

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6478

P&S #6048

DATE: July 13, 2007

TO: ALL PARTICIPANTS

ATTENTION: MANAGING PARTNER/OFFICER, OPERATIONS
PARTNER/OFFICER, COMPLIANCE OFFICER

FROM: General Counsel's Office

SUBJECT: RULE CHANGE – SR-NSCC-2007-11 (Shortened Settlement
Cycle for As-of Fixed Income Transactions)

On July 12, 2007, National Securities Clearing Corporation ("NSCC") filed a rule change with the Securities and Exchange Commission ("SEC"), pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934. The purpose of the proposed rule change is to enhance NSCC's processing to permit same day settlement of as-of fixed income transactions.

To accomplish this, NSCC proposes to amend its Procedure II so that as-of corporate, municipal and UIT ("CMU") trades matched on or after their originally designated settlement date would be processed in CNS (if CNS-eligible) on the day they are submitted for comparison so long as they compare prior to the cut-off time established for same day settlement (currently, prior to 11:30 a.m.). (As-of trades not eligible for CNS processing will continue to settle on a trade-for-trade basis.) Trades that match after the designated cutoff will continue to be assigned a settlement date on the next business day.*

For operational details on these proposed changes, please refer to Important Notice A#6474 P&S#6044, dated July 2, 2007, <http://www.nsc.com/impnot/notices/notice2007/a6474.pdf>.

The full text of this rule change (SR-NSCC-2007-11) may be obtained by visiting NSCC's website at www.nsc.com. Written comments on the proposed rule filing may be addressed to Lisa T. Siebold, Assistant Secretary, National Securities Clearing Corporation, 55 Water Street, New York, New York 10041, and your comments will be forwarded to the SEC. You may also address your written comments to the Secretary of the Commission, Securities and Exchange Commission, 100 F Street NE, Washington, D.C. 20549. We request that you provide NSCC with a copy of your comments.

* In addition, because these trades are effectively guaranteed upon comparison, risk associated with the trades will be mitigated through the existing component of the Clearing Fund formula, as set forth in Procedure XV, which is intended to mitigate the risk to NSCC associated with trades that are processed on a settlement cycle shorter than three days.

Questions regarding the rule filing may be directed to John Petrofsky at (212) 855-7634.

Merrie Witkin
Vice President and Deputy General Counsel