

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 7026
P&S# 6597
Date: July 13, 2010
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 ACATS Reversal Machine Readable Output Files

In Important Notice #A6976, P&S# 6546 dated April 1, 2010 and Important Notice A#7005, P&S# 6576 dated June 10, 2010, the National Securities Clearing Corporation (NSCC) outlined ACATS changes required by Members to prepare for a Member default event. These changes include the addition of a new ACATS reject code and two new ACATS Reversal Machine Readable Output (MRO) files. Subject to SEC approval, NSCC plans to implement these into production on **Friday, September 24, 2010**. Members are advised of the additional information about these changes including testing details to support them.

I. Addition of new ACATS Reject Code

After further analysis, NSCC has determined that it will *not* be adding a new **Reject Code 99=NSCC Reject** to the ACATS End of Day file (Variable Autoroute# 02090717 and Fixed Autoroute# 02090723). This new reject code will only be reported on the **ACATS Position File**. This reject code will be used when NSCC rejects ACATS transfers of a defaulting Member and changes the ACATS transfer to **Status 600=Reject**. The reject code will be a new value added to the **Transfer Type Reject field** on the record layouts as follows:

ACATS Position Variable Autoroute # 02090718 (*"TI" record type, Bytes 297-298*)

ACATS Position Fixed Autoroute # 02090724 (*Record Subtype "T", Record 05, Bytes 58-59*)

Testing for this new reject code will be made available in NSCC's Participant Service Environment (PSE) beginning **July 22, 2010**. Members will need to request the appropriate fixed or variable "canned" ACATS Position Autoroute file. They can do this by sending an email to the DTCC Relationship Services Group at rmsupport@dtcc.com. Since these "canned" files include test data, Members may need to "massage" that data so it correlates into internal transactions they have in their system. The ACATS Position Autoroute "canned" files are as follows:

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- Variable Position Autoroute File # 02990718
- Fixed Position Autoroute File # 02990724

II. ACATS MRO Reversal Files

NSCC announced the addition of a new ACATS Reversal MRO file (Autoroute# 02091008). This file will be distributed daily in variable format only. Programming is required to accept and process this file. If no reversal event occurs, an empty file will be distributed at the end-of-day. Members are notified of a new value (**0=Same Day**) that will be added to the **Settlement Timing field**. This value (**0=Same Day**) will be used when ACATS reversals are reported for a defaulting Member for transfers that are in **Status 310 Settle-Close** at the time of the reversals. Additionally, the value of **1=Next day** will be reported for ACATS reversals that are in **Status 300 Settle-Prep** at the time of the reversals.

Settlement Timing	1	86	86	A/N	0 = Same Day
					1 = Next Day

The other new reversal file is the ACATS Reversal Comma Delimited MRO file (Autoroute# 02091657). Unlike the above mentioned file, the ACATS Reversal Comma Delimited MRO file will be an “event driven file” only distributed when ACATS reversals are processed for a defaulting member. No programming is required to accept and process this file. When received, this file can be saved and opened in another application (i.e. Excel) to create a customized internal report.

Members are strongly advised to accept one or both of these files. Minimally, every Member should request to receive the ACATS Reversal Comma Delimited MRO file (Autoroute#02091657). Once implemented, NSCC will no longer distribute details of ACATS reversals on hard copy reports via fax or email when a Member default occurs. Both files will be made available to Members via their output destination identification number and/or via DTCC Web Direct.

Testing for either of the ACATS MRO Reversal files will be made available in PSE beginning **July 22, 2010**. Members will need to request the appropriate “canned” Autoroute files by sending an email to the DTCC Relationship Services Group at rmsupport@dtcc.com. Again, these “canned” files will include test data so Members may need to “massage” the data so it correlates into internal transactions they have in their system. The new canned files are as follows:

- ACATS Reversal MRO File # 02981008
- ACATS Reversal Comma Delimited Autoroute File # 02981657

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.

Louis J. Lepore
 Manager
 Product Marketing and Development