

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6498

P&S #6068

DATE: September 4, 2007

TO: ALL PARTICIPANTS

ATTENTION: MANAGING PARTNER/OFFICER,
OPERATIONS PARTNER/OFFICER,
DIRECTOR OF OPERATIONS,
MANAGER CUSTOMER ACCOUNT TRANSFER DEPARTMENT,
MANAGER MUTUAL FUNDS OPERATIONS,
MANAGER MARGIN DEPARTMENT,
DATA PROCESSING MANAGER,

FROM: Bill Kapogiannis

SUBJECT: ACATS Transfer Cycle Rewrite – **Additional Information for Participant Testing**

NSCC Important Notice A#6457, P&S#6027 dated May 23, 2007 announced the implementation and testing schedule for the shortened ACATS transfer cycle (subject to regulatory approval¹).

I. Participant Testing

Testing began on July 16, 2007 for these enhancements in the Participant Services Environment (PSE) region. **Participants are strongly encouraged to take advantage of testing these modifications to ensure a seamless conversion to the modified system.** Participants are responsible for locating test partners and coordinating test scripts. Participants must contact the Enterprise Service Center (ESC) by calling the NSCC Production Support Hotline at 888-382-2721, option 1, option 4. To ensure proper set up for the PSE region, it is requested that at least three days prior notice be provided to ESC.

In response to participant requests to test the conversion date process, NSCC will make arrangements to allow for conversion date testing in mid September.

Test Transactions for Conversion Date Processing

NSCC understands that there will be transactions in the system, which contain old days in status, which will no longer be valid in the new, shortened cycle system. The following will be the procedures followed by NSCC for handling these transactions. **Participants should enter test data into PSE on Thursday, September 20th and/or Friday, September 21st to allow for conversion process testing to occur on Monday, September 24th.**

¹ See NSCC Rule Filing SR-NSCC-2007-13.

- All standard (full) transfer accounts, which have a status of Request day 1, Request day 2 or Request day 3, on Friday evening, September 21st, should be responded to by the delivering ACATS participant on Monday, September 24th. The deliverer should either acknowledge the transfer by loading the assets or reject the transfer using the appropriate reject reason code. All accounts not responded to on Monday, September 24th will be given a status of Request Past.
- All Partial Transfer Receiver (PTR) accounts, which have a status of Request day 1 or Request day 2, on Friday evening, September 21st, should be responded to by the delivering ACATS participant on Monday, September 24th. The deliverer should either acknowledge the transfer by loading the assets or reject the transfer using the appropriate reject reason code. All accounts not responded to on Monday, September 24th will be given a status of purge (510).
- All ACATS Fund/SERV Re-registrations, which are in a pending reminder status (day 1) on Monday, September 24th will be given a status (action type) of system purge if they are not acknowledged or rejected by the Mutual Fund Company by 11:00 am ET on Tuesday, September 25th.
- All ACATS Fund/SERV Re-registrations, which are in a pending reminder status (day 2 or greater) will be given a status (action type) of system purge if they are not acknowledged or rejected by the Mutual Fund Company by 11:00 am ET on Monday, September 24th.

III. Additional Information

A copy of this Important Notice can be obtained from NSCC's web site <http://www.nsc.com> in the Important Notice section. This Important Notices can also be obtained from NSCC's ACATS web site <http://acats.nsc.com> in the Important Notice section. If you have any questions regarding these enhancements, please contact your DTCC Relationship Manager, or the undersigned at (212) 855-5667.

Bill J. Kapogiannis
Director
Product Marketing and Development