

# **IMPORTANT NOTICE**

**National Securities Clearing Corporation**



**A#**                               **6678**  
**P&S #**                           **6248**  
**DATE:**                        August 21, 2008  
**TO:**                             ALL PARTICIPANTS  
**ATTENTION:**            MANAGING PARTNER/OFFICER; OPERATIONS  
                                  PARTNER/OFFICER; MANAGER P&S DEPARTMENT;  
                                  MANAGER DATA PROCESSING DEPARTMENT  
**FROM:**                     **PRODUCT MANAGEMENT**  
**SUBJECT:**               **Testing to Support both Cash Components  
                                  and Shortened Settlement Processing**

NSCC plans to enhance its Exchange Trade Funds (ETF) processes beginning Tuesday, September 30, 2008 subject to SEC approval. The enhancements will (1) support creates and redeems with “cash” consideration and (2) provide a shortened settlement cycle (T+1 and T+2 settlement)

Beginning on **Tuesday, September 2, 2008**, NSCC will provide Agents and participants who subscribe to the portfolio files, the ability to test the enhanced ETF formats. The testing will be conducted in NSCC’s “Participant Service Environment” (PSE).

Details on the enhancements can be found in NSCC’s Important Notice A# [a6660](#), P&S #6230, issued on July 18, 2008. The updated formats can be found on the DTCC website via the attached link.

[http://www.dtcc.com/products/documentation/cs/formats\\_indexproducts.php](http://www.dtcc.com/products/documentation/cs/formats_indexproducts.php)

## **Agent Testing**

Agents intending to provide cash create and redeem and shortened settlement processing to its subscribers must provide NSCC with an additional data field on both the Portfolio Composition File (11297 PCF) and instruction input (11522). These new fields must be tested by agents prior to the production release.

## **Participant Testing**

Participants who wish to view the new field for cash creates and redeems on the portfolio output, will have the opportunity to receive a stored PCF report or MRO through our Enterprise Service Center (ESC). Participant who wish to receive a copy of the create and redeem instruction output will only be able to do so in conjunction with their ETF agent.

ETF Agents and participants can arrange for testing in the PSE by contact the Enterprise Service Center at (888) 382-2721, using Option# 1, than Option# 4.

Participants that do not intend to process creates and redeems on a shortened settlement cycle, or for cash, are not required to make any update as this service is optional.

If you have additional questions, please contact your Relationship Manager or email the undersigned at [peterjsmith@dtcc.com](mailto:peterjsmith@dtcc.com).

Peter Smith  
Product Manager  
Clearance and Settlement