

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 7108
P&S#: 6679
Date: November 30, 2010
To: ALL FULL SERVICE PARTICIPANTS
Attention: OPERATIONS, CASHIERING, SETTLEMENTS
From: Product Management, Equity Clearance
Subject: Obligation Warehouse (OW) Participant Testing for RECAPS

Subject to SEC approval, National Securities Clearing Corporation (NSCC) will enhance its current Reconfirmation and Pricing Service (RECAPS) and rename it Obligation Warehouse (OW), as previously announced in various NSCC Important Notices A# 6848, P & S# 6418, dated July 22, 2009, A# 7033, P & S# 6604, dated July 27, 2010, A# 7075, P & S# 6646, dated October 7, 2010, and A# 7097, P & S# 6668, dated November 11, 2010.

The first industry-wide pre-test of the RECAPS functionality in OW will take place on December 7, 2010. A separate full test of RECAPS in OW is expected to take place in March 2011. It is highly recommended that all Members participate in this pre-test.

This pre-test of the RECAPS functionality in OW will be conducted using data from obligations matched in production for Friday December 3, 2010, to provide Members an opportunity to understand the process through the new service.

Members participating in the test should note the following:

- On December 6, 2010, at approximately 7:00 pm ET, NSCC will load into the OW the matched input data from obligations entered into the existing RECAPS on Friday December 3, 2010, corresponding to Non-CNS Compared Trades Summary (AutoRoute Product ID# 02050117). *Members should not take action on the RECAPS data loaded in OW, to ensure a more accurate reconciliation with the existing RECAPS system.*
- OW will run the RECAPS process in OW on Tuesday December 7, 2010, as the last action for the close of business process for that day.
- Members will receive MT 518 MQ messages and the OW Web portal will be available to all registered users. The RECAPS data added for the test will be identified with the source code "NSCC". At the conclusion of the end of day processes, OW will generate the end of day (EOD) Position MRO. Members should use received MQ messages and the OW EOD Position file to reconcile the results of the test against their production.

- All bilateral input from Members participating in this test should be for settlement date Monday December 6, 2010 and later.

The table below identifies the sequence of events in OW during this testing phase.

Date & Time	Action by NSCC	Expected Results; Messages for Participating Members
12/6/2010 7:00 pm ET	Matched data from 12/3/2010 production RECAPS loaded into OW.	Members will receive MT518 messages with source code "NSCC". The OW end of day (EOD) Position MRO will reflect addition of open aged failed obligations.
12/6/2010 9:00 pm ET	OW start of day process, system date changed to 12/7/2010.	Members will receive MT599 Administrative message stating "SOD". OW Web will show new system date of 12/7/2010 RECAPS day.
12/7/2010 ongoing until 6:00 pm ET	OW available for MQ message and OW Web submissions.	Members should not take actions against any open aged failed obligations. All bilateral submissions should have settlement dates of 12/3/2010 or later.
12/7/2010 6:00 pm ET	OW end of day process begins, including RECAPS cycle.	Members will receive MT509 Closed messages, due to RECAPS, MT518 Open messages, and OW EOD Position MRO. RECAPS sections are populated with obligations closed and opened with settlement date of 12/8/2010.
12/7/2010 9:00 pm ET	OW start of day process, system date changed to 12/8/2010.	Members will receive MT599 Administrative messages stating "SOD". OW Web will have a new system date of 12/8/2010.

OW will use the current day as the processing date during the initial testing phase which began on November 22, 2010 and runs through January 20, 2011. After January 20, 2011, the processing date of the test environment will be the prior day. Production implementation for OW is planned for settlement date January 24, 2011.

For questions regarding this notice, please contact your Relationship Manager or the undersigned at (212) 855-7659.

Janice DiTore
Director, Product Management