

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 6970
P&S# 6540
Date: March 19, 2010
To: ALL PARTICIPANTS
Attention: MANAGING PARTNER/OFFICER, OPERATIONS
PARTNER/OFFICER, COMPLIANCE OFFICER
From: Stephen Wasserman
Subject: Institutional Delivery (ID) Net Service Enhancement

The National Securities Clearing Corporation (“NSCC”) recently filed a rule change regarding the ID Net Service (“ID Net”) with the Securities and Exchange Commission (“SEC”) as effective upon filing. ID Net allows broker-dealer subscribers to the service to have the ability to net all eligible affirmed institutional transactions at The Depository Trust Company (“DTC”) against Continuous Net Settlement (“CNS”) transactions at NSCC.

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 (“UIT”) 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 a new one 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.

Since the implementation of ID Net, 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.

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.

Effective March 26, 2010, Unit Investment Trust (UIT) issues will become eligible for ID Net processing. In addition, on March 26th, the current ID Net trade-level exclusion for securities appearing on the SEC's Regulation SHO list will be removed. Expanding the securities eligible for ID Net enables Members to realize additional processing efficiencies and cost savings through use of the service.

For more information, contact Stephen Wasserman, Director, Settlement Product Management, at 212-855-3270 (swasserman@dtcc.com) or DTCC Relationship Management at (800) 422-0582.