

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 6737
P&S# 6307
Date: November 13, 2008
To: ALL PARTICIPANTS
Attention: **MANAGING PARTNER/OFFICER,
OPERATIONS PARTNER/OFFICE,
DIRECTOR OF OPERATIONS,
MANAGER P&S DEPARTMENT**
From: **Product Management and Development**
Subject: **CNS Buy-in Activity on SMART/Track for Buy-ins and Additional
Enhancements to SMART/Track**

Effective November 21, 2008, users of SMART/Track for Buy-ins will be able to see their CNS buy-in activity on SMART/Track for Buy-ins. DTCC is enhancing SMART/Track for buy-ins to provide users with updated CNS buy-in intent and liability activity information currently available only in Machine Readable Output or print image format. These enhancements will consolidate the number of sources of information for CNS buy-in activity.

NSCC will be replacing the print-image CNS buy-in reports and provide all CNS buy-in activity information through SMART/Track once users have become familiar with the new information on SMART/Track. CNS buy-in activity information will continue to be available via MRO. Participants will be notified by Important Notice of the date that NSCC will discontinue distribution of the print image CNS buy-in reports.

CNS Buy-in Intents

The CNS buy-in intent screen on SMART/Track will be changed to reflect the results of the CNS buy-in intent after the CNS night allocation cycle. Long brokers initiating a CNS buy-in will now see the status of the CNS buy-in intent – either accepted or rejected – on the CNS Buy-in Intent list page in SMART/Track. For accepted intents, users will also see the quantity of the buy-in that CNS has accepted as well as the quantity assigned, or quantity retransmitted, by CNS to short brokers. The status of the buy-in intent, the quantity accepted by CNS and the quantity retransmitted to short brokers will be carried forward to the CNS buy-in intent detail and the buy-in intent action log pages in SMART/Track. From the buy-in intent action log page, users will be able to view any action taken

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regarding the CNS buy-in intent notice including the date and time that the intent was accepted or rejected by CNS.

Short brokers will be able to view their CNS buy-in intent liabilities from the CNS home page in SMART/Track in the same way that they currently view their CNS buy-in retransmittal liabilities. From the CNS home page, users can access the CNS buy-in intent liability notification list page to view CNS buy-in intent liabilities pending their review. CNS buy-in intent liabilities will remain in a pending review status until the short broker has reviewed the liability notice on the CNS buy-in intent liability notification details page which includes a list of originating participants if any. All action taken on a CNS buy-in intent liability notice will be captured and reported in the buy-in intent liability action log page in SMART/Track.

Long brokers will no longer have to navigate to the CNS buy-in retransmittal detail page on SMART/Track to see the quantity of the retransmittal accepted by CNS. The accepted quantity will now be viewable from the CNS buy-in retransmittal list page.

CNS Buy-in Orders

The SMART/Track for Buy-in screens are being modified to include CNS buy-in order activity information. Long brokers will now be able to see whether CNS has accepted or rejected the Buy-in order shortly after the 10:00 a.m. eastern standard time cut-off for submitting CNS buy-ins. For accepted buy-in order notices, long brokers will also see the quantity accepted by CNS. The status and quantity accepted information is carried through from the CNS buy-in order list page to the CNS Buy-in order detail page and action log page in SMART/Track. Long brokers will be able to see the reason CNS rejected the buy-in order on the CNS buy-in order action log page.

Additional SMART/Track Enhancements

MRO File of Firms Eligible for SMART/Track

Effective November 21, 2008, DTC will make available an MRO file of firms registered for SMART/Track to assist those firms that transmit buy-ins via file transmission or message. Participants will be able to retrieve this file, which includes the name of the eligible participant and its DTC account number(s), on demand. Participants interested in pulling this file, "Smart Track Eligible Firms for Buy Ins" should contact DTCC's Participant Interface Planning (PIP) at 212-855-8989, or our Customer Service Center at 888-382-2721 Option 1 and Option 3 for DTC Production Support. Firms will be required to send a request to PIP as detailed above and ask for a subscription to the above file.

Non-CNS Buy-in Intent and MSRB Original Closeout Notices

The Non-CNS Buy-in Intent and MSRB Original Closeout Notice pages in SMART/Track are also being modified to streamline the input process. Effective October 6, 2008, participants will be returned to a blank Create Non-CNS Buy-in Intent or Create MSRB Original Closeout Notice page once they have finished inputting a Non-CNS Buy-in Intent or MSRB Original Closeout Notice so they can enter

additional non-CNS intent or MSRB original closeout notices. Participants that do not want to enter additional notices can click on the Cancel button on the Create Non-CNS Buy-in Intent or Create MSRB Original Closeout Notice page to return to the applicable Non-CNS or MSRB home page.

If you have any questions regarding the CNS buy-in activity on SMART/Track for Buy-ins, e-mail Peter Smith at petrsmith@dtcc.com. If you have any questions regarding SMART/Track for Buy-ins, e-mail Margaret Koontz at mkoontz@dtcc.com.