,752,000	241,382,000
Letters of credit issued by authorized banks	302,052,000	263,829,000

During 1997, NSCC maintained a \$400,000,000 committed line of credit agreement with 3 major U.S. banks to provide for potential additional liquidity needs. This line was not used in 1997.

4 Transactions with Related Parties:

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, 1997 and 1996, were \$2,160,000 and \$2,847,000, respectively.

DTC: NYSE, Amex and NASD own minority interests in The Depository Trust Company (DTC), whose facilities are used by NSCC. DTC fees in 1997 and 1996 included \$10,558,000 and \$9,253,000, 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, 1997 and 1996, were \$828,000 and \$1,045,000, respectively.

NYSE, Amex and NASD: NSCC collects certain regulatory fees on behalf of NYSE, Amex and NASD. At December 31, 1997 and 1996, no amounts were due the NYSE, Amex or NASD.

EMCC: ISCC has entered into an agreement with EMCC to provide certain system development services to EMCC. Charges under this agreement, which are based on a determination of ISCC's cost of providing these services, totaled \$2,450,000 in 1997. At December 31, 1997, receivables from EMCC amounted to \$1,951,000.

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 totaled \$4,470,000 in 1997 and \$3,982,000 in 1996. NSCC's expenses are presented net of these charges. At December 31, 1997 and 1996, receivables from GSCC amounted to \$103,000 and \$36,000, respectively.

IDC: NSCC pays IDC for certain advisory services primarily focusing on researching, developing and recommending the most effective strategies for developing cross-border services. Such amounts reported as revenue by IDC aggregated \$4,008,000 in 1997. Further, NSCC has entered into an agreement with IDC to provide various support services. Charges under this agreement, which are based on a determination of NSCC's cost of providing these services, totaled \$267,000 in 1997. NSCC's expenses are presented net of these charges. At December 31, 1997, the receivable from IDC amounted to \$64,000.

IDC's excess cash may be aggregated with funds held by NSCC for investment purposes. At December 31, 1997, other liabilities included \$2,432,000, representing NSCC's obligation to IDC for such funds.

MBSCC: NSCC has entered into an agreement with MBSCC to provide various support services and office facilities. Charges under this agreement, which are based on a determination of NSCC's cost of providing these services, totaled \$653,000 in 1997 and \$567,000 in 1996. NSCC's expenses are presented net of these charges. The agreement expires in 1999; however, it is intended that it will continue in effect unless notice of cancellation is given by either party. At December 31, 1997 and 1996, receivables from MBSCC amounted to \$583,000 and \$149,000, respectively.

Notes to Consolidated Financial Statements

5 Income Taxes:

NSCC and ISCC file consolidated Federal, combined New York State and combined New York City income tax returns.

The provisions for income taxes for the years ended December 31, 1997 and 1996 consist of the following:

	1997	1996
Current income taxes	\$3,324,000	\$15,000
Deferred income taxes	(3,324,000)	(15,000)
Total income taxes	\$ —	\$ —

6 Pension Plans:

NSCC has a trustee noncontributory defined benefit pension plan covering all eligible employees of NSCC and certain affiliated companies. 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. Although the SERP is currently unfunded, \$4,874,000 (\$5,634,000 for NSCC and affiliated companies) in marketable securities have been segregated in order to pay future benefit obligations of the SERP. The securities are recorded at market value at December 31, 1997 and are included in other assets in the balance sheet. The cost of the securities approximates market value and, as such, no separate valuation component in shareholders' equity was recorded. Finally, NSCC has a noncontributory benefit restoration plan (BRP) which restores to identified executives certain retirement income benefits which have been limited by changes in income tax regulations. The BRP is not funded. Aggregate pension costs for 1997 and 1996 for these plans follow:

	1997	1996
Service cost	\$1,918,311	\$1,692,722
Interest cost	1,089,175	937,376
Actual return on plan assets	(2,841,645)	(1,414,116)
Net amortization and deferral	2,101,850	893,015
Total pension cost	\$2,267,691	\$2,108,997

The funded status of the plans at December 31, 1997 and 1996, follows:

	1997	1996
Actuarial present value of benefit obligations:		
Vested benefit obligations	(\$9,123,728)	(\$7,431,606)
Nonvested benefit obligations	(1,623,687)	(1,150,500)
Accumulated benefit obligations	(10,747,415)	(8,582,106)
Effect of salary projections	(6,992,279)	(5,637,584)
Projected benefit obligations	(17,739,694)	(14,219,690)
Fair value of plan assets	12,755,950	9,760,479
Plan assets less than projected benefit obligations	(4,983,744)	(4,459,211)
Unrecognized net gain	(2,189,643)	(750,223)
Unrecognized prior service cost	(321,581)	(306,917)
Unrecognized transitional liability	126,243	157,803
Accrued pension cost	(\$7,368,725)	(\$5,358,548)

The expected rate of return on plan assets was 8% in both 1997 and 1996. The discount rate and rate of increase in future compensation levels used in determining the actuarial present value of accumulated benefit obligations were 7.5% and 6%, respectively, in 1997 and 7.75% and 6%, respectively, in 1996.

7 Other Post-Retirement Benefits:

NSCC's life insurance program includes payment of death benefits to beneficiaries of eligible retired employees of NSCC and certain affiliated companies. Further, NSCC's health insurance program provides benefits to eligible retired employees of NSCC and certain affiliated companies. The cost of these benefits and the related liabilities as calculated under the provisions of Statement of Financial Accounting Standards No. 106, "Employees Accounting for Post-Retirement Benefits Other Than Pensions," is not material.

8 Commitments and Contingent Liabilities:

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/recorded. 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, 1997, open positions due NSCC approximated \$1,320,832,000 (\$1,301,275,000 at December 31, 1996), and open positions due by NSCC to participants approximated

Notes to Consolidated Financial Statements

\$1,014,332,000 (\$948,474,000 at December 31, 1996) for unsettled positions and \$306,500,000 (\$352,801,000 at December 31, 1996) for securities borrowed through NSCC's Stock Borrow Program.

During the first quarter of 1995, a SIPC trustee was appointed to liquidate the business of Adler Coleman Clearing Corporation (ACCC), a former NSCC participant. NSCC and the SIPC trustee entered into an agreement in connection with the settlement of certain positions held by ACCC at NSCC. NSCC would be liable to the trustee if certain conditions occur for amounts which management estimates could be up to \$17,000,000. At present, management is unable to determine with certainty NSCC's ultimate obligation. In 1997 and 1996, NSCC provided \$5,520,000 and \$8,000,000, respectively, for estimated liquidation losses. At December 31, 1997, the related accrual included in other liabilities is \$14,074,000 of which approximately \$1,900,000 is estimated interest.

At present, under a netting contract and limited cross guaranty agreement with DTC, DTC transferred to NSCC approximately \$860,000 of excess collateral of Adler Coleman Clearing Corporation. Under the terms of that agreement, NSCC remains liable to DTC for return of such monies for a period of four years from the February 1995 transfer if DTC subsequently determines the collateral not to have been excess.

NSCC is contingently liable for the cancellation of certain SIAC office and equipment leases which expire through December 31, 2003. At December 31, 1997, the aggregate contingent commitment of NSCC totals approximately \$18,773,000.

Net rental expense amounted to \$2,312,000 and \$2,694,000, in 1997 and 1996, respectively. At December 31, 1997, future minimum rental payments under all noncancelable operating leases follows:

Year	Amount
1998	\$ 1,458,000
1999	1,455,000
2000	1,756,000
2001	1,761,000
2002	1,762,000
2003 through 2012	20,979,000
Total minimum annual rental payments	\$29,171,000

9 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 8). 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 acceptable 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 defaulting participant's clearing fund deposit received to satisfy any net outstanding obligation and/or loss.

NSCC has entered into a netting contract and limited cross-guaranty agreement with DTC under which DTC has agreed to make payment to NSCC for any remaining unsatisfied obligations of the defaulting participant to the extent that DTC has excess resources belonging to the defaulting participant. NSCC has also entered into limited cross-guaranty agreements separately with ISCC, GSCC, MBSCC and The Options Clearing Corporation (OCC) which provide for payments under similar circumstances. NSCC and OCC have also entered into an options settlement agreement providing for the movement of underlying securities in satisfaction of options exercised and assigned at OCC. Such agreement provides certain limited guarantees by OCC to NSCC to the extent NSCC experiences a default prior to the first settlement day possible for the securities; NSCC provides certain guarantees to OCC as well.

In the event that a deficiency still exists after the application of the DTC payment and/or payments from other clearing agencies, 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. As described above, such risk is mitigated in a number of ways.

Report of Independent Accountants

Price Waterhouse LLP 

February 12, 1998

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, 1997 and 1996, 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.

Price Waterhouse LLP

Management's Report on Responsibility for Internal Control Over Financial Reporting

February 12, 1998

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

National Securities Clearing Corporation (NSCC) maintains a system of internal control over financial reporting which is designed to provide reasonable assurance regarding the preparation of reliable published financial statements. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective internal control system, no matter how well designed, has inherent limitations—including the possibility of the circumvention or overriding of controls—and therefore can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control system effectiveness may vary over time.

NSCC's management assessed its internal control over financial reporting as of December 31, 1997, in relation to criteria for effective internal control described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, NSCC believes that, as of December 31, 1997, its system of internal control over financial reporting met those criteria.

David M. Kelly

David M. Kelly
President and Chief Executive Officer

Marvin B. Koehler

Marvin B. Koehler
Managing Director and Treasurer

Report of Independent Accountants on Internal Control Over Financial Reporting

Price Waterhouse LLP 

February 12, 1998

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

We have examined management's assertion that National Securities Clearing Corporation (NSCC) maintained effective internal control over financial reporting as of December 31, 1997 which is included in the accompanying Management's Report on Responsibility for Internal Control Over Financial Reporting.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control, and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertion that NSCC maintained effective internal control over financial reporting as of December 31, 1997 is fairly stated, in all material respects, based upon criteria established in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Price Waterhouse LLP

Managing Directors



Operations, Systems

Dwight A. Arthur
*Managing Director,
Systems*

Robert A. Schultz
*Managing Director,
Operations*

John J. Murabito
*Managing Director,
Systems*

Max Palmer
*Managing Director,
Systems*

Thomas K. McCarthy
*Managing Director,
Operations*



Legal, Risk Management, Surveillance, Membership

Karen L. Saperstein
*Managing Director
and Deputy
General Counsel*

Peter J. Axilrod
*Managing Director,
Surveillance, Membership
and Risk Management*

Ellen F. Levine
*Managing Director,
Risk Management
and Surveillance*

Robert J. Woldow
*Managing Director,
General Counsel
and Secretary*



GSCC

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*Managing Director,
Technology*

Jeffrey E. Ingber
*Managing Director,
General Counsel
and Secretary*

Thomas F. Costa
*Managing Director,
Marketing, Planning,
Operations
and Technology*

Steven M. Jukofsky
*Managing Director,
Marketing*

Joseph J. Grima
*Managing Director,
Operations*

Sandy Manata
*Managing Director,
Planning*



Marketing and Corporate Communications, New York Window

James J. Ronayne
*Managing Director,
 New York Window*

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*Managing Director,
 Marketing, Mutual Funds*

Walter F. Siebecker
*Managing Director,
 Marketing, Annuities*

Steve M. Labriola
*Managing Director,
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 Corporate Communications*

John S. Vrettos
*Managing Director,
 Strategic Planning*



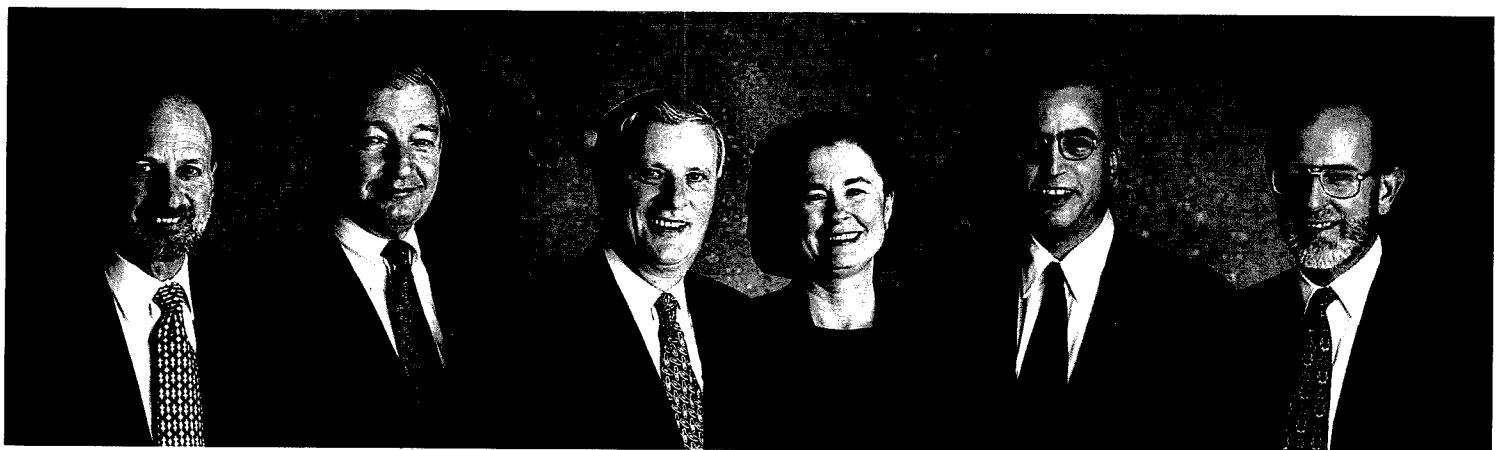
Executive, Human Resources, MBSCC, Finance

Ralph Monda
*Managing Director,
 New Business Initiatives*

Neil S. Carfagna
*Managing Director,
 Human Resources*

Ronald A. Stewart
*President and CEO,
 MBSCC*

Marvin B. Koehler
*Managing Director
 and Treasurer*



International

Stuart M. Kleinman
*Managing Director
 and COO, ISCC*

Richard W. Myers
President, ISCC

Jeremiah F. O'Leary
Chairman, IDC

Mary Ann Callahan
*Managing Director,
 ISCC*

Mark Handsman
*Managing Director,
 IDC*

Keith Kanaga
*Managing Director,
 EMCC*

NSCC, ISCC, GSCC, MBSCC Officers

NSCC Officers

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Chairman of the Board

David M. Kelly
President and CEO

Marvin B. Koehler⁽¹⁾
Managing Director and Treasurer

Steve M. Labriola
*Managing Director,
Marketing and Corporate
Communications*

Richard R. Macek⁽²⁾
Managing Director and Treasurer

Ralph Monda
*Managing Director,
New Business Initiatives*

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*Managing Director and
Chief Administrative Officer*

Max Palmer
Managing Director, Systems

Robert A. Schultz
Managing Director, Operations

Robert J. Woldow⁽³⁾
*Managing Director,
General Counsel and Secretary*

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Managing Director, Systems

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*Managing Director,
Surveillance, Membership
and Risk Management*

Ann Bergin
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Marketing, Mutual Funds*

Neil S. Carfagna
*Managing Director,
Human Resources*

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*Managing Director,
Risk Management and Surveillance*

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Managing Director, Operations

John J. Murabito
Managing Director, Systems

James J. Ronayne
*Managing Director,
New York Window*

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*Managing Director
and Deputy General Counsel*

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Marketing, Annuities*

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Managing Director, Strategic Planning

Tim Worley
Managing Director, Marketing

VPs

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Vice President, New York Window

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*Vice President and
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Thomas Joyce
Vice President, New York Window

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Vice President, Operations

Gerhard G. Krobisch
Vice President, Operations

Kevin F. Maloney
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Edlyn Meringolo
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Michael M. Molloy
Vice President, Marketing

William Omanoff
Vice President, Systems

Edward O'Shaughnessy
Vice President, Planning

Neil B. Outcault
Vice President, Marketing

John J. Reilly
Vice President, Information Services

Eileen Robbins⁽⁴⁾
Vice President, Risk Management

Barbara Smith
Vice President, Marketing

Joseph C. Trentacoste
Vice President, Treasury Operations

Linda Wittich
Vice President, Marketing

Theresa Wright
Vice President, Surveillance

GSCC

Edward F. Watts, Jr.
Chairman of the Board

David M. Kelly
Vice Chairman & CEO

Sal Ricca
President and COO

Thomas F. Costa
*Managing Director, Marketing,
Planning, Operations and Technology*

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Managing Director, Operations

Jeffrey F. Ingber
*Managing Director,
General Counsel and Secretary*

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Managing Director, Marketing

Sandy Manata
Managing Director, Planning

Robert P. Palatnick
Managing Director, Technology

Neal Arbon
Vice President, Technology

David P. Buckmaster
Vice President, Operations

Kate Connelly
Vice President, Planning

Steven D. Kling
Vice President, Technology

Salvatore Matera
Vice President, Technology

Tracy L. Penwell
Vice President, Risk Management

Thomas Quaranta
Vice President, Participant Services

Richard B. Sabel
Vice President/Director, Planning

Robert Trapani
Vice President, Participant Services

Richard M. Visco
Vice President, Operations

Diane E. Waller
*Vice President, Associate General
Counsel and Assistant Secretary*

MBSCC Officers

Frank DeCongelio
Chairman of the Board

Ronald A. Stewart
President and CEO

Lynn Douglas
Managing Director and COO

Anthony H. Davidson
*Vice President, Associate
General Counsel and
Assistant Secretary*

Virginia Hanson
*Vice President/Director,
Informational Technology*

Dennis J. Paganucci
*Vice President/Director,
Marketing and Sales*

George Parasole
*Vice President, Member
Services/Operations*

ISCC Officers

David M. Kelly
*Chairman of the Board
and CEO*

Richard W. Myers
President

Stuart M. Kleinman
Managing Director and COO

Brian G. Bollinger
Managing Director

Mary Ann Callahan
Managing Director

Dennis Earle
Managing Director

Sean Delap
Vice President

Macrina DiGregorio
Vice President

Margaret Koontz
Vice President

EMCC

Keith Kanaga
Managing Director

James Murphy
Chief Financial Officer

⁽¹⁾ Also serves as CFO and Treasurer for GSCC, MBSCC and ISCC

⁽²⁾ Assumed CFO Treasurer role in 1998

⁽³⁾ Also serves as General Counsel and Secretary for MBSCC

⁽⁴⁾ Also serves as Vice President, Risk Management for EMCC

⁽⁵⁾ Also serves as General Counsel and Secretary for ISCC and EMCC

⁽⁶⁾ Also serves as Assistant Treasurer for GSCC, MBSCC and ISCC

⁽⁷⁾ Also serves as Assistant Secretary, MBSCC

National Securities Clearing Corporation

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Government Securities Clearing Corporation

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<http://www.gsc.com>

MBS Clearing Corporation

Corporate Office
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<http://www.mbscc.com>

Emerging Markets Clearing Corporation

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National Security Clearing Corporation

National Securities Clearing Corporation Corporate Office 55 Water Street New York, New York 10041 (212) 412-8400 <http://www.nsccl.com>

The next century

Roadmap
to the
Future



Products and Services

Description

Broker/Dealers

Banks and Trusts

Mutual Funds

Insurance Carriers

Equities & Bonds

Continuous Net Settlement (CNS)	An automated book entry accounting system that simplifies and guarantees financial and security settlement by netting the number of securities transactions to one position	•			
Automated Customer Account Transfer Service (ACATS)	Automates and standardizes the timely transfer of customer account assets from one financial institution to another	•	Available in 1998	See ACATS Fund/SERV interface	
Collateral Management Service (CMS)	Allows brokers to more effectively view and manage collateral across clearing corporations and the depository	•			
Correspondent Clearing/Qualified Special Representatives	Facilitates trade clearance and settlement for transactions executed by one broker on behalf of another	•			
Fixed Income Transaction System (FITS)	Provides an automated and standard way to handle the comparison and settlement of municipal and corporate bond transactions and UITs	•	•		
ID/CNS Interface	Automates clearance and simplifies the processing of prime broker trades	•			
PC Web Direct	Allows firms to both securely send transaction information for various NSCC services via PC and receive back reports over the Internet (available 1998)	•	•		
Reconfirmation and Pricing Service (RECAPS)	Provides a way for many of a broker's aged security transactions to be repriced for regulatory purposes	•			
Stock Borrow	Lets brokers earn interest on the value of securities lent to NSCC	•			
Trade Recording	Simplifies the reconciliation of trades by brokers executed on multiple stock exchanges	•			

Mutual Funds

Fund/SERV	Provides a single electronic connection for the centralized processing and net settlement of purchase and redemption orders for mutual funds	•	•	•	•
Networking	Provides an automated record-keeping system that allows non-trade-related client information to be exchanged between funds and distributors on an account level	•	•	•	•
Defined Contribution Clearance & Settlement (DCC&S)	Centralizes and automates the purchase, redemption and settlement of mutual fund transactions for defined contribution plans. The service links plan administrators, trustees and mutual fund families.	•	•	•	•
Mutual Fund Profile Service (MFPS)	Provides brokers with audited daily fund prices and rates. Information on fund characteristics, contacts and processing capabilities will be available in 1998	•	•	•	•
Transfer of Retirement Assets (TORA)	Lets mutual fund families electronically transfer the value of mutual fund shares held in IRAs	•		•	
ACATS Fund/SERV Interface	Simplifies the re-registration of mutual fund shares when a customer account is transferred between distributors	•	•	•	
Commission Settlement & Global Update	Automates and consolidates mutual fund commission information and settlement between mutual funds and their distributors	•	•	•	

Annuities

Annuity Processing Service (APS)	Automates and streamlines the processing of annuity commissions and positions/valuations between insurance carriers and their distributors. Processing for annuity applications, premiums, and contracts are planned in 1998	•	•		•
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Government Securities

Trade Comparison	Automates trade comparison for the purchase and sale of U.S. Government securities	•	•	•	•
Netting and Guaranteed Settlement	Reduces the number of settlements and guarantees the settlement of net positions	•	•	•	•
Repo Services	Provides comparison, netting, risk management and balance sheet offset benefits	•	•	•	•
Treasury Auction Takedown	Nets Federal Reserve auction purchases, thus reducing settlement risk and costs	•	•	•	•
Executing Firm Processing	Allows non-GSCC members to get benefits of trade comparison, netting and risk management through a GSCC member	•	•	•	•

Mortgage-Backed Securities

Trade Comparison/Confirmation**†	Automates trade comparison and 10b-10 confirmation for purchase and sale of mortgage-backed securities	•	•	•	•
Trade Netting**	Reduces the number of financial obligations involving mortgage-backed security transactions requiring settlement	•	•	•	•
Electronic Pool Notification (EPN)**†	Allows members to electronically communicate to their contra-sides the underlying securities involved in MBS trades	•	•	•	•
Comparison Only**†	Provides comparison and 10b-10 confirmation for those firms that do not require netting	•	•	•	•

International

Global Clearing Network	Provides low-cost, custody and clearance services in 43 countries to U.S. brokers through a central point	•	•		
Global Securities Depository (GSD) Links	Allows non-U.S. brokers to facilitate settlement of DTC-eligible issues with U.S. counterparties using local depositories	•	•		
Emerging Markets Clearing Corporation (EMCC)	Provides clearance and settlement services for dollar-denominated Brady bonds. Netting planned for 1998, along with an expanded line of emerging market debt instruments	•	•		

*Also available to government sponsored entities
 †Also available to mortgage originators