

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6573

P&S#6143

DATE: February 6, 2008

TO: ALL PARTICIPANTS

ATTENTION: MANAGING PARTNER/OFFICER,
OPERATIONS PARTNER/OFFICER,
DIRECTOR OF OPERATIONS,
MANAGER P&S DEPARTMENT

FROM: **Product Management and Development**

SUBJECT: **SMART/Track for Buy-Ins - Enhancements**

The Depository Trust Company ("DTC") is enhancing SMART/Track for Buy-ins, an automated communication vehicle for the creation, transmission, processing and tracking of CNS and broker-to-broker buy-in notices as well as MSRB close out notices, to provide additional functionality that will further automate the buy-in process and support straight-through processing. These enhancements will enable participants to better manage the buy-in process.

Scheduled for implementation in April 2008, these enhancements include automated accept/reject/update/cancel functionality, export capability and changes to the processing of delivery date extensions.

Automated Accept/Reject/Cancel/Update Functionality

Participants transmitting/receiving buy-in data via file transmissions currently have to respond to non-CNS buy-ins and MSRB close-out notices by logging into the web application of SMART/Track for Buy-ins to accept, reject, retransmit, cancel or update a notice. DTC is enhancing SMART/Track so that firms can accept, reject, cancel or update non-CNS buy-in or MSRB close-out notices via file transmission or messages. This functionality allows firms to achieve a higher level of STP in processing buy-ins. Firms will continue to have the option to accept, reject, retransmit, cancel or update notices via the SMART/track web screens.

Updated record layouts will be available in February 2008 and will be distributed via Important Notice. Updated Machine Readable Output (MRO) will also be made available at that time. Participants that send data via file transmissions or messages will have to change their systems to accommodate the new record layouts for automated transmissions to accept/reject/cancel/update

broker-to-broker buy-in and MSRB closeout notices. Participants will need to test the new transmission functionality using DTCC's test facilities once they have changed their systems.

Export Capability

DTC is also enhancing SMART/Track for Buy-ins to include an export capability. This capability will allow participants to export data from any of the list pages in SMART/Track so that they can sort the data as desired for data analysis. The results of any search in SMART/Track will also be exportable.

Delivery Date Extension Processing

Participants can extend the delivery date and time of a broker-to-broker buy or MSRB close out notice up to and including the delivery date. Currently, when the creator of a buy-in or close out notice extends the delivery date, the status of the notice reverts to "pending," and the receiver has to accept or reject the notice. DTC is changing the delivery date processing so that the status of the notice will change to "Date Extended," or similar language to be determined, to indicate that the delivery date has been extended. The receiver of the notice will no longer have to accept or reject the date extension.

DTC will create a new category on the appropriate home pages (Non-CNS and MSRB) on SMART/Track to alert participants of those notices for which the delivery date has been extended.

If you have any questions regarding this notice or SMART/Track for Buy-ins, e-mail mkoontz@dtcc.com.