

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6600

P&S#6170

DATE: April 7, 2008

TO: ALL PARTICIPANTS

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

FROM: **Product Management and Development**

SUBJECT: **Implementation of SMART/Track for Buy-ins Enhancements**

On April 11, 2008, DTC will implement enhancements to SMART/Track for Buy-ins, DTC's automated vehicle for the creation, transmission, processing and tracking of CNS and broker-to-broker buy-in notices as well as MSRB close out notices. These enhancements will provide additional features and functionality that support straight-through-processing of buy-ins.

Automated Accept/Reject/Cancel/Update/Delivery Date Extension Functionality

Participants that transmit/receive buy-in data via file/message transmissions will have the option to accept, reject, retransmit, cancel, update or extend the delivery date for non-CNS buy-in and MSRB close-out notices via automated file/message transmissions as of April, 11, 2008, rather than logging into the web application of SMART/Track for Buy-ins to complete these functions. Participants will continue to have the option of accepting, rejecting, retransmitting, canceling or updating non-CNS buy-in and MSRB close-out notices using the SMART/Track web screens.

Updated record layouts and Machine Readable Output (MRO) reflecting the automated accept, reject, cancel, update and delivery date extension functionality will be available on the DTCC website (http://www.dtcc.com/products/documentation/cs/cs.php#ccf_settle) on April 11, 2008. Participants that send data via file transmissions or messages have the option of continuing to send data using the existing record layouts as DTC will continue to accept file/message transmissions in this format.

Transmission Input

Those participants that would like to automate the accept/reject/cancel/update process for broker-to-broker buy-in and MSRB closeout notices will need to change their systems to accommodate the new record layouts. DTCC's test facilities are available for testing the new record layouts. **Once**

participants have changed their systems, they are strongly encouraged to test the new automated accept/reject/cancel/update functionality before sending files/messages in production.

MRO Output

DTC will change some of the fields on the MRO sent to participants to synchronize the output for the browser application with the file/message transmissions. **DTC will continue to distribute the existing MRO until October 9, 2008**, to give firms time to change their systems to accommodate the updated data fields on the MRO. Participants are advised that on October 9, 2008, DTC will discontinue distributing the current MRO format and begin using the new format as of October 10, 2008. The new MRO format is available on the DTCC website (<http://www.dtcc.com/products/documentation/cs/cs.php#ccf> settle).

Export Capability

DTC is also enhancing SMART/Track for Buy-ins to include an export capability that will allow participants to sort buy-in and close-out data as desired. Participants will be able to export data for CNS and non-CNS buy-in notices and MSRB close-out notices from any of the list pages in SMART/Track. These lists include notices, liabilities and notices/liabilities with associated messages. The results of any search for active or archived (up to three months of archived data is available at a time) data are exportable. Participants can export the data from any list page or from the list generated as the result of a search by selecting the Export option on the screen. Participants can then download the spreadsheet and save it to a location on their computer as a Microsoft Excel Worksheet. All data elements for buy-in or MSRB close-out notices are exportable.

Delivery Date Extension Processing

DTC is changing the delivery date processing for non-CNS buy-in and MSRB close-out notices in SMART/Track. To extend the delivery date of a non-CNS buy-in or MSRB close-out notice that has been accepted by the counterparty, the sender will now use the Extend Date button on the detail page for that notice rather than the Edit button. The sender can then enter the new delivery date and time. For MSRB close-out notices, participants must also extend the Close-out To and Close-out From dates when they extend the delivery date. Participants may also extend the delivery date again for a notice that already has a status of "Date Extended."

Once the sending participant submits the notice for which it has extended the delivery date, the status of the notice will change from "Accepted" to "Date Extended." The receiver of the notice will no longer have to accept or reject the notice for which the delivery date has been extended.

Participants can view notices for which the delivery dates have been extended from the Non-CNS and MSRB home pages.

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