

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6646

P&S #6216

DATE: June 26, 2008

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: Louis Lepore

SUBJECT: ACATS Enhancements – Modifications for Auction Rate Securities

I. Enhancement

National Securities Clearing Corporation (NSCC) in its continuing effort to enhance and bring greater efficiency to the Automated Customer Account Transfer Service (ACATS) announces changes to their procedures for identifying Auction Rate Securities. NSCC will add a new field to the ACATS MRO output files that will identify an Auction Rate Security by its sub-issue type on DTC's security master file. Since there will be no change to the ACATS asset input (AT) record, the delivering firm will continue to submit assets as they normally do today. Participants are expected to make the necessary system changes to support this enhancement. These modifications will become effective on **August 4, 2008**. Again, this enhancement will impact ACATS MRO output files only. There will be no modifications made to the NSCC ACATS print-image output reports. Below is a list of the sub-issue types on DTC's security master file that ACATS will identify as Auction Rate Securities. They are as follows:

Sub-Issue Type	Name
024	Tender Rate Preferred Stock
102	Auction Rate Preferred Stock (ARPS)
312	Municipal Auction Rate Note (ARN)
313	Municipal Variable Mode Obligation (VMO)
571	Corporate Auction Rate Note
573	Corporate Variable Mode Obligation (CVMO)
578	Tender Rate Note

The field for this enhancement on the ACATS output files will read as follows:

Field Name	Byte	Value
DTC Sub Issue Type	1 Byte	A = Auction Rate Security Otherwise it will be spaces

II. Output Modifications

The following ACATS output files will be modified to reflect this change using an existing filler field in the record layout. They are as follows:

Variable Record Length

- Multi-Cycle Transaction MRO, AutoRoute 02090716
 - *New field will be in Record Subtype 'A', Byte 259*
- End-of-Day Transaction MRO, AutoRoute 02090717
 - *New field will be in Record Subtype 'A', Byte 259*
- ACATS Position MRO, AutoRoute 02090718
 - *New field will be in Record Subtype 'A', Byte 209*
- ACATS Settlement MRO, AutoRoute 02090719
 - *New field will be in Record Subtype 'A', Byte 209*

Fixed Record Length

- Multi-Cycle Transaction MRO, AutoRoute 02090722 (Fixed Record Length)
 - *New field will be in Record Subtype 'A', Record 04, Byte 27*
- End-of Day Transaction MRO, AutoRoute 02090723 (Fixed Record Length)
 - *New field will be in Record Subtype 'A', Record 04, Byte 27*
- ACATS Position MRO, AutoRoute 02090724 (Fixed Record Length)
 - *New field will be in Record Subtype 'A', Record 04, Byte 27*
- ACATS Settlement MRO, AutoRoute 02090725 (Fixed Record Length)
 - *New field will be in Record Subtype 'A', Record 04, Byte 27*

Please note that the NSCC will provide the auction-rate security indicator information described above on a best efforts basis, and is not responsible for errors or omissions with respect to such information.

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. If you have any questions regarding these modifications, please contact your DTCC Relationship Manager, Bill Kapogiannis at (212) 855-5667 or the undersigned at (212) 855-4223.

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