

IMPORTANT NOTICE

National Securities Clearing Corporation



The Depository Trust &
Clearing Corporation

A#6663

P&S #6233

DATE: July 22, 2008

TO: ALL PARTICIPANTS

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

FROM: General Counsel's Office

SUBJECT: RULE CHANGE – SR-NSCC-2008-07 (Processing
Enhancements for Exchange-Traded Funds)

Today, National Securities Clearing Corporation (“NSCC”) filed a rule change with the Securities and Exchange Commission (“SEC”), pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934 relating to proposed enhancements in the processing of index receipts (i.e. shares in exchange-traded funds (“ETFs”)).

NSCC reports on, clears and settles domestic ETFs and their underlying component securities through a creation/redemption process, which is initiated by a Member referred to in NSCC’s Rules as an Index Receipt Agent. The purpose of the proposed rule change is to revise the provisions of NSCC’s Rules to allow for cash as a sole component of creations and redemptions of index receipts (and thus allowing the submission for clearance and settlement of ETFs that have underlying securities other than domestic equity securities for cash as consideration), as well as to allow for an optional shortened processing cycle for creations and redemptions. Creations and redemptions submitted for the shortened settlement cycle would be subject to a processing fee of \$50 per creation or redemption versus the current fee of \$30 per creation and redemption for regular way (T+3) settlement.

For additional information on the processing enhancements, including file changes, please see Important Notice A#6660, P&S#6230, dated July 18, 2008.

The full text of this rule change (SR-NSCC-2008-07) may be obtained by visiting http://www.dtcc.com/legal/rule_filings/nscc/2008.php. 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, 450 Fifth Street NW, 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 John Petrofsky, Associate Counsel at (212) 855-7634.

Larry E. Thompson
Managing Director and General Counsel