

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 6962

P&S#: 6532

Date: March 8, 2010

To: ALL PARTICIPANTS

**Attention: MANAGING PARTNER/OFFICER, OPERATIONS
PARTNER/OFFICER, COMPLIANCE OFFICER**

From: GENERAL COUNSEL'S OFFICE

**Subject: RULE FILING SR-NSCC-2010-03—SECURITIES ELIGIBLE FOR ID
NET SERVICE**

On March 5, 2010, National Securities Clearing Corporation ("NSCC") filed a rule change (SR-NSCC-2010-03) with the Securities and Exchange Commission (the "SEC") pursuant to Section 19(b)(3)(A) of the Securities Exchange Act of 1934, as amended relating to the ID Net service. NSCC jointly provides this service with The Depository Trust Company ("DTC") for the settlement of institutional transactions.

ID Net allows subscribers to the service to have the ability to net all eligible affirmed institutional transactions at DTC against CNS transactions at NSCC. The ID Net service presently accepts affirmed institutional transactions (which meet certain eligibility criteria) from Omgeo LLC.

Participation in the ID Net service is voluntary. Eligibility for the ID Net service requires that a broker-dealer be an NSCC Member eligible for CNS processing and a DTC Participant. The custodian bank must be a DTC Participant. In addition, eligibility for ID Net service processing is based on the underlying security being processed, the type of transaction submitted for processing, and the timing of affirmation. Most equity securities that are eligible for CNS are eligible for ID Net processing. However, the following securities were initially excluded from ID Net: (1) corporate and municipal bonds and unit investment trust issues; (2) new issue securities; (3) securities that are IPO tracked since the use of omnibus accounts will bypass the tracking system; (4) trades in issues that are currently undergoing a mandatory or voluntary reorganization; (5) trades in CUSIPs with a CNS buy-in; and (6) trades in securities appearing on the SEC's Regulation SHO list. At that time, NSCC noted that since the service was new, and in order to ensure that the system ran smoothly, it was excluding certain securities that could potentially have a relatively high rate of delivery failure or may disrupt normal processing of transactions in the ID Net service. It also noted that as experience with the service grows, it would reevaluate the exclusion of certain issues.

DTCC is now offering enhanced access to all important notices via a new, Web-based subscription service. The new notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit http://www.dtcc.com/subscription_form.php.

Since the implementation of the ID Net service, the service has operated with minimal disruption, thus allaying the concerns regarding the addition of certain securities previously excluded from the service. In order to enhance processing efficiency and at the request of its Members, NSCC is expanding ID Net to allow for the addition of any security that is eligible for CNS processing from time to time and at NSCC's discretion.

NSCC will announce via Important Notice as particular securities or classes of securities are made eligible for processing through the ID Net service.

The full text of this rule change (SR-NSCC-2010-03) may be obtained by visiting DTCC's website at www.dtcc.com. 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, 100 F Street NE, Washington DC 20549-1090. We request that you provide NSCC with a copy of your comments. Questions regarding this Important Notice should be directed to Vincent Mc Devitt, Director, Product Management, at 212-855-5694, or Peter J. Smith, Product Management, at 212-855-7621. Questions regarding the rule filing should be directed to John Petrofsky, Associate Counsel, at 212-855-7634.