

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 7005
P&S# 6576
Date: 6/10/10
To: ALL PARTICIPANTS
Attention: MANAGING PARTNER/OFFICER
OPERATIONS PARTNER/OFFICER
MANAGER P&S DEPARTMENT
MANAGER DATA PROCESSING DEPARTMENT
From: Louis J. Lepore
Subject: New ACATS Reject Code and Machine Readable Output Reversal Files

On June 7, 2010, the National Securities Clearing Corporation (“NSCC”) filed Rule Change SR-NSCC-2010-05 with the U.S. Securities and Exchange Commission (“SEC”) relating to system enhancements of ACATS transfers processed through its Continuous Net Settlement (CNS) system. Subject to approval, NSCC plans to implement these changes into production for settlement date **Friday, September 24, 2010**. As a result, Members are advised of the following ACATS changes. These changes address any Member default event that may occur in the future.

I. Addition of a new ACATS Reject Code

NSCC will be adding a new **Reject Code 99=NSCC System Reject** that would be reported on the ACATS Position (Variable Autoroute # 02090718 and Fixed Autoroute # 02090724) and End of Day Output File (Variable Autoroute # 02090717 and Fixed Autoroute # 02090723). This reject code will be used in a Member default event whereby NSCC needs to process rejects on transfers the defaulting Member has in the ACATS statuses listed below. Members are advised to make the necessary changes to be able to accept and process this new reject code.

The ACATS transfer statuses are as follows:

100 (Request)	200 (Review)
110 (Request Adjust)	210 (Review Adjust Deliverer)
120 (Request Adjust Past)	220 (Review Error)
130 (Request Past)	230 (Review Accelerate)
140 (Request Reject)	240 (Review Adjust Receiver Accelerate)
500 (PTR Request)	

Non-Confidential

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II. New ACATS Reversal Comma Delimited File

In Important Notice # A6976, P&S# 6546 dated April 1, 2010, NSCC announced a new ACATS Machine Readable Output (MRO) Reversal File (Autoroute # 02091008) to assist broker members when an ACATS reversal occurs for a Member default. As also mentioned at the same time, NSCC will be making available a new ACATS Reversal Comma Delimited MRO File (Autoroute #02091657). When received, this file can be saved and opened in another application (i.e. Excel) to create a customized internal report without any programming. However, Members can optionally choose to program this file to upload to their internal system. Unlike the ACATS MRO Reversal File, this file will be an “event driven file” and will only be distributed when a Member default event occurs. Members can request to have *either or both MRO files* made available to them via their output destination identification number or through DTCC WebDirect. **Once implemented, NSCC will no longer distribute details of ACATS reversals on hard copy reports via fax or email when a Member default occurs. If Members do not request to receive either or both of these files, they will not know what asset position(s) may have been reversed in an ACATS transfer that they had with the defaulting firm. As a result, Members are strongly advised to accept either one or both of these MRO files in case such an event occurs.**

The new ACATS Reversal Comma Delimited MRO file format can be obtained by clicking on “**Record Layouts**” under the **Customer Resources** section on the ACATS page of DTCC’s corporate website. Once in the section, it is under the tab “**Fixed Record Lengths – Output Data File Formats**”. It contains a header record followed by the detail record. The website link to the ACATS page is http://www.dtcc.com/products/cs/equities_clearance/acats.php.

Testing for this new ACATS Reversal Comma Delimited MRO file will be made available in NSCC’s Participant Services Environment (PSE) in Q3 2010. The PSE test file will be **Autoroute# 02981657**. Any questions regarding the file layouts can be directed to the Enterprise Service Center (ESC) at 888-382-2721, option 5, then option 1. Members that want to receive this file in production and/or test, via either or both of the distribution methods described above, must contact the DTCC Relationship Services Group by sending an email to rmsupport@dtcc.com. Another important notice will be distributed in the future outlining further testing details as they become available.

A copy of this Important Notice can be obtained from NSCC’s web site at <http://www.nsc.com> in the Important Notice section. If you have any questions regarding these enhancements, please contact your DTCC Relationship Manager.

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