

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 6792

Revised – February 20, 2009

P&S# 6362

Date: February 19, 2009

To: ALL PARTICIPANTS

Attention: MANAGING PARTNER/OFFICER
OPERATIONS PARTNER/OFFICER
DIRECTOR OF OPERATIONS
MANAGER CUSTOMER ACCOUNT TRANSFER DEPARTMENT
MANAGER, MUTUAL FUND OPERATIONS
MANAGER MARGIN DEPARTMENT
DATA PROCESS MANAGER

From: Louis Lepore, Clearance & Settlement Product Management

Subject: ACATS – Foreign Asset Extension Modifications – Optional Changes

In its continuing effort to bring greater efficiencies to the Automated Customer Account Transfer Service (ACATS), National Securities Clearing Corporation (NSCC) is expanding the asset input record to include a new optional foreign asset extension section to assist participants with the settlement matching process of foreign assets included in a customer account transfer. The expansion of the ACATS file formats to include additional data elements for foreign securities will provide member firms with an electronic means of exchanging this information with each other and support the need to improve the settlement matching process. ACATS member firms that elect to use the new foreign asset extension section will need to have their profile updated on the ACATS Participant Master File for a new settling location value of '55'. Otherwise, any foreign securities they process in an ACATS transfer will continue to be assigned a settling location value of '50' R&D.

ACATS System Modifications – Optional Changes

- Add a new section in the Asset (AT) input record for foreign securities
- Add a new ACATS Settling Location '55' for foreign securities
- Derive and report the trade date and settlement date for the foreign security

Input Modifications - (New Asset Extension Record for Foreign Securities)

In order to build the foreign asset extension record, ACATS will be modifying both the fixed and variable file formats to include a specific section for foreign asset data. Outlined below are the record length modifications for both of these formats.

Variable Input Record Length Modifications (36667)

Type of Asset	Record Length
Option	497
Mutual Fund	550
Insurance	1700
Foreign Assets	831
All other Assets	431

ACATS ASSET INPUT (AT) DATATRAK SYSID : 36667 RECORD LENGTH : FROM 431 TO 1700 RECORD TYPE : VARIABLE REVISION DATE : 2/19/09						
FIELD NAME	LENGTH	START	END	TYPE	OPT/ REQ/ COND	COMMENTS
Data Area for Asset Type of Foreign				A/N	COND	Required when Requested Settling Location is '55' (Foreign Security)
SEDOL Number	7	432	438	A/N	REQ	
CINS Number	9	439	447	A/N	OPT	
Filler	21	448	468	A/N	REQ	Reserved for future use—spaces
Delivering Firm Settlement Instruction Line 1	35	469	503	A/N	OPT	Comments or Spaces
Delivering Firm Settlement Instruction Line 2	35	504	538	A/N	OPT	Comments or Spaces
Delivering Firm Settlement Instruction Line 3	35	539	573	A/N	OPT	Comments or Spaces
Delivering Firm Settlement Instruction Line 4	35	574	608	A/N	OPT	Comments or Spaces
Delivering Firm Settlement Instruction Line 5	35	609	643	A/N	OPT	Comments or Spaces
Filler	188	644	831	A/N	REQ	Reserved for future use—spaces

Fixed Input Record Length Modifications (32667)

Asset Transfer (AT) records 28 – 32 will be added for foreign asset information.

ACATS ASSET INPUT (AT) RJE						
DATATRAK SYSID: 32667						
RECORD LENGTH: 80						
REVISION DATE: 01/30/09						
RECORD 28 of 32						
FIELD NAME	LENGTH	START	END	TYPE	OPT/ REQ/ COND	COMMENTS
Data Area for Asset Type of Foreign				A/N	COND	Required when Requested Settling Location is '55' R&D (Foreign)
Record Type	2	1	2	A/N	REQ	Always 'AT'
Physical Sequence Number	2	3	4	NUM	REQ	Add 1 to previous sequence number
Logical Sequence Number	2	5	6	NUM	REQ	Always 08
SEDOL Number	7	7	13	A/N	REQ	
CINS Number	9	14	22	A/N	OPT	
Filler	21	23	43	A/N	REQ	Reserved for future use—spaces
Delivering Firm Settlement Instruction Line 1	35	44	78	A/N	OPT	Comments or spaces
Filler	2	79	80	A/N	REQ	Reserved for future use—spaces
						END OF RECORD

ACATS ASSET INPUT (AT) RJE						
RECORD 29 of 32						
FIELD NAME	LENGTH	START	END	TYPE	OPT/ REQ/ COND	COMMENTS
Record Type	2	1	2	A/N	REQ	Always 'AT'
Physical Sequence Number	2	3	4	NUM	REQ	Add 1 to previous sequence number
Logical Sequence Number	2	5	6	NUM	REQ	Always 09
Delivering Firm Settlement Instruction Line 2	35	7	41	A/N	OPT	Comments or spaces
Delivering Firm Settlement Instruction Line 3	35	42	76	A/N	OPT	Comments or spaces
Filler	4	77	80	A/N	REQ	Reserved for future use—spaces
						END OF RECORD

ACATS ASSET INPUT (AT) RJE						
RECORD 30 of 32						
FIELD NAME	LENGTH	START	END	TYPE	OPT/ REQ/ COND	COMMENTS
Record Type	2	1	2	A/N	REQ	Always 'AT'
Physical Sequence Number	2	3	4	NUM	REQ	Add 1 to previous sequence number
Logical Sequence Number	2	5	6	NUM	REQ	Always 10
Delivering Firm Settlement Instruction Line 4	35	7	41	A/N	OPT	Comments or spaces
Delivering Firm Settlement Instruction Line 5	35	42	76	A/N	OPT	Comments or spaces
Filler	4	77	80	A/N	REQ	Reserved for future use—spaces
						END OF RECORD

Note: Records 31 & 32 are reserved for future use.

Note: This new section (additional data fields) will be added to the Add an Asset (AT) and Adjust an Asset input screens on DTCC Web Direct as well as the asset section for PTD's, RCR's and RCL's.

Output Modifications:

- Multi-Cycle Transaction MRO, AutoRoute 02090716 & End-of-Day Transaction MRO, AutoRoute 02090717 (Variable Record Length)
- Multi-Cycle Transaction MRO, AutoRoute 02090722 & End-of-Day Transaction MRO, AutoRoute 02090723 (Fixed Record Length)
- ACATS Position MRO, AutoRoute 02090718 (Variable Record Length)
- ACATS Position MRO, AutoRoute 02090724 (Fixed Record Length)
- ACATS Settlement MRO, AutoRoute 02090719 (Variable Length)
- ACATS Settlement MRO, AutoRoute 02090725 (Fixed Record Length)

Note: The updated record layouts for these output modifications can be obtained from the ACATS section of DTCC's website at http://www.dtcc.com/products/cs/equities_clearance/acats.php

Input Modifications – New Settling Location ‘55’ (Foreign Security)

ACATS will be adding a new Settling Location ‘55’ (Foreign Security) to the Asset input and output file formats.

- Asset Input (AT) – Variable Record Length, Datatrak #36667
- Asset Input (AT) – Fixed Record Length, Datatrak #32667

Note: This new settling location ‘55’ will be added to the Add an Asset (AT) and Adjust an Asset input screens on DTCC Web Direct as well as the asset section for PTR's, PTD's, RCR's and RCL's.

Output Modifications:

- Multi-Cycle Transaction MRO, AutoRoute 02090716 & End-of-Day Transaction MRO, AutoRoute 02090717 (Variable Record Length)
- Multi-Cycle Transaction MRO, AutoRoute 02090722 & End-of-Day Transaction MRO, AutoRoute 02090723 (Fixed Record Length)
- ACATS Position MRO, AutoRoute 02090718 (Variable Record Length)
- ACATS Position MRO, AutoRoute 02090724 (Fixed Record Length)
- ACATS Settlement MRO, AutoRoute 02090719 (Variable Length)
- ACATS Settlement MRO, AutoRoute 02090725 (Fixed Record Length)

Foreign Security Trade Date & Settlement Date

ACATS will determine the trade date and settlement date for the foreign security. This will eliminate a majority of mismatched settlement instructions due to trade date/settlement date uniformity. The new trade date and settlement date information will be provided to ACATS participants on both the ACATS Settlement Options and Position MRO Files. ACATS will utilize the ACATS derived settlement date for the transfer as the settlement date for the foreign security. ACATS will apply a trade date equal (=) to settlement date - 1 business day for the foreign security. See example below:

Example

- ACATS settlement date for transfer is 01/27/2009
- ACATS will apply a trade date of 01/26/2009 for the foreign security
- ACATS will apply a settlement date of 01/27/2009 for the foreign security

Note: The derived trade date and/or settlement date for the foreign security issued by ACATS could be a holiday in the market of settlement. In these instances, ACATS participants should coordinate the appropriate trade date and settlement with each other.

Output Modifications:

- ACATS Settlement MRO, AutoRoute 02090719 (Variable Length)
 - Change filler field (AT record type section) byte 107 – 114 to Foreign Security Trade Date (format is CCYYMMDD)
 - Byte 115 will remain filler
- ACATS Settlement MRO, AutoRoute 02090725 (Fixed Record Length)
 - Change filler field Record 4 (AT section), byte 28 – 35 to Foreign Security Trade Date (format is CCYYMMDD)
 - Byte 36 – 80 will remain filler
- ACATS Position MRO, AutoRoute 02090718 (Variable Length)
 - Change filler field (AT record type section) byte 107 – 114 to Foreign Security Trade Date (format is CCYYMMDD)
 - Byte 115 will remain filler
- ACATS Position MRO, AutoRoute 02090724 (Fixed Record Length)
 - Change filler field Record 4 (AT section), byte 28 – 35 to Foreign Security Trade Date (format is CCYYMMDD)
 - Byte 36 – 80 will remain filler

Note: Since these MRO files already contain a data field for settlement date, participants should utilize the same value in that data field as the settlement date for the foreign security. The settlement date field in these MRO files is as follows:

- ***Byte 78 – 85 (For the ACATS Variable Length Settlement and Position MRO)***
- ***Record 2, byte 8 – 15 (For the ACATS Fixed Length Settlement and Position MRO)***

ACATS Print-Image Reports

ACATS will add the foreign asset data fields (including trade date) to the ACATS Receive Instruction (Autoroute #02090714) and Deliver Instruction (Autoroute #02090713) Print Image Reports. Additionally, ACATS will include the trade date on the ACATS Settlement Print Image Report (Autoroute #02090712). For all these reports, this information will only be populated when the ACATS determined settling location is '55'.

ACATS Format Modifications (Optional Changes)

Please note the above referenced modifications to the ACATS application are not required and are strictly voluntary. **If an ACATS participant chooses not to use this expanded functionality, no changes are required to the ACATS input and output file formats.** The ACATS application will be editing the asset (AT) input record to determine if both parties of the transfer are eligible for the new settling location value of '55'. If the editing criteria have not been met, ACATS will assign a settling location of '50' (R&D) with a reason code of NSET and report back the asset (AT) short record data fields. Listed below are some additional editing rules for this new foreign asset extension record:

- Participants must submit settling location '55' for foreign securities. ACATS will not derive this location as part of its ISIN editing routine
- Each of the foreign asset extension required fields are mandatory for settling location '55'
- The ISIN# is a required field. If you leave the ISIN# field as "SPACES" and populate the Asset Description field, ACATS will change the settling location to '50' R&D (NSET) and report back the short asset transfer record
- The ISIN# must be submitted with a country code that is NOT equal to US, otherwise ACATS will reject the asset input (soft reject for a standard transfer and a hard reject for a non-standard transfer)
- For the required SEDOL# field, ACATS will only edit this field to ensure it is populated with 7 Alpha/Numeric characters
- For the optional CINS# field, ACATS will only edit this field to ensure it is populated with 9 Alpha/Numeric characters

Participant Testing

Beginning May 22, 2009, testing for these enhancements will be accommodated in the Participant Services Environment (PSE) region. **Participants are strongly encouraged to take advantage of testing these modifications to ensure a seamless conversion.** Participants are responsible for locating test partners and coordinating test scripts. Participants must contact the Enterprise Service Center (ESC) by calling the NSCC Production Support Hotline at 888-382-2721, option 1, option 4. To ensure proper set up for the PSE region, it is requested that at least three days prior notice be provided to ESC.

Production Implementation

NSCC will promote this additional functionality to production on **May 22, 2009**. As you can see, the production implementation of this expanded functionality is occurring in conjunction with the promotion of the changes to NSCC's Participant Services Environment (PSE).

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 this function, please contact your DTCC Relationship Manager or undersigned at (212) 855-4223.

Louis J. Lepore
Manager
Product Marketing and Development