

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 7049
P&S# 6620
Date: August 20, 2010
To: All Participants
Attention: General Counsel; Chief Compliance Officer; Chief Financial Officer; Managing Partner/Officer; Operations Partner/Officer; Manager, Operations; Manager P&S Department; Manager Data Processing Department; Cashier; Manager, IT
From: General Counsel's Office
Subject: RULE CHANGE APPROVAL – SR-NSCC-2010-05 (Processing Enhancements With Respect to Transfers Processed Through NSCC's Automated Customer Account Transfer Service ("ACATS"))
[*Note: Companion to Rule Filing SR-DTC-2010-09*]

On June 4, 2010, National Securities Clearing Corporation ("NSCC") filed, and on August 16, 2010 the U.S. Securities and Exchange Commission approved¹, rule filing SR-NSCC-2010-05. The rule filing proposed to effect system enhancements with respect to ACATS transfers processed through NSCC's Continuous Net Settlement ("CNS") System.

As previously stated in NSCC Important Notice A#7001, P&S#6571 dated June 7, 2010, NSCC will implement these changes during the third quarter of 2010. Members will be advised of the implementation details via subsequent Important Notices.

Proposed Changes:

NSCC's Automated Customer Account Transfer Service ("ACATS") enables Members to effect automated transfers of customer accounts among themselves. With respect to ACATS transfers processed through NSCC's Continuous Net Settlement ("CNS") system, long and short positions are passed against Members' positions at The Depository Trust Company ("DTC") and available securities are delivered from short Members' accounts at DTC and are allocated to long Members' accounts by book-entry. Since its inception in 1985, ACATS has provided Member firms with an efficient automated means for the prompt transfer of customer accounts; however, NSCC has determined to undertake certain enhancements relating to the service to: (i) provide for enhanced protection for customer securities that are subject to ACATS transfer such that customer account transfers to new

¹ See SEC Release No. 34-62726; File No. SR-NSCC-2010-05

firms are maximized in the event of a firm failure, and (ii) facilitate Members' compliance with their securities possession or control requirements for ACATS transfers processed through CNS.

Questions regarding this Important Notice should be directed to Louis Lepore at 212.855.4223, or to your DTCC Relationship Manager.