

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6566 REVISED
P&S#6136
DATE: JANUARY 30, 2008
TO: ALL PARTICIPANTS
ATTENTION: MANAGING PARTNER/OFFICER
OPERATIONS PARTNER/OFFICER
MANAGER P&S DEPARTMENT
MANAGER DATA PROCESSING DEPARTMENT
FROM: PRODUCT MANAGEMENT
SUBJECT: CLARIFICATION OF CORRESPONDENT CLEARING SERVICE
(RULE CHANGE – SR-NSCC-2007-16)

On January 24, 2008, the Securities and Exchange Commission (the “SEC”), issued a Notice of Filing and Immediate Effectiveness with respect to National Securities Clearing Corporation (“NSCC”) Rule Filing 2007-16, as amended (the “Rule Filing”).¹ The rule change modified NSCC’s Rules to provide: (i) a clarification regarding the NSCC Correspondent Clearing Service, including clarifying changes the text of the Procedures, and (ii) that as part of updating the Rules & Procedures relative to the Trade Recording and Special Representative services, certain other technical corrections, clarification and organizational changes were made to the rules & procedures. The full text of this rule change, as amended, and the SEC notice mentioned above may be obtained by visiting a link provided on NSCC’s website (www.nsc.com) to the rule filing at: http://www.dtcc.com/legal/rule_filings/nsc/2007.php

OPERATIONAL IMPACT

As is stated in the Rule Filing, the Correspondent Clearing Service is not designed as a mechanism to permit a Special Representative, acting as a Qualified Special Representative (“QSR”), to submit original locked-in trade data. Therefore the use of Correspondent Clearing for original trade submission is prohibited. Accordingly, the Rule Filing clarifies that the Correspondent Clearing Service may only be used in the following situations: (1) to accommodate a Member with multiple affiliate accounts that wishes to move a position resulting from an “original trade” in the process of clearance from one affiliate account to another and (2) to accommodate a member that relies on its Special Representative to execute a trade in a market that the Member is precluded from due either to membership requirements or applicable regulation, in order that the resulting position be moved from the Special Representative to that Member (including direct market access offsets).

¹ As was previously announced by NSCC in Important Notice A# 6552, P&S# 6122, the Rule Filing was filed with the SEC on December 18, 2007 pursuant to Section 19(b)(3)(A) of the Securities Exchange Act of 1934. NSCC filed Amendments No. 1 and 2 to the Rule Filing with the SEC on January 15, 2008 and January 2, 2008, respectively.

ADDITIONAL INFORMATION

This and other NSCC Important Notices are located on the www.nsc.com Web site. If you have additional questions with respect to the Correspondent Clearing service, please contact your Relationship Manager. If you have questions with respect to the Rule Filing please contact John Petrofsky, Associate Counsel, at 212-855-7634, or jpetrosky@dtcc.com

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