

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6514

P&S #6084

DATE: October 16, 2007

TO: ALL PARTICIPANTS

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

FROM: General Counsel's Office

SUBJECT: RULE CHANGE – SR-NSCC-2007-14 (ID Net Service)

National Securities Clearing Corporation ("NSCC") has 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 provide for the settlement of institutional transactions in conjunction with The Depository Trust Company ("DTC") through a service called the "ID Net Service."

NSCC and DTC will jointly provide the ID Net Service for affirmed institutional equity transactions in order to streamline clearance and settlement and possibly provide for reduced fails in the institutional equity market. The ID Net Service will accept eligible affirmed institutional transactions and net the broker side of each transaction with the participating broker's other CNS obligations. Receive and deliver obligations to bank counterparties acting as custodians for institutions will be facilitated via two NSCC accounts established at DTC, with NSCC acting as agent for the brokers.

Eligibility for the ID Net Service will require that a participating broker be a Member of NSCC and a Participant of DTC, and that a participating bank be a Participant of DTC. In addition, eligibility for ID Net processing will be based on the underlying security being processed, the type of transaction submitted for processing and the timing of affirmation. Participation in the ID Net Service will be voluntary and will be governed by the rules and procedures applicable to the ID Net Service further described in the rule filing.

The full text of this rule change (SR-NSCC-2007-14) may be obtained by visiting www.dtcc.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.

Questions regarding the rule filing may be directed to Allison Finnegan at (212-855-3283) or John Petrofsky at (212) 855-7634.

Larry E. Thompson
Managing Director and General Counsel