

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item 1 and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

By this Amendment No. 1 to SR-NSCC-2008-11, NSCC is revising from the original rule filing the designation under which the filing is to take effect pursuant to Section 19(b)(3)(A) of the Securities Exchange Act from subsection (f)(3) of Rule 19b-4 to subsection (f)(4) under that rule. The filing remains otherwise unchanged from the original filing and is being re-filed under this amendment with the same text and attachments as the original filing.

1. Text of the Proposed Rule Change.

- (a) The proposed rule change is annexed hereto as Exhibit 5.
- (b) Not applicable.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

- (a) NSCC's Board of Directors has not taken, and is not required to take, action on the proposed rule change.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

- (a) NSCC has been informed by The New York Stock Exchange LLC ("NYSE") and NYSE Alternext US LLC (formerly the American Stock Exchange, Inc.) ("Alternext") that NYSE and Alternext will share equities trading systems and facilities beginning on or about December 1, 2008 (the "Transition Date"). NYSE and Alternext have indicated that as a result of their using shared systems, they will begin to submit trade information through combined feeds to NSCC. As part of this transition, the Alternext process for odd-lot trades will conform to that used by the NYSE.

NSCC has cooperated with the exchanges in preparation for this change and has issued Important Notices to Members with respect to alterations to clearing post trade processing and reporting that will occur in this regard on the Transition Date (See Exhibit 2). In addition, by this rule filing, NSCC is updating its Procedures accordingly to reflect the NYSE/Alternext arrangement as well to provide technical updates, including to: (i) reflect the exchanges' current legal names (References to: (a) the New York Stock Exchange, Inc. will change to New

York Stock Exchange LLC, and (b) the American Stock Exchange or Amex will change to NYSE Alternext US LLC.), and (ii) revise the procedures to delete references to submissions of trades in debt securities from the American Stock Exchange as NSCC has been informed that bond executions are not taking place on Alternext.

The proposed changes to the Rules text are as follows:

1. Procedure II, Section B. 1. will be revised to: (i) state that Alternext odd-lot trades shall be submitted subject to Procedure III. E. (which currently pertains only to NYSE odd-lot trades), and (ii) delete a reference that separate reports are issued for transactions executed on the NYSE and Amex.
2. Procedure II, Section D. 1. (f) will be updated to delete language relating to the input of debt security trades from the American Stock Exchange.
3. Procedure III. E., which currently relates to the recording of NYSE odd-lot trades, will be revised to reflect that Alternext odd-lot trades are also subject to this Procedure.
4. The NSCC Procedures will be revised generally to: (i) reflect the current names of the two exchanges, and (ii) replace certain references to the full names of the NYSE and Alternext with their defined terms as set forth in Procedure XIII.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, because it provides an update to NSCC's Procedures with respect to a change in trade submissions provided by the NYSE and Alternext, and therefore promotes the prompt and accurate clearance and settlement of securities transactions.

4. Self-Regulatory Organization's Statement on Burden on Competition.

NSCC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others.

Written comments relating to the proposed rule change have not yet been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

6. Extension of Time Period for Commission Action.

NSCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D).

(a) The proposed rule change is to take effect pursuant to paragraph A of Section 19(b)(3).

(b) The proposed rule change is concerned solely with the administration of NSCC.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission.

The proposed rule change is not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

Exhibit 1 - Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 – NSCC Important Notices.

Exhibit 3 - n/a

Exhibit 4 - n/a

Exhibit 5 - Proposed Rules Text

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-NSCC-2008-11)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by NATIONAL SECURITIES CLEARING CORPORATION ("NSCC") to update its Procedures to reflect the combination of input sent to NSCC by the New York Stock Exchange LLC and NYSE Alternext US LLC and to make other technical changes.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, NSCC filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The text of the proposed rule change is attached hereto as Exhibit 5.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NSCC has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

(i) NSCC has been informed by The New York Stock Exchange LLC ("NYSE") and NYSE Alternext US LLC (formerly the American Stock Exchange, Inc.) ("Alternext") that NYSE and Alternext will share equities trading systems and facilities beginning on or about December 1, 2008 (the "Transition Date"). NYSE and Alternext have indicated that as a result of their using shared systems, they will begin to submit

trade information through combined feeds to NSCC. As part of this transition, the Alternext process for odd-lot trades will conform to that used by the NYSE.

NSCC has cooperated with the exchanges in preparation for this change and has issued Important Notices to Members with respect to alterations to clearing post trade processing and reporting that will occur in this regard on the Transition Date (See Exhibit 2). In addition, by this rule filing, NSCC is updating its Procedures accordingly to reflect the NYSE/Alternext arrangement as well to provide technical updates, including to: (i) reflect the exchanges' current legal names (References to: (a) the New York Stock Exchange, Inc. will change to New York Stock Exchange LLC, and (b) the American Stock Exchange or Amex will change to NYSE Alternext US LLC.), and (ii) revise the procedures to delete references to submissions of trades in debt securities from the American Stock Exchange as NSCC has been informed that bond executions are not taking place on Alternext.

The proposed changes to the Rules text are as follows:

1. Procedure II, Section B. 1. will be revised to: (i) state that Alternext odd-lot trades shall be submitted subject to Procedure III. E. (which currently pertains only to NYSE odd-lot trades), and (ii) delete a reference that separate reports are issued for transactions executed on the NYSE and Amex.
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3. Procedure III. E., which currently relates to the recording of NYSE odd-lot trades, will be revised to reflect that Alternext odd-lot trades are also subject to this Procedure.
4. The NSCC Procedures will be revised generally to: (i) reflect the current names of the two exchanges, and (ii) replace certain references to the full names of the NYSE and Alternext with their defined terms as set forth in Procedure XIII.

(ii) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, because it provides an update to NSCC's Procedures with respect to a change in trade submissions provided by the NYSE and Alternext, and therefore promotes the prompt and accurate clearance and settlement of securities transactions.

B. Self-Regulatory Organization's Statement on Burden on Competition.

NSCC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others.

Written comments relating to the proposed rule change have not yet been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

- Electronic comments may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or sending an e-mail to rule-comment@sec.gov. Please include File No. SR-NSCC-2008-11 on the subject line.
- Paper comments should be sent in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-1090.

All submissions should refer to File Number SR-NSCC-2008-11. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C 552, will be available for inspection and copying in the Commission's Public Reference Room Section 100 F Street, NE, Washington DC 20549-1090. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to the file number above and should be submitted within _____ days after the date of publication.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Nancy M. Morris

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 6743
P&S# 6313
Date: November 19, 2008
To: All Participants
Attention: Operations and Information Technology Departments
From: Product Management
Subject: Changes in NSCC CNS Equity Securities Master File Information

The National Securities Clearing Corporation (NSCC) continues to work with the New York Stock Exchange (NYSE) in preparation for the integration of American Stock Exchange (Amex), onto the NYSE trading platform, **effective on December 1, 2008**. Previous NSCC Important Notices identifying specific changes to each file format have been distributed as: A# 6708, dated September 23, 2008, and A# 6735, dated November 7, 2008.

This notice serves to clarify a difference between how specialist information is stated on each of the exchanges for the CNS Equity Master File. (AutoRoute Product ID # 02040290).

Historically, the NYSE and Amex used the specialist information fields differently. On the record layout below the fields have been highlighted. When NYSE Alternext listed equities begin to be processed by the NYSE post-trade applications and the introduction of the Designated Market Maker (DMM), in place of specialist. The definition for specialist information on the CNS Equity Master File will change as shown below.

Description	Position	Current Definition	New Definition Effective 12/1/2008
Exchange Indicator	12	0 = NYSE 1 = Amex 2 = OTC	0 = NYSE 1 = NYSE Alternext US 2 = OTC
Trading DMM (Designated Market Maker)	66-69	If field 12 = 0 (NYSE security), Then = NSCC Commission Billing # 1 (Amex security), Then = NSCC Clearing # 2 (OTC Security), Then =	If field 12 = 0 (NYSE security), Then = NSCC Commission Billing # 1 (NYSE Alternext US), Then = NSCC Commission Billing # 2 (OTC Security), Then = Blank

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DMM Clearing Agent	70-73	Blank If field 12 = 0 (NYSE security), Then = NSCC Clearing # 1 (Amex security), Then = Amex Specialist Unit # 2 (OTC Security), Then = Blank	If field 12 = 0 (NYSE security), Then = NSCC Clearing # 1 (NYSE Alternext US), Then = NSCC Clearing # 2 (OTC Security), Then = Blank
Post Number	74-75	If field 12 = 0 (NYSE security), Then = NYSE Specialist Post # 1 (Amex security), Then = Amex Specialist Unit # 2 (OTC Security), Then = Blank	If field 12 = 0 (NYSE security), Then = NYSE Specialist Post # 1 (NYSE Alternext US), Then = NYSE Alternext US Specialist Post # 2 (OTC Security), Then = Blank
Panel ID	76-77	If field 12 = 0 (NYSE security), Then = NYSE Panel ID 1 (Amex security), Then = Blank 2 (OTC Security), Then = Blank	If field 12 = 0 (NYSE security), Then = NYSE Panel ID 1 (NYSE Alternext US), Then = NYSE Alternext US Panel ID 2 (OTC Security), Then = Blank

EXAMPLE:

Novagold resources Inc., CUSIP # 66987E206. Symbol = NG is a Primary listing of the Amex, with the following specialist information

CURRENT

Security Symbol	Specialist Clearing Agent	Specialist Number	Post Number	Panel ID.
<i>Position #</i>	<i>66-69</i>	<i>70-73</i>	<i>74-75</i>	<i>76-77</i>
NG	0501	0987	45	(blank)

12/1/2008 & FUTURE

Exchange	Security Symbol	Trading DMM	DMM Clearing Agent	Post Number	Panel ID
	<i>Position #</i>	<i>66-69</i>	<i>70-73</i>	<i>74-75</i>	<i>76-77</i>
NYSE Alternext US	NG	1695	0501	2	A

Below is the complete CNS Equity Master File format layout.

CNS EQUITY MASTER FILE					Detail Effective 12/1/2008
AUTOROUTE ID - 02040290 - Original & Y2k Format					Record Length 80
Description	Length	Start	End	Type	Comments
CUSIP	9	1	9	A/N	S & P Assigned
When Issued Indicator	1	10	10	A/N	0 = Regular Way 1 = When-Issued
Foreign Indicator	1	11	11	A/N	0 = Domestic 1 = Foreign
Exchange Indicator	1	12	12	A/N	0 = NYSE 1 = NYSE Alternext US 2 = OTC
Security Symbol	15	13	27	A/N	Security Symbol, Left-Justified
CNS Indicator	1	28	28	A/N	0 = Non-CNS 1 = CNS Eligible 2 = Suspended
DTC Eligibility	1	29	29	A/N	0 = Non-DTC 1 = DTC Eligible 2 = Suspended
Special Trade Indicator	1	30	30	A/N	0 = No Special Trade 1 = Foreign 2 = Regional 3 = NSCC
Security Description	35	31	65	A/N	Security Name, Left-Justified
Trading DMM (Designated Market Maker)	4	66	69	A/N	If Field 12 = 0 (NYSE Security), Then = NSCC Commission Billing # 1 (NYSE Alternext US Security), Then = NSCC Commission Billing # 2 (OTC Security), Then = Blank
DMM Clearing Agent	4	70	73	A/N	If Field 12 = 0 (NYSE Security), Then = NSCC Clearing # 1 (NYSE Alternext US Security), Then = NSCC Clearing # 2 (OTC Security), Then = Blank
Post Number	2	74	75	A/N	If Field 12 = 0 (NYSE Security), Then = NYSE Specialist Post # 1 (NYSE Alternext US Security), Then = NYSE Alternext US Specialist Post # 2 (OTC Security), Then = Blank
Panel ID	2	76	77	A/N	If Field 12 = 0 (NYSE Security), Then = NYSE Panel ID 1 (NYSE Alternext US Security), Then = NYSE Alternext US Panel ID 2 (OTC Security), Then = Blank

Unit Of Trade	1	78	78	A/N	0 = 1-Share Round-Lot 1 = 10-Share Round-Lot 2 = 25-Share Round-Lot 3 = 50-Share Round-Lot 4 = 100-Share Round-Lot 5 = 1000-Share Round-Lot
Future Use	2	79	80	A/N	Spaces

For further clarification or additional questions, please contact the undersigned at (212) 855-7659.

Janice DiToro
Director, Product Management, Equities Clearance

IMPORTANT NOTICE



The Depository Trust & Clearing Corporation

National Securities Clearing Corporation

A#: 6735
P&S# 6305
Date: November 7, 2008
To: All Participants
Attention: Operations and Information Technology Departments
From: Product Management
Subject: REMINDER
 Changes to Clearance for the NYSE/ Amex Integration

The National Securities Clearing Corporation is working in coordination with the New York Stock Exchange (NYSE) to make changes that will accommodate the integration of the American Stock Exchange (Amex) into the NYSE scheduled to be effective on processing date **December 1, 2008**. The NYSE issued two Information Memos, dated September 9, 2008, regarding the NYSE/ Amex Integration.

http://traderupdates.nyse.com/?sa_campaign=/internal_ads/callouts/traderupdates

The table below identifies specific areas and reports where participants need to be aware of the alterations to Clearing post trade processing and reporting.

AutoRoute Product ID	Name	Position	Description	Change
02040290	CNS Equity Master file	12	Exchange Indicator	0 = NYSE 1 = NYSE Alternext US
		66-69	Specialist Clearing Agent	Populated with relevant NYSE Alternext US data
		70-73	Post Number	Populated with relevant new market data
02013036	NYSE Intraday MRO	105-108	Originating Market/ Trade Source	XNYS = NYSE or NYSE Alternext US
		400	Primary Listing	**New field** 0 = NYSE

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AutoRoute Product ID	Name	Position	Indicator Description	Change
02013037	Amex Intraday MRO			Decommission file
02063127	Correspondent Clearing Intraday MRO	109-112	Last Market System	XNYS = NYSE or NYSE Alternext US
02010168	NYSE Print Image Contracts			Combines records for NYSE and NYSE Alternext US
02010092	NYSE Print Image Adjustments Contracts			Combines records for NYSE and NYSE Alternext US
02010178	Amex Print Image Contract			Decommission file
02010094	Amex Print Image Adjustments Contracts			Decommission file
02040353	Consolidated Trade Summary			Combines records for NYSE and NYSE Alternext US under NYSE
02012109	NYSE Badge File			Combines records for NYSE and NYSE Alternext US
02012170	Amex Badge File			Decommission file in 2009
02130673	Equity Commission Bill Master	55	Exchange Indicator	Effective December 11, 2008 0 = NYSE or NYSE Alternext US

CNS Equity Master file (AutoRoute Product ID # 02040290)

The "Exchange Indicator" for identifying the primary listing market of the investment security will replace Amex with the NYSE Alternext US name in position 12. Additionally, the "Specialist Number" and "Post Number" will apply the NYSE Alternext US relevant information.

NYSE- 400 byte Intraday Machine Readable Output (MRO), (AutoRoute Product ID 02013036)

The NYSE 400 byte Intraday MRO will continue to reflect the "Originating Market Trade Source". (position 105-108) as XNYS for NYSE and add NYSE Alternext US trades. The "Primary Listing Indicator" will be added as a new field in position 400 so that the securities primary listing market can be identified.

Amex- 400 byte Intraday Machine Readable Output (MRO), (AutoRoute Product ID 02013037)

The Amex 400 byte Intraday MRO will be decommissioned on December 1, 2008.

Correspondent Clearing- 400 byte Intraday Machine Readable Output (MRO), (AutoRoute Product ID 02013127)

The "Last Market System" in position 109-112 will use XNYS for all NYSE and NYSE Alternext US submissions. The value known as XASE = Amex will be eliminated.

NYSE Print Image Contracts. (AutoRoute Product ID 02010168, 02010092)

The NYSE Print Image and Adjustments Contracts will combine the transactions from both the NYSE and NYSE Alternext US exchanges on the same report.

Amex Print Image Contracts. (AutoRoute Product ID 02010178, 02010094)

The Amex Print Image and Adjustments Contracts will be decommissioned on December 1, 2008.

Correspondent Clearing Input Format Change (DATATRAK # 03701)

NYSE Alternext US will replace Amex for the "Exchange Indicator" submitted in position 156.

Consolidated Trade Summary. (AutoRoute Product ID 02040353, 02490050)

The positions applicable to the NYSE Alternext US activity will be combined with the NYSE market using the "Exchange Code" NY. The "Exchange Code" for Amex will be decommissioned at a future date.

NYSE Badge File. (AutoRoute Product ID 02012109)

The NYSE Badge file will contain combined, NYSE and NYSE Alternext US information.

Amex Badge File. (AutoRoute Product ID 02012170)

Amex Badge file will continue for Options numbers until the transition in 2009.

Equity Commission Bill Service. (AutoRoute Product ID 02130673)

All Equity Commission Bill (ECB) Amex transactions through November 30, 2008 should be submitted to the ECB Service on or before December 10, 2008 for payment on December 15, 2008. Upon close of business December 10, 2008, the Equity Commission Bill system will decommission the Amex portion of the service, recognizing only NYSE.

NYSE Industry-wide Test

DTCC will support the NYSE industry-wide week-end test dates for participants to submit data and monitor output, by providing NYSE 400 byte Intraday MRO. (AutoRoute Product ID 02983036) the following week. Details regarding the tests will be issued by the NYSE in an Information Memo.

In order for participants of these tests to receive data output, they must have valid network connections to the PSE Test region at DTCC and be set up for the specific test AutoRoute Product ID 02983036. To confirm that your clearing firm has the appropriate network connection and test product set up contact the DTCC Enterprise Service Center (ESC) at 888-382-2721, option 1, option 4.

For additional questions regarding this notice contact the ESC, your Relationship Manager or the undersigned at 212-855-7659.

Janice DiTore
Director, Product Management

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 6708
P&S# 6278
Date: September 23, 2008
To: All Participants
Attention: Operations and Information Technology Departments
From: Product Management
Subject: Changes to Clearance for the NYSE/ Amex Integration

The National Securities Clearing Corporation is working in coordination with the New York Stock Exchange (NYSE) to make changes that will accommodate the integration of the American Stock Exchange (Amex) into the NYSE tentatively scheduled to be effective on processing date **December 1, 2008**. The NYSE issued two Information Memos, dated September 9, 2008, regarding the NYSE/ Amex Integration.

http://traderupdates.nyse.com/?sa_campaign=/internal_ads/callouts/traderupdates

The following NSCC Important Notice identifies specific areas and reports where participants need to be aware of the alterations to the Clearing and Settlement aspects of post trade processing.

AutoRoute Product ID	Name	Position	Description	Change
02040290	CNS Equity Master file	12	Exchange Indicator	0 = NYSE 1 = NYSE Alternext US
		66-69	Specialist Clearing Agent	Populated with relevant NYSE Alternext US data
		70-73	Post Number	Populated with relevant new market data
020103036	NYSE Intraday MRO	105-108	Originating Market/ Trade Source	XNYS = NYSE or NYSE Alternext US
		400	Primary Listing Indicator	**New field** 0 = NYSE 1 = NYSE Alternext US

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02012170	Amex Badge File			Decommission file
02130673	Equity Commission Bill Master	55	Exchange Indicator	<i>Effective December 11, 2008</i> 0 = NYSE or NYSE Alternext US

CNS Equity Master file (AutoRoute Product ID # 02040290)

The "Exchange Indicator" for identifying the primary listing market of the investment security will replace Amex with the NYSE Alternext US name in position 12. Additionally, the "Specialist Number" and "Post Number" will apply the NYSE Alternext US relevant information.

NYSE- 400 byte Intraday Machine Readable Output (MRO), (AutoRoute Product ID 020103036)

The NYSE 400 byte Intraday MRO will continue to reflect the "Originating Market Trade Source", (position 105-108) as XNYS for both NYSE and add NYSE Alternext US trades. The "Primary Listing Indicator" will be added as a new field in position 400 so that the securities primary listing market can be identified.

Amex- 400 byte Intraday Machine Readable Output (MRO), (AutoRoute Product ID 020103037)

The Amex 400 byte Intraday MRO will be decommissioned on December 1, 2008.

Correspondent Clearing- 400 byte Intraday Machine Readable Output (MRO), (AutoRoute Product ID 020103127)

The "Last Market System" in position 109-112 will use XNYS for all NYSE and NYSE Alternext US submissions. The value known as XASE = Amex will be eliminated.

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The NYSE Print Image and Adjustments Contracts will combine the transactions from both the NYSE and NYSE Alternext US exchanges on the same report.

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The Amex Print Image and Adjustments Contracts will be decommissioned on December 1, 2008.

Correspondent Clearing Input Format Change (DATATRAK # 03701)

NYSE Alternext US will replace Amex for the "Exchange Indicator" submitted in position 156.

Consolidated Trade Summary, (AutoRoute Product ID 02040353, 02490050)

The positions applicable to the NYSE Alternext US activity will be combined with the NYSE market using the "Exchange Code" NY. The "Exchange Code" for Amex will be decommissioned at a future date.

NYSE Badge File, (AutoRoute Product ID 02012109)

The NYSE Badge file will contain combined, NYSE and NYSE Alternext US information.

Amex Badge File, (AutoRoute Product ID 02012170)

Amex Badge file will be decommissioned on December 1, 2008.

Equity Commission Bill Service, (AutoRoute Product ID 02130673)

All Equity Commission Bill (ECB) Amex transactions through November 30, 2008 should be submitted to the ECB Service on or before December 10, 2008 for payment on December 15, 2008. Upon close of business December 10, 2008, the Equity Commission Bill system will decommission the Amex portion of the service, recognizing only NYSE.

NYSE Industry-wide Test

DTCC will support the NYSE industry-wide week-end test dates for participants to submit data and monitor output, by providing NYSE 400 byte Intraday MRO, (AutoRoute Product ID 02983036) the following week. Details regarding the tests will be issued by the NYSE in an Information Memo.

In order for participants of these tests to receive data output, they must have valid network connections to the PSE Test region at DTCC and be set up for the specific test AutoRoute Product ID 02983036. To confirm that your clearing firm has the appropriate network connection and test product set up contact the DTCC Enterprise Service Center (ESC) at 888-382-2721, option 1, option 4.

For additional questions regarding this notice contact the ESC, your Relationship Manager or the undersigned at 212-855-7659.

Janice DiToro
Director, Product Management

TEXT OF PROPOSED RULE CHANGE

Underlined, boldface text indicates additions.

~~[Bracketed, Struck-through, boldface]~~ text indicates deletions.

NATIONAL SECURITIES CLEARING CORPORATION
RULES AND PROCEDURES

PROCEDURE II. TRADE COMPARISON AND RECORDING SERVICE

A. Introduction

Trade Comparison is the first step in the clearance and settlement of securities transactions. It consists of reporting, validating and matching the buy and sell sides of a securities transaction and results in a compared trade. Trade data submitted by Self-Regulatory Organizations and Qualified Special Representatives on behalf of Members as permitted in this Procedure II is submitted on a locked-in basis for Trade Recording, and is converted (if necessary), validated, recorded and reported to Members. Except as specified below, compared and recorded trades are then entered into the CNS Accounting Operation, the Foreign Security Accounting Operation, or the Balance Order Accounting Operation.

Compared and recorded trades are routed to either the CNS Accounting Operation, the Balance Order Accounting Operation, or the Foreign Security Accounting Operation. Separate Trade Comparison and Recording is provided for regular way and when-issued and when distributed transactions in equity securities (a) executed on NYSE ~~(round-lot transactions)~~ **NYSE Alternext (round-lot transactions)**, ~~(b) executed on Amex~~ and ~~(c) (b)~~ traded in OTC and on other national securities exchanges. Separate Trade Comparison and Recording is also provided for debt securities, including when issued and when-distributed transactions, for transactions in all marketplaces.¹

¹ At such time as each exchange and/or marketplace assumes responsibility for trade comparison for transactions executed on or subject to the rules of such exchange and/or marketplace, the Corporation will cease providing comparison services for such transactions.

B. Regular Way NYSE/~~Amex~~ **NYSE Alternext** Equity Securities

1. Trade Input

Self-Regulatory Organizations on behalf of Members may submit to the Corporation trade data relating to regular way **round-lot** transactions in equity securities executed on **NYSE and Amex NYSE Alternext** ~~and, if round-lots, NYSE.~~ **NYSE and NYSE Alternext** odd-lot trades shall be submitted pursuant to Section III. E. of these Procedures. Regular way trade data may be submitted throughout T until the time specified by the Corporation on the first day following trade date (T+1) (hereinafter referred to as "Original Trade Input"), and shall include quantity, security identification, identification of the marketplace of execution, contra-broker, trade value and other identifying details as the Corporation may require or permit.

Regular way trade data as submitted by Self-Regulatory Organizations on behalf of Members ("Locked-in Trade Data") is converted, if necessary, and validated. Results of this process are reported by the Corporation to Members on such reports and in such formats as determined by the Corporation from time to time. Such reports are available to Members intra-day and on the morning of T+1. ~~Separate reports are issued for transactions executed on the NYSE and Amex.~~

The reports identify each security as being eligible (a CNS Security) or non-eligible (a Balance Order Security) for processing through the CNS system. Depending upon the format of the report, separate totals may be provided for each of these categories.

The Corporation provides SRO's with the ability to submit listed trades for processing on a trade-for-trade basis. Such transactions are referred to as Special Trades and may be classified as such, whether or not the security is a CNS Security. In addition, the Corporation itself may determine that some or all transactions in a security shall settle on a trade-for-trade basis.

Adjustment reports are produced at such intervals and in such formats as determined by the Corporation showing all compared trade data resulting from T+1 and older adjustments processed by the NYSE and **Amex NYSE Alternext**, as well as step out transactions processed that day. Designations for CNS Securities and Balance Order securities are shown in the same manner as on the reports issued as a result of T input. If trades are listed on reports which include totals, the new data is added to or subtracted from such totals, to arrive at new totals. The new totals represent the combined input for T through such cutoff time on T+3 as the Corporation may designate. Trades received after such cutoff time as established on T+ 3 are not included in the normal settlement cycle.

Such trades will be assigned a new settlement date which will be the next settlement day following the date the trade is received by the Corporation.

2. Recording of Cash, Next Day and Seller's Option Transactions

Self-Regulatory Organizations on behalf of Members may submit to the Corporation, data relating to cash, next day, and seller's option transactions. Such trade data may be submitted during the timeframes specified by the Corporation from time to time and shall include such trade details as the Corporation may specify (including, if the transaction is a seller's option, the settlement date, which may be no greater than 180 days beyond the trade date). Results of this input are reported by the Corporation on a separate section of the Adjustment reports, and if the securities covered by such trades are CNS-eligible, the recorded trades will be entered into the CNS accounting operation (unless otherwise provided in these Procedures). Cash trades received after such cutoff time as the Corporation designates will be recorded and reported, but may only be settled directly between the parties. Next day as-of trades received on Settlement Date prior to the Corporation's designated cutoff time will settle on that date; otherwise the trade will be assigned a new settlement date which will be the next settlement day following the date the trade is recorded by the Corporation. Trades that are either (i) designated as Special Trades, (ii) in a security which is not CNS-eligible, or (iii) in a security undergoing a corporate action, or (iv) are scheduled to settle between a dividend X date and record date, will be processed on a trade-for-trade basis.

C. Regular Way Over-the-Counter and Other Exchange Equity Securities

1. Trade Input and Comparison

Members, Self-Regulatory Organizations and Qualified Special Representatives on behalf of Members, may submit to the Corporation trade data relating to regular way transactions executed OTC and on other securities exchanges or marketplaces (other than NYSE and **Amex NYSE Alternext**). Regular way trade data may be submitted throughout T until the time specified by the Corporation on the first day following trade date (T+1) (hereinafter referred to as "Original Trade Input"), and shall include quantity, security identification, identification of the marketplace of execution, contra-broker, trade value and other identifying details as the Corporation may require or permit.

Regular way trade data as submitted by Members, and regular way trade data submitted by Self-Regulatory Organizations or Qualified Special Representatives on behalf of Members ("Locked-in Trade Data"), is converted, if necessary, validated and with respect to data submitted by Members, matched by the Corporation to insure that the details of each trade are in agreement between the purchaser and seller. Results of this process are reported by the Corporation to Members on such reports and in such formats as determined by

the Corporation from time to time. With regard to Locked-in Trade Data reported on T by Self-Regulatory Organizations and Qualified Special Representatives, the Corporation may report back such data to Members on separate reports. If data received from a Self Regulatory Organization is the result of a trade executed on a system which provides trading anonymity (i.e. the contra side is not revealed at the time of the trade) the report may list, in lieu of the actual contra side for the trade, an acronym designated by such Self Regulatory Organization. In this case, the contra side shall, for all purposes, be deemed to be one of the entities which the Self Regulatory Organization includes as an eligible entity which may participate in the anonymous trading system.² Reports are available to Members intra-day and on the morning of T+1.

The Reports for trade data other than Locked-in Trade Data will categorize the trade data as compared, un-compared and advisory, and may display such other data relevant to such trades as the Corporation shall determine from time to time.

(a) Compared - Items identified as compared are those for which both a purchaser and a seller submitted identical trade data and for which a comparison has been effected.

(b) Uncompared - Items identified as uncompared reflect trades submitted by the Member for which the opposite side either did not submit data or did not submit data which agreed in all respects.

(c) Advisory - Advisory data represents trades submitted by another party against the Member, but which did not match any trade the Member submitted. Advisory reports may be generated by the Corporation for items listed as advisory data. The use of Advisory reports explained below.

As with listed equity reports, reports for OTC and other exchange trades will identify each security as being eligible (a CNS Security) or non-eligible (a Balance Order Security) for processing through the CNS system and depending on the format of the report may provide separate totals for each of these categories.

The Corporation provides Members with the ability to clear and settle any compared trade on a trade-for-trade basis. Such transactions are referred to as Special Trades and may be classified as such, whether or not the

² In the event that the Corporation ceases to act for a Member which is the unidentified contra side of any such trade and the Corporation determines that such trade is to be exited from trade processing, the Self Regulatory Organization shall have the responsibility to identify to Members the trades included in reports produced by the Corporation which are with the affected Member.

security is a CNS Security. In order for a transaction to be classified as a Special Trade, each of the purchaser and seller must agree to settle on a trade-for-trade basis and must identify the transaction in its trade input as a Special Trade. If only one party identifies a transaction as a Special Trade, it will not be compared. In addition, the Corporation itself may determine that some or all transactions in a security shall settle on a trade-for-trade basis.

Trade input, submitted by a Member, shall identify the major and minor side executing brokers and the major side Member. The minor side Member may also be submitted. If not submitted, the Corporation shall insert the proper information in accordance with the list maintained by the Corporation as provided for by Section 3(e) of Rule 3.

In order to maximize the number of compared trades, if the major and minor side executing broker information, when used as a criteria in the trade comparison process, results in an uncomparing trade, the Corporation will recycle the trade data without the major and/or minor side executing broker information originally submitted. The Regular Way T+1 Contract Lists will indicate when a resulting compared or uncomparing trade has been processed without the use of the major and/or minor side executing broker information.

2. Recording of Cash, Next Day and Seller's Option Transactions

Qualified Special Representatives and Self-Regulatory Organizations on behalf of Members may submit to the Corporation data relating to cash, next day and seller's option transactions on securities other than securities processed under Procedure VI. Such trade data may be submitted during the timeframes specified by the Corporation from time to time and shall include such trade details as the Corporation may specify (including, if the transaction is a seller's option, the settlement date, which may be no greater than 180 days beyond the trade date). Results of this input are reported by the Corporation to Members on such reports and in such formats as determined by the Corporation from time to time, and if the securities covered by such trades are CNS-eligible, the recorded trades will be entered into the CNS accounting operation (unless otherwise provided in these Procedures). Cash trades received after such cutoff time as the Corporation designates will be recorded and reported, but may only be settled directly between the parties. Next day as-of trades received on Settlement Date prior to the Corporation's designated cutoff time will settle on that date; otherwise the trade will be assigned a new settlement date which will be the next settlement day following the date the trade is recorded by the Corporation. Trades that are either (i) designated as Special Trades, (ii) in a security which is not CNS-eligible, or (iii) in a security undergoing a corporate action, or (iv) are scheduled to settle between a dividend X and record date, will be processed on a trade-for-trade basis.

3. Resolution of Uncompared Transactions

The Corporation provides the following procedures for resolution of uncompared regular way OTC and other securities exchange equity securities transactions:

(a) Advisory reports are generated by the Corporation for each item listed on output as advisory data. A Member may respond to an advisory listing by submitting acceptance input in such times as determined by the Corporation. If a trade is accepted, it will be reflected on the applicable output as a compared trade.

(b) Transactions may be added through the use of an As-Of submission on T+1 or thereafter. Both the purchaser and the seller must submit the As-Of. If data submitted by each Member matches in all respects, the trade is added for both Members.

(c) Compared odd-lot trades for Balance Order Securities, to the extent that they cannot be aggregated into round-lots with the same contra broker or the balance or shares remaining after the round-lots are aggregated, will be netted and allotted independently from the round-lots.

The Corporation provides a joint service with Self-Regulatory Organizations for the receipt of Locked-in Trades executed on other Exchanges or marketplaces. The results of this input are reported to Members on reports together with OTC transactions.

(d) Reports are produced at such intervals and in such formats as determined by the Corporation showing all compared trade data which occurs after T input. Designations for CNS Securities and Balance Order securities are shown in the same manner as on reports issued as a result of T input. If such trades are listed on reports which include totals, the new data is added to or subtracted from such totals to arrive at new totals. The new totals represent the combined input for T through such cutoff time on T+3 as the Corporation may designate that is now compared. Trades compared after such cutoff time as established on T+3 are not included in the normal settlement cycle. Such trades will be assigned a new settlement date which will be the next settlement day following the date the trade is compared or received by the Corporation.

D. Debt Securities

1. Trade Input and Comparison

The Corporation provides the following procedures for trade input and comparison of transactions in regular way debt securities, including unit

investments trusts, in any par value (excluding fractions and decimals), other than securities submitted through the correspondent clearing service and by regional exchanges/marketplaces or Qualified Securities Depositories:

(a) Trade data as submitted by Members and Municipal Comparison Only Members for comparison processing is converted, if necessary, validated and matched by the Corporation to insure that the details of each trade are in agreement between the purchaser and the seller.

(b) Trade data may be submitted during the timeframes specified by the Corporation from time to time, and shall include quantity, security identification, identification of the marketplace of execution, contra-broker, trade value, settlement date (which may be no greater than 50 business days beyond the trade date), trade date, unique reference number (x-ref), and other identifying details as the Corporation may require or permit and shall be in such formats as specified by the Corporation relative to the method utilized for trade submission.

(c) If the purchaser and seller have submitted trade data that matches in all required respects other than for trade value, the trades shall be deemed compared if one of the following tolerances apply:

(1) Trades that are submitted prior to the cut-off time for intraday comparison established by the Corporation from time to time shall be deemed compared using the seller's contract amount if the contract amounts are within (i) a net \$2 difference for trades of \$1 million or less and (ii) \$2 per million for trades greater than \$1 million.

(2) Trades that remain un-compared after the intraday comparison process shall be deemed compared during the end-of-day enhanced comparison process using the seller's contract amount if the contract amounts are within (i) a net \$10.00 difference for trades of \$100,000 or less and (ii) \$.10 per \$1,000 for trades greater than \$100,000.

(d) Trades that are submitted prior to the cut-off time for intraday comparison established by the Corporation from time to time shall be deemed compared if the purchaser and seller have submitted trade data that matches in all required respects, including contract amounts which were deemed matched pursuant to the money tolerances in subsection (c), except for the trade date. In such case, the earlier of the two trade dates is used.

(e) Trades deemed compared pursuant to subsections (c) and/or (d) shall be identified on output made available by the Corporation in such format as determined by the Corporation from time to time. Trades that remain un-compared after any end-of-day enhanced comparison process shall be treated as if they were submitted prior to the cut-off time for the next available comparison processing cycle.

(f) Trade input must indicate one of the following: ~~Amex or~~ OTC, municipal security transactions or unit trust fund transactions. ~~If trade input submitted by a Member with respect to trades executed on Amex identifies the major or minor side executing brokers as "Amex" and the major side Member and minor side Member, the trades will appear as Amex transactions on output made available by the Corporation. If the information is not submitted, the trades will appear as OTC transactions on output made available by the Corporation.~~

(g) Corporate bond trades in quantities of other than multiples of a thousand (round-lots) must be divided into separate trade submissions of the round lot quantity and the odd-lot quantity (multiples of less than one thousand). All compared corporate bond trades in odd-lot quantities will be processed on a trade-for-trade basis. Transactions in municipal securities must be in multiples of a thousand.

(h) Results of the comparison process shall be provided on intraday or end-of-day output, as applicable, and shall categorize trade data as:

(1) Compared/Matched - Items identified either as compared or matched on applicable output are those for which both a purchaser and a seller submitted mandatory trade details that were either identical or were compared pursuant to subsections (c) and/or (d) above and for which a comparison has been effected.

(2) Uncompared/Unmatched - Items identified as uncompared or unmatched on applicable output reflect trades submitted by the Member or the Municipal Comparison Only Member for which the opposite side either did not submit data or did not submit data which agreed in all required respects including the use of tolerances set forth in subsections (c) and (d) above.

(3) Advisory/Match Request – Items identified as advisory or match request on applicable output represent trades submitted by another party against the Member or Municipal Comparison Only Member, but which did not match any trade the Member or Municipal Comparison Only Member submitted.

Information made available to Members and Municipal Comparison Only Members shall identify each trade as being CNS-eligible, non-CNS-eligible or trade-for-trade/Special Trade through such designation as the Corporation shall determine from time to time.

Depending upon whether trade data is submitted on T or T+n and the format in which output is produced with respect to such data, the output may reflect totals. Information made available to Members and Municipal Comparison Only Members may reflect such other details as the Corporation may determine from time to time.

(i)(i) The Corporation provides Members with the ability to clear and settle any compared trade on a trade-for-trade basis. Such transaction is referred to as a Special Trade and may be classified as such, whether or not the security is a CNS security. In order for a transaction that is submitted for comparison processing to be classified as a Special Trade, each of the purchaser and seller must indicate the appropriate trade-for-trade indicator ("Trade-for-Trade Indicator") on its trade input and such Trade-for-Trade Indicator shall be part of the terms and conditions of the applicable contract. Unless both parties submit the identical Trade-for-Trade Indicator, the trade will not compare. In addition, the Corporation itself may determine that some or all transactions in a security shall settle on a trade-for-trade basis.

(ii) The Corporation provides Members and Municipal Comparison Only Members with the ability to submit trades for comparison-only processing. Trade input must indicate that the trade is being submitted for comparison-only processing and such trade will not be reflected on a Consolidated Trade Summary. Information made available with respect to such trades will not designate such trades as being CNS-eligible, non-CNS-eligible or trade-for-trade/Special Trades.

(j) Members and Municipal Comparison Only Members may override clearing agent designations by submitting trade input for comparison using the appropriate Trade-for-Trade Indicator.

(k)(i) All compared trades between Members in municipal securities which are not eligible for deposit in a Qualified Securities Depository will be processed on a trade-for-trade basis.

(ii) All compared trades in municipal securities between Members and Municipal Comparison Only Members and between two Municipal Comparison Only Members, whether or not eligible for deposit in a Qualified Securities Depository, will be processed on a trade-for-trade basis.

(l)(i) All compared trades in municipal securities which have been processed on a trade-for-trade basis will be listed on the applicable Consolidated Trade Summaries at the original contract price. Each such individual listing (including any such listing pursuant to Section E.2(A)(2)(a) below) will constitute a security order for all purposes of the Corporation's Rules and Procedures, including the National Securities Clearing Corporation Fee Structure. The Corporation may make additional information regarding such trades (e.g., any clearing agent indicated by the applicable contra-party) available to Members and Municipal Comparison Only Members by such means as the Corporation determines from time to time.

(ii) Compared trades between Members in municipal securities which are eligible for deposit in a Qualified Securities Depository will be entered into the CNS Accounting System or processed on a trade-for-trade basis, depending upon the Member's standing instructions to the Corporation; provided, however, that if a Member has a CNS standing instruction and the contra side has a trade-for-trade standing instruction, the transaction will be processed on a trade-for-trade basis notwithstanding the CNS standing instruction, provided, further, that Members may override a CNS standing instruction by submitting trade input for comparison as a Special Trade.

(m) When the Corporation processes municipal securities transactions as Special Trades (with the exception of comparison-only trades), the resultant compared trades, as indicated on the applicable Consolidated Trade Summaries, are subject to the rules of the MSRB, including but not limited to the close-out provisions and delivery requirements and the transactions will not be included in the Balance Order Accounting Operation. Settlement of the resultant compared trades is the responsibility of the parties to the trades.

(n) The Corporation may accept locked-in trade data reported by Self-Regulatory Organizations, Qualified Special Representatives and Service Bureaus on behalf of Members and Municipal Comparison Only Members. Such trade data will be reflected on appropriate output as determined by the Corporation. Receipt of a locked-in trade that satisfies the Corporation's trade input requirements shall result in a compared trade. The status of such transaction as a compared trade shall not be affected by output indicating a status of "match request" or "unmatched".

Submission of any input or instruction by a Member or Municipal Comparison Only Member on behalf of whom locked-in trade data is being submitted shall have no legal effect notwithstanding output made available by the Corporation as a result of such submission.

Data submitted by a Qualified Special Representative which identifies a trade as a syndicate takedown shall be rejected.

(o) If a trade, other than a trade which the parties have identified as being submitted for comparison-only processing, is submitted with a settlement date of or prior to the date of submission after such cutoff time as the Corporation may designate, the Corporation will assign a delivery date of the next Settlement Date.

(p) Trade input and comparison of transactions submitted for T+2 settlement is handled in the same manner as set forth above with respect to transactions submitted for regular way settlement.

(q) The Corporation shall accept cash and next day transactions for comparison-only processing. Results of the comparison-only process for these items are reported by the Corporation as specified from time to time. Settlement of the resultant compared trades is the responsibility of the parties to the trades.

2. Resolution of Uncompared Trades in Regular Way Debt Securities

The Corporation provides the following procedures for resolution of uncompared trades in Regular Way Debt Securities:

(a) In order to accept a trade that is reported as advisory or match request, a Member or Municipal Comparison Only Member must submit the appropriate instruction within the timeframes specified by the Corporation from time to time.

(b) A Member or a Municipal Comparison Only Member with an advisory or match request that does not agree with the terms of the trade may respond with the appropriate instruction indicating the reason, if any, that the member disagrees with the terms of the trade. Submission of such instruction must be submitted within the timeframes specified by the Corporation from time to time and will cause the trade to be deleted from processing. The Member or Municipal Comparison Only Member may submit a subsequent instruction on the same day to return the trade to processing.

(c) Members and Municipal Comparison Only Members who, subsequent to their submission of trade data, find that such trade data is incorrect may delete uncompared trades by forwarding the appropriate instruction by the time specified by the Corporation from time to time.

(d) No partial deletions for transactions in debt securities will be permitted.

(e) Previously compared trades may be deleted through the submission of offsetting trade details by both parties to the transaction. Each of the purchaser

and the seller must submit the trade details within the timeframes specified by the Corporation from time to time and they must match in all respects or match pursuant to subsections (c) and/or (d) of Section II.D.1 above ("Trade Input and Comparison").

(f) Transactions which are deleted and offsetting transactions which are submitted and matched will appear on the appropriate output. Unless otherwise specified herein, deletion of a trade will not extinguish the rights and obligations of either party with respect to such trade.

(g) The Corporation may permit uncomparing trade details to be modified by the submitter on the submission date through the use of the appropriate instruction within the timeframes specified by the Corporation from time to time. After the submission date, only such fields as determined by the Corporation from time to time may be modified by the submitter.

(h) Transactions which compare for the first time after such cutoff time as the Corporation may designate on the date on which they were scheduled to settle or later will be assigned a new Settlement Date, which will be the next business day following the date the trade is compared by the Corporation. The assignment of a new Settlement Date applies to both CNS, Balance Order Securities and Special Trades other than those submitted for comparison-only processing.

(i) Trade input which is not compared by such timeframes as determined by the Corporation from time to time shall be deleted from processing.

(j) The Corporation shall have no responsibility for determining whether any trade submission is duplicative of an earlier trade submission. Any such input shall be treated as a separate submission for all purposes of these Rules and Procedures.

(k) Only the submitter of a locked-in trade may submit subsequent processing instructions with respect to such trade and any action in this respect taken by the Member or Municipal Comparison Only Member on behalf of whom such trade has been submitted shall have no legal effect notwithstanding output made available by the Corporation as a result of such action.

E. When-Issued and When-Distributed Securities

The Corporation provides Members with the ability to compare transactions in equity and debt when-issued securities.

1. Equity

(a) Input and Comparison

Trade data for when-issued and when-distributed equity transactions executed on the NYSE or **Amex NYSE Alternext** must be submitted and will be compared in the same manner as specified in Section II, paragraph 1 of subsection B. Trade data for when-issued and when-distributed equity transactions executed OTC or on other securities exchanges, must be submitted in the same manner as specified in Section II, paragraph 1 of subsection C. When-issued and when-distributed trade data may be submitted separately or combined with regular way input.

(b) Resolution of Uncompared Trades

When-issued and when-distributed Contract Lists are produced for when-issued and when-distributed transactions. Adjustments to When-issued and when-distributed Contract Lists are made in the same manner as specified for regular way transactions. Time schedules for the submission of contract adjustments are the same as those for regular way trades.

Adjustments may be submitted as long as the security remains in a when-issued and when-distributed status. Any additions and deletions are reflected on Supplemental When-issued and When-distributed Contracts, or for NYSE or **Amex NYSE Alternext** equity transactions, on the Adjustment Contract. Such positions are accumulated and carried forward until the security is due for settlement.

(c) Settlement

The Settlement Date for issues traded on a when-issued and when-distributed basis is established by the appropriate regulatory authority. When-issued and when-distributed compared trades will be netted and allotted with regular way trades for the same Settlement Date as the when-issued and when-distributed trades.

When-issued and when-distributed trading activity may enter either the Balance Order Accounting Operation, the Foreign Security Accounting Operation, or the CNS Accounting Operation for settlement at the appropriate time. Determination of eligibility for CNS is at the discretion of the Corporation.

2. Debt

(A) If the Corporation has information that a municipal or corporate debt security³ is coming to market, the following provisions shall apply:

³ The comparison service is not currently available with respect to when-issued corporate debt securities transactions. Members shall be notified via important notice when the service does become available for such transactions.

(1)(a) Municipal and corporate securities transactions that are submitted at least one day prior to the initial Settlement Date for the issue will be processed in accordance with this Section 2(A) if they specify (i) a final settlement amount and a settlement date that is the initial Settlement Date for the issue, (ii) a final settlement amount, a settlement date and a specified number of days after the Initial Settlement Date for the issue, (iii) a dollar price or a dollar price and a specified number of days after the initial Settlement Date for the issue, or (iv) for municipal securities, a price-to-yield and concession (if any) or a price-to-yield concession and a specified number of days after the Initial Settlement Date for the issue.

(b) Municipal and corporate securities transactions that are submitted two days prior to the initial Settlement Date for the issue or later, and contain a settlement date which is after the initial Settlement Date for the issue, but do not meet the above criteria will be treated as regular way transactions. All other transactions that are not submitted as specified above will be rejected.

(2) Trade input, comparison/trade recording, resolution of uncomparated trades and settlement for transactions accepted by the Corporation pursuant to subsection (1)(a) of this Section 2(A) above function in the same manner as with respect to regular way transactions, except for the following:

(a) When the initial Settlement Date and all required pricing information for an issue is known by the Corporation (and, if deemed necessary by the Corporation, confirmed in a manner satisfactory to the Corporation), the Corporation will calculate the final settlement amount for all transactions that do not have a final settlement amount, and trades will be deemed compared either if the final settlement amounts are identical or if the final settlement amounts fall within the money tolerances set forth in subsection (c) of Section II.D.1 above ("Trade Input and Comparison"). In addition, when the initial Settlement Date has been changed and the Corporation is notified of a new initial Settlement Date least 2 days prior to such date (independently confirmed, to the extent deemed necessary), the Corporation will recalculate the final settlement amounts for all affected transactions (whether or not the original final settlement amount was calculated by the Corporation), and the new final settlement amounts will be set forth on the applicable contract lists or other applicable output made available by the Corporation.

If a submission contains a settlement date and a final settlement amount, but the Corporation does not have confirmation satisfactory to it of the initial Settlement Date for the issue, then the Corporation will report the transaction as a memo item on the

output it makes available to Members. If the Corporation obtains, within 2 days of the submission, confirmation satisfactory to it of the initial Settlement Date for the issue which matches the settlement date submitted or matches the settlement date submitted by taking into account the specified number of extended settlement days submitted, the memo items will be changed to compared or uncomparing/advisory as appropriate. If no such confirmation is obtained within 2 days of submission, the items will be dropped.

(b) Any when-issued compared trade which is to be entered into the CNS Accounting Operation will enter the CNS Accounting Operation prior to the opening of business on the day prior to the Settlement Date or prior to the opening of business on the day prior to the date the parties intended to settle the trade for which extended settlement was designated and will be netted with any regular-way compared trades for the same Settlement Date.

(c) Output provided by the Corporation reflecting compared, uncomparing and advisory data will provide totals.

(d) (i) The initial Settlement Date for municipal issues is established by the issuer or underwriter, but except as provided below for syndicate takedown trades, the settlement date may be extended by agreement of the submitting parties similar to regular way municipal trades.

(ii) The initial Settlement Date for corporate debt issues is established by the appropriate authority.

(e)(i) If the Corporation is notified that the initial Settlement Date is postponed after the applicable Consolidated Trade Summary has been made available, the fact that trades in such issue are indicated in such Consolidated Trade Summary will be of no force and effect for purposes of the Corporation's Rules and Procedures unless the Corporation notifies Members to the contrary. In such case, the Corporation may adjust accrued interest as determined by the Corporation from time to time. The provisions of this paragraph also apply to transactions that are treated as regular way transactions pursuant to subsection (1)(b) of this Section 2(A) above.

(f) If the Corporation receives notice that an entire issue has been canceled prior to its initial Settlement Date, trades in such issue will be deleted by the Corporation from the comparison process and, if the applicable Consolidated Trade Summary has been made available, trades in such

issue that are indicated in such Consolidated Trade Summary will be considered null and void by the Corporation. To the extent that any trades in such issue have been entered into the CNS Accounting Operation, such trades will be journalled out of CNS. The provisions of this paragraph also apply to transactions that are treated as regular way transactions pursuant to subsection (1)(b) of this Section 2(A) above.

(g) Transactions that remain uncomparred at the close of business on the day prior to the initial Settlement Date for the issue shall be deleted from processing.

(h) With respect to municipal securities:

(i) Syndicate takedown trades may only be submitted for comparison by the syndicate manager and such trade input must be identified as a syndicate takedown trade. Submission of a syndicate takedown trade will result in a compared trade which will be reported to the syndicate manager and the syndicate member on output made available by the Corporation. The status of such transaction as a compared trade shall not be affected by output indicating a status of "match request" or "unmatched". If a syndicate manager or a syndicate member does not agree with the terms of a takedown trade as reported on the contract sheet, he may delete the trade by submitting the appropriate instruction to the Corporation by the time specified by the Corporation.

(ii) Syndicate takedown submissions against Members and Municipal Comparison Only Members designated as brokers' brokers by the Corporation will be rejected. The Corporation shall maintain a list of such brokers' brokers which shall be available to Members upon request.

(iii) Only the syndicate manager may submit a withhold or a reversal and such trade input must be identified as a syndicate takedown trade. Submission of a withhold/reversal will result in a compared withhold/reversal trade which will be reported to the syndicate manager and syndicate member on output made available by the Corporation.

(iv) Submission of any instruction by the syndicate member not otherwise provided for under these Rules and Procedures shall have no legal effect notwithstanding output

made available by the Corporation as a result of such submission.

(v) All syndicate takedown trades will settle on a trade-for-trade basis. Extended settlement date will not be available for syndicate takedown trades.

(B) If the Corporation has received a transaction in a security for which the Corporation does not have information with respect to its coming to market that satisfies subsection (A)(1)(a) of this Section 2 above, the Corporation shall pend the transaction. If the Corporation does not receive information that the security is coming to market by the cut-off time on the submission date, the transactions shall be deleted.

F. Trade Comparison by an Authorized Agent

The Corporation permits Trade Comparison to be conducted by a Member for another person. For example, a Member which is a Qualified Clearing Agency may participate in Trade Comparison on behalf of one of its participants whether or not its participant is a Member.

The Member (the agent) may submit trade data for comparison pursuant to subsections B through E above on behalf of, and as agent for, another Member or a Qualified Non-Participant (the principal).

A Non-Participant may become a Qualified Non-Participant by applying to the Corporation for an identifying number in which event the Corporation shall issue an identifying number to the Non-Participant.

If the agent submits trade data on behalf of a principal, it shall identify the principal by name and the number assigned to the principal by the Corporation in the trade data.

The agent shall have all the obligations of the principal under the Rules and these Procedures except that if the principal is a Member which has agreed with the Corporation that it shall have such obligations, it shall have such obligations in lieu of the agent.

In all cases, the agent shall be obligated to settle any CNS Contracts or Balance Order Contracts of its principal pursuant to these Procedures.

The Corporation may also permit trade comparison to be conducted by a Member for the municipal securities transactions of a non-Member. The Member may submit municipal security trade data for comparison pursuant to subsections D and E above on behalf of the non-Member. With respect to these transactions submitted by the Member on behalf of the non-Member, the non-Member shall be liable as principal on the underlying transaction.

G. Reconfirmation and Pricing Service

The Reconfirmation and Pricing Service ("RECAPS") is a fail clearance system run by the Corporation. The system will be run from time-to-time as established by the Corporation for such securities as the Corporation shall determine. The system provides an opportunity to reconfirm and reprice transactions that already have been compared.

Members shall submit to the Corporation, on a day specified by the Corporation, at the time and in the manner established by the Corporation, RECAPS fail information. The day such information is submitted to the Corporation is referred to as "R." RECAPS fail information submitted on R shall be hereinafter referred to as "RECAPS Input." On a day specified by the Corporation, at the time and in the manner established by the Corporation, the Corporation will produce RECAPS Contracts containing standard contract categories (i.e., compared, uncomparing and advisory columns). On the next business day after R, at the time and in the manner established by the Corporation, Members: (1) may submit an As-of-trade if the Member failed to timely submit a transaction to RECAPS and (2) must respond to a transaction submitted by a contra side that has not been reconfirmed after processing of RECAPS Input (hereinafter referred to as an "Unreconfirmed RECAP") by submitting in such form as determined by the Corporation an advisory, a DK or a reject and, in the case of a reject, indicating the reason(s) for the rejection and such other information as the Corporation may require. Failure to respond to an Unreconfirmed RECAP shall result in the transaction being deemed DK'ed. A DK'ed transaction extinguishes the rights, if any, of the DK'ing Member in respect of the transaction. Transactions of a Member that have been DK'ed shall be subject to the rules of the appropriate marketplace. As-Of trades will be compared only if there is an exact match; no trade resolution process will be available.

On a day specified by the Corporation, at the time and in the manner established by the Corporation, the Corporation will issue a second set of RECAPS Contracts, reflecting the RECAPS supplemental input received. Settlement information will be distributed to Members depending on the system in which the reconfirmed transaction will settle and settlement will occur, as follows:

(a) CNS - Reconfirmed fails in Securities eligible for CNS at the time of the RECAPS cycle will be forwarded to CNS for settlement on a day specified by the Corporation. A RECAPS CNS Comparing Trade Summary will be issued concurrent with the production of the first or second RECAPS Contracts, whichever is appropriate.

(b) Balance Orders - Reconfirmed fails in Balance Order Securities will be netted and allotted, and a RECAPS Non-CNS Comparing Trade Summary will be issued, concurrent with the production of the first or second RECAPS Contracts, whichever is appropriate, that will indicate

such RECAP Balance Orders and the settlement dates specified by the Corporation.

(c) Trade-for-Trade – The RECAPS Non-CNS Compared Trade Summary will also include receive and deliver information for reconfirmed fails in securities not eligible for the CNS or Balance Order Systems, which will settle on a trade-for-trade basis on a day specified by the Corporation.

In the event that the current market price for a security is not available, or if the original fail price was less than one penny per share, the trade will settle on a trade-for-trade basis as a "Special Trade," with the value on the RECAPS Non-CNS Compared Trade Summary being the amount at which the trade previously was compared. For reconfirmed fails in debt securities, the current market price will include accrued interest from the previous interest payment date to the new Settlement Date. If a fail was open over an interest payment date, the two parties to the trade will be required to settle that interest payment outside RECAPS, although the parties could use the Corporation's Dividend Settlement Service.

The RECAPS CNS Compared Trade Summary and the RECAPS Non-CNS Compared Trade Summary also will include the aggregate value of the original fails. In addition, the RECAPS Non-CNS Compared Trade Summary also includes the aggregate value of the Repriced RECAPS positions (i.e., the current market price of the reconfirmed trades) and the difference between the two, or the net cash adjustment. The net cash adjustment will settle the day the underlying RECAPS contract settles and will be included as part of the Member's daily money settlement with the Corporation. RECAPS, however, will not be a guaranteed service of the Corporation, so that if the Corporation fails to receive payment from a Member, the Corporation, in its discretion, may reverse in whole or part any credit previously given to any Member who is the contra side to a trade reconfirmed and repriced through RECAPS.

For the purposes of the Corporation's Buy-In Rules and Procedures, the Original Settlement Date for transactions reconfirmed through RECAPS, except for transactions in Municipal Securities, shall be considered to be the RECAPS Settlement Date for the reconfirmed transaction. For Municipal Securities, the Settlement Date shall continue to be the original date of the fail unless provided otherwise by the rules of the Municipal Securities Rulemaking Board, and the buy-in rules of the MSRB shall apply.

At the end of the RECAPS cycle, the Corporation will make available to Members a RECAPS Activity Report, in such form and by such time as determined by the Corporation, containing such information as determined by the Corporation regarding the Member's activity for the RECAPS cycle.

H. Index Receipts

1. Composition and Preliminary Financial Data

Each day, by such time as required by the Corporation from time to time, the Index Receipt Agent shall report to the Corporation, a) the composition of index receipts for creations and redemptions occurring on the next business day ("T"), i.e., the shares and their associated quantities, b) the cash value of the portfolio for cash creates and redeems, and, if applicable, c) the estimated cash amount, representing accrued dividend and balancing amount data (hereinafter referred to as the "Dividend/Balancing Cash Amount"), and d) such other financial data as the Corporation may require or permit from time to time.

Each evening, by such time as determined by the Corporation from time to time, the Corporation will make available to Members a Portfolio Report detailing, if applicable, the estimated Cash Amount, other financial data and the composition of the next business day's index receipts. The composition data may be used by the Corporation to process index receipt creations and redemptions on the next business day.

2. Creation/Redemption Input

On T, by such time as established by the Corporation from time to time, an Index Receipt Agent may submit to the Corporation on behalf of Members, index receipt creation and redemption instructions and their scheduled settlement date, the final Dividend/Balancing Cash Amount relative to such instructions and a transaction amount representing the Index Receipt Agent's fee for the processing of the index receipt. The Index Receipt Agent may elect a Settlement Date of T+1, T+2 or T+3 for the Index Receipts and the component securities or cash. The Index Receipt Agent may submit as-of index creation and redemption instructions, but only if such as-of data is submitted by the cut-off time as designated by the Corporation from time to time, with next day settling creates and redeems required to be submitted by such cut-off time on T.

On T+1, the Corporation will report to Members on the Index Receipt Detail Report the details of the creations and redemptions submitted, the underlying security components of netted creation and redemption instructions and index receipt positions. The report will indicate the quantity of each component and index receipt to be delivered and received on Settlement Date. The report will also indicate the final Dividend/Balancing Cash Amount that must be paid or received and the transaction amount that must be paid on Settlement Date. The Corporation may remove next day settling index receipt transactions (including T+2 settling as-of creates and redeems submitted on T+1) from the system if either the Member or Index Receipt Agent to the applicable

trade has not timely satisfied its Clearing Fund obligation on Settlement Date.

3. Settlement

Index receipts and the underlying component securities which are eligible for CNS or cash, if applicable, will be reported on the Consolidated Trade Summary, or, in the case of next day settling index receipts, the Second Supplemental Consolidated Trade Summary. The applicable Consolidated Trade Summary will also separately indicate the other component securities, or cash component, if applicable, due to settle. Component securities will be netted with all other CNS and Non-CNS securities and entered into the CNS and Balance Order Accounting operations for settlement. Subject to the provisions of Section H. 2. of this Procedure, next day settling index receipts which are CNS eligible will be processed in the day cycle of the CNS Accounting Operation after receipt of applicable Clearing Fund payments.

PROCEDURE III. TRADE RECORDING SERVICE (INTERFACE CLEARING PROCEDURES)

A. Introduction

Through arrangements with Qualified Clearing Agencies, the Corporation offers an interface service which allows trades from different marketplaces to be cleared and settled through a single Qualified Clearing Agency. Thus, a Member may have its trades which are executed in other marketplaces routed to the Corporation for settlement. Conversely, a participant in a Qualified Clearing Agency may choose to have its trades which are executed on the NYSE or **Amex NYSE Alternext** and compared by the Corporation routed to that Qualified Clearing Agency for settlement. Transactions entered by a Special Representative (see Section IV) or recorded pursuant to subsection E of this Section may be routed through these interfaces.

B. Trades to be Settled at a Qualified Clearing Agency

A Member which wishes to settle a compared trade through a Qualified Clearing Agency must issue standing instructions to that effect to the Corporation. All compared trades, as well as transactions entered through the Trade Recording or Special Representative Services, are automatically routed to the designated Qualified Clearing Agency. A Member may override its standing instruction for a specific compared trade by submitting an Interface Exclusion to the Corporation.

Compared trades and other transactions transmitted to a Qualified Clearing Agency for settlement are reported to Members on an Interface Clearing Report. Trades and other transactions which are subsequently corrected in the Trade

Comparison, Trade Recording or Special Representative Services are transmitted to the Qualified Clearing Agency and reported to Members.

In order to transmit the Member's settlement obligation to the Qualified Clearing Agency, the Qualified Clearing Agency is substituted in the Corporation's records for the Member. Security and money balances are then settled directly between the Corporation and the Qualified Clearing Agency and by the Qualified Clearing Agency with the Member.

Only compared trades and other transactions in those securities and emanating from those Services which have been mutually agreed upon by the Corporation and a Qualified Clearing Agency will be eligible for transmission through this Service.

If the receiving Qualified Clearing Agency refuses to accept Interface Clearing input for any Member or security, the originating Member will be obligated to settle the transaction with the Corporation.

C. Trades to be Settled at the Corporation

Members which have entered into agreements with a Qualified Clearing Agency may have trades from the Qualified Clearing Agency settled through the facilities of the Corporation. Trade data is received by the Corporation from the Qualified Clearing Agency and is reported to Members on an Interface Clearing Report. Such trades are recorded for the Member's account in either the Balance Order Accounting Operation or CNS Accounting Operation.

Correction input received on subsequent days from the Qualified Clearing Agency is reported by the Corporation to its Members. Settlement of corrected transactions is accomplished within normal settlement period if the input is received in time for the normal processing. Otherwise, such transactions are settled on an As-Of basis.

If for any reason the Corporation ceases to act for a Member or ceases to clear a particular security, the Corporation may refuse to accept Interface Clearing input for such Member or such security.

D. Settlement of Option Exercises and Assignments

Through an arrangement with Options Clearing Corporation (OCC), Members may settle security and money obligations arising out of the exercise or assignment of an option through the facilities of the Corporation. The procedures are similar to those described in subsection C, above. A Member which wishes to utilize this Service must advise the Corporation and execute an agreement with OCC in the form acceptable to OCC.

Input for exercises and assignments is submitted to the Corporation by OCC in the same manner as described in Section III, subsection C, above, and Members receive the same reports.

Exercised calls and assigned puts appear as purchases. Exercised puts and assigned calls appear as sells.

The date of the exercise at OCC is recorded as the trade date for the exercise or assignment. The Settlement Date for such transactions is three days later. If the exercise occurs on a Saturday during exercise weekend, the preceding OCC business day is the trade date.

The Corporation may require a special mark-to-market payment from Members as a result of such transactions being entered on its records.

Exercises and assignment transactions are routed to the Balance Order Accounting Operation or the CNS Accounting Operation.

E. **NYSE and NYSE Alternext** Odd-Lot Trades

NYSE **and NYSE Alternext** odd-lot trades received by the Corporation are recorded in the same manner as compared round-lot trades. Odd-lot transactions are included in the overall contract totals for CNS and Balance Order Securities. Separate totals for odd-lot regular way and when-issued transactions are also provided.

Each day the Corporation receives input regarding corrections against prior day's transactions.

Corrections received on T+1 appear on the Adjustment Contract List as Adds and Deletes in the same manner as round-lots. Corrections received on T+2 are recorded on the Adjustment Contract List. Corrections received after such time as established by the Corporation on T+3 are not included in the normal settlement cycle. Such trades will be assigned a new Settlement Date which will be the next settlement day following the day the trade is received by the Corporation.

Odd-lot when-issued and when-distributed trades received by the Corporation are recorded on the NYSE/**NYSE Alternext** When-Issued Contract List along with round-lots. When-issued transactions are accumulated and carried forward as long as the security is traded on a when-issued basis.

PROCEDURE V. BALANCE ORDER ACCOUNTING OPERATION

A. Introduction

The Balance Order Accounting Operation includes transactions in all Balance Order Securities and transactions which have been identified as Special Trades including Special Trades in CNS Securities. The Balance Order Accounting Operation processes trades compared or recorded under the provisions of Section II, trades recorded under the provisions of Section III and transactions entered by Special Representatives under the provisions of Section IV. The Balance Order Accounting Operation produces Balance Orders which identify the receive and deliver obligations of Members. Balance Orders may be issued on a trade-for-trade basis or a net basis. The Corporation will make available to participants information detailing their receive or deliver obligations, on a trade-for-trade or net basis, as applicable, in respect of Balance Order transactions.

B. Trade-for-Trade Balance Orders

All transactions either: (i) identified as Special Trades, (ii) compared or otherwise entered to the Balance Order Accounting Operation on SD-1 or thereafter, (iii) in securities which are subject to a voluntary corporate reorganization which have a trade date on or before the expiration of the voluntary corporate reorganization and which are compared or received after SD-1 and at least one day prior to the end of the protect period, or (iv) identified as cash, next day or seller's option transactions in Balance Order Securities, or in securities which are subject to any corporate action, whether mandatory or voluntary, are processed on a trade-for-trade basis. Receive and Deliver Orders are produced instructing Members to deliver or receive a quantity of securities to or from the contra-Member involved in that transaction.

C. Net Balance Orders

Trades in Balance Order Securities executed on the NYSE, **Amex** NYSE Alternext and OTC (except for Special Trades) which are compared on T and T+1, and transactions entered through the Trade Recording or Special Representative procedures on T and T+1, are netted so that the Member becomes a net purchaser or net seller in each security issue in which it had activity. An allotting procedure matches these net quantities and produces Net Balance Orders. Net Balance Orders are instructions to a Member to deliver or receive a quantity of securities to or from another Member. Net Balance Orders have the same status under the Rules and these Procedures as Balance Orders.

In order to net trades executed at different prices, a uniform Settlement Price is used. The Settlement Price is as follows:

1. If the current per share price of the Balance Order Security is under \$2.00, the Settlement Price will be established to the nearest cent.

2. If the current per share price of the Balance Order Security is between \$2.00 and \$10.00, the Settlement Price will be to the nearest quarter dollar.
3. If the current per share price of the Balance Order Security is over \$10.00, the Settlement Price will be to the nearest whole dollar.

A mechanism is required to adjust the differences between Contract Money (i.e., the price at which the trade was executed) and Settlement Money. To avoid calculating an adjustment for each Balance Order, the Corporation computes a single adjustment amount for each Member. This amount is called the Clearance Cash Adjustment. The Clearance Cash Adjustment amount for all Balance Orders, both bond and equity, plus the net amount of both figures will appear on the Consolidated Trade Summary which is available on T+2.

Since Special Trades produce Balance Orders at the Contract Price, Settlement Money is the same as Contract Money and requires no Clearance Cash Adjustment.

D. Balance Order Contracts

Balance Orders issued under subsections B and C above are Balance Order Contracts as defined in Rule 5.

E. Consolidated Trade Summaries

On each settlement day, a Consolidated Trade Summary and one or more Supplemental Consolidated Trade Summaries indicating Balance Order transactions settling that day and the next settlement day will be made available to participants.

PROCEDURE X. EXECUTION OF BUY-INS

A. CNS System

1. Equity Securities and Corporate Debt Securities

A Member who has transmitted a Buy-In Notice under subsection J of section VII (the originator) and not received the Buy-In Position shown on its Notice by the date and time specified in such subsection on the expiration date of the Buy-In, may instruct the Corporation to buy-in the remaining position by transmitting a Buy-In Order to the Corporation, in such form and within such time as determined by the Corporation from time to time.

Members who receive CNS Retransmittal Notices and do not satisfy them (Subject Members) assume liability for the loss, if any, which occurs as a result of the buy-in. Those Members with the oldest short positions after 3:00 PM on expiration date of the Buy-In will first be held liable for an executed buy-in.⁴

The Buy-In Order is executed by the Corporation in such marketplace and through such agents as it shall elect, and such execution shall be subject to the relevant rules of such marketplace. The quantity bought-in is pro rated among the Subject Members.

N.B. If the Buy-In Order is not executed on its expiration date, the Buy-In Order will not be executed thereafter, and it will be necessary for the originator to recommence the Buy-In Procedure in order to have his long position bought-in.

When a Buy-In Order has been executed, the quantity bought-in will be removed from the long position of the originating Member and the contract money will be credited to his account by journal entry. The short positions of the Subject Members will be reduced by the portion of the quantity bought-in allocated to each, and the appropriate portion of the contract money will be debited to their accounts, by journal entry. These journal entries will be processed by the evening of the day the Buy-In execution is reported and will affect the CNS records on such day and be reported in the Miscellaneous Activity Report for such day.

NOTE: At the same time the originator submits a Buy-In Order to the Corporation under the CNS System, the Buy-In Order should contain instructions for execution on a cash, next day or regular-way ex-CNS basis (Special Trade).

2. Municipal Securities

As provided for in Rule 11 Section 7(a), the filing of a Notice of Intention to Buy-In will be treated as an instruction to remove the Buy-In Position from the CNS System, which shall be accomplished in accordance with the procedures in subsection J of Procedure VII.

⁴ If pursuant to the preceding paragraph the originator transmits to the Corporation and does not timely rescind a Buy-In Order, notwithstanding any agreements that may have been entered into between such Subject Member(s) and the originator, such Subject Member(s) shall remain liable for the executed buy-in.

B. Balance Order System

A Member (the originator) holding a receive balance order in respect of which securities are not delivered by the time on the Settlement Date specified by the Corporation may cause such securities to be bought-in; provided, however, that the buy-in shall not be effected prior to the third business day following the Settlement Date and provided further, that a Buy-In Notice or Retransmittal Notice (as described below) shall not be submitted if it would cause the Member holding the deliver balance order (the "Subject Member") (after the buy-in) to be left with an odd-lot position which did not appear on the original balance order.

The originator submits to the Member holding the deliver balance order (the Subject Member) a Buy-In Notice in paper format or in automated format through the facilities of a self-regulatory organization which provides an automated communication system. If the Buy-In Notice is submitted in paper format the originator shall attach a copy of his receive balance order thereto or such other evidence as permitted by the Corporation from time to time ("qualifying evidence") and specify the proposed execution date and the quantity of securities, not exceeding the quantity specified in the receive balance order which he intends to buy-in (Buy-In Position). If the Buy-In Notice is submitted in automated format the originator shall submit the Balance Order Control Number and specify the proposed execution date and the Buy-In Position. The Buy-In Notice shall be delivered or initiated not later than the time specified by the Corporation at least two business days before the proposed execution of the buy-in. A Subject Member, upon receipt of a Buy-In Notice, may submit in paper format or automated format a Retransmittal Notice to another Member who holds a deliver balance order for all or a portion of the same securities that were contained in the Buy-In Notice. If the Retransmittal Notice is submitted in paper format it shall specify the originator, the date of the original buy-in and the quantity of securities not exceeding the quantity specified in the original Buy-In Notice and a copy of the Receive Balance Order or such other qualifying evidence shall be attached thereto. If a Retransmittal Notice is submitted in automated format, it shall specify the Balance Order Control Number, the date of the original buy-in and the quantity of securities not exceeding the quantity specified in the original Buy-In Notice. Retransmittal Notices shall be delivered or initiated not later than the time specified by the Corporation at least one business day before the proposed execution of the buy-in.

An originator who has not received the Buy-In Position shown on his Buy-In Notice by the time specified by the Corporation on the business day of the proposed execution of the buy-in may buy-in the Buy-In Position in such market as he shall elect. In the event the buy-in is not executed on the day proposed, the Buy-In Notice shall expire at the close of business on such day. The originator must be prepared to defend the price at which the buy-in is executed relative to the current market at the time of the buy-in. Upon the execution of a Buy-In Order, the Subject Member shall be liable for any damages which may accrue to the originator, provided, however, that in the event a Buy-in or

Retransmittal Notice is not acknowledged by the Subject Member, the originating Member proceeds at its own risk with regard to the execution of the buy-in. All claims for such damages shall be made promptly.

If the balance order is for warrants, rights, convertible securities or other securities which have been called for redemption or are due to expire or on which a call or expiration date is impending or which is subject to a tender or exchange offer or other event which will expire, and the last day on which the securities must be delivered or surrendered (the "expiration date") is the Settlement Date for the balance order or any day after the Settlement Date, the Member holding the receive balance order may deliver a notice to the contra party by the time specified by the Corporation on the business day preceding the expiration date (a "Liability Notice"). If a Liability Notice is so delivered to the contra party, and the contra party fails to deliver the securities on expiration date, the contra party shall be liable for any damages which may accrue thereby. All claims for such damage shall be made promptly.

For the purposes of the preceding paragraph, the term "expiration date" shall be defined as the latest time and date on which securities must be delivered or surrendered, up to and including the last day of the protect period, if any.

Receive and deliver instructions issued upon the removal of eligible securities from the CNS System (see Section VII.H.1) shall be deemed to be balance orders for the purpose of this subsection B.

1. Extensions of Time for Buy-Ins of OTC Securities

For the purposes of this Section of the Procedures, the term "listed security(ies)" shall be deemed to mean a security(ies) traded on the ~~New York Stock Exchange, Inc. NYSE~~ and/or ~~the American Stock Exchange, Inc. NYSE Alternext~~, and the term "OTC security(ies)" shall be deemed to mean a security(ies) traded other than on the ~~New York Stock Exchange, Inc. NYSE~~ or ~~the American Stock Exchange, Inc. NYSE Alternext~~. Extensions of time for execution will be granted by the Corporation under the following conditions:

Member Originated Buy-In - A short Member who has received a Buy-In Notice from a Member for a balance order issued by the Corporation may take a seven (7) calendar day extension due to transit or transfer consistent with the NASD's Uniform Practice Code (UPC). Upon request, certificate numbers will be furnished by the short Member requesting the extension.

If the securities are in transfer, and due to the transfer agent, transfer is delayed, the Corporation may grant an additional seven (7) calendar days. If the short Member cannot take the extension but retransmits a Member originated buy-in to a non-Member UPC broker, and the UPC broker takes

a UPC transfer or transit delay, the short Member will advise the Corporation which will extend the execution date for the same period of time.

Extensions of the execution of a Buy-In of a "listed security" will not be granted by the Corporation.

PROCEDURE XIII. DEFINITIONS

~~**Amex - American Stock Exchange, Inc.**~~

Clearing Center - A branch facility of the Corporation.

CNS Stock Record - The CNS System accounting of all CNS Securities owed to and by the Corporation which operates on a perpetual inventory basis providing each Member a single long or short position per CNS Security.

Contract - A Balance Order Contract or CNS Contract.

Contract List - A list prepared by the Corporation showing compared trades, uncomparing trades and advisory data.

Contract Money - The unit price of the securities traded multiplied by the quantity of securities traded or the stated value agreed to by both parties to the trade.

Current Market Value - The number of units of a security multiplied by the Current Market Price per unit.

Current Position - The long or short position of a Member in the CNS Stock Record at any time or, when the term is used in a report or statement to a Member, at the time the report or statement is prepared.

Designated Depository - The Qualified Securities Depository designated by a Member.

ESS - The Envelope Settlement Service provided for under Section 1 of Rule 9.

IESS - The Intercity Envelope Settlement Service provided for under Section 2 of Rule 9.

Non-Participant - A participant in a Qualified Clearing Agency who is not a Member.

NYSE - ~~New York Stock Exchange, Inc.~~ **New York Stock Exchange LLC**

NYSE Alternext – NYSE Alternext US LLC

OCC - The Options Clearing Corporation.

OTC - The over-the-counter securities market.

Primary Clearing Center - The Clearing Center designated as such by a Member.

Qualified Clearing Agency - A Registered Clearing Agency which has entered into an agreement or agreements with the Corporation pursuant to which transactions submitted to the Corporation or the Registered Clearing Agency may be transferred to the other for comparison and/or settlement.

Qualified Non-Participant - A Non-Participant which has applied for and been granted status as a Qualified Non-Participant by the Corporation.

Security - A cleared security.

SIAC - Securities Industry Automation Corporation

T - T denotes the day on which the trade occurred. T+1 is the next business day, and so on. T+3 is normally the Settlement Day.

when-issued transaction - Typically, a transaction in a security which has occurred prior to the issuance of such security and is determined to be a when-issued transaction by the marketplace or exchange on which it trades.

when-distributed transaction - Typically, a transaction in a security which has occurred prior to the initial distribution of such security and is determined to be a when-distributed transaction by the marketplace or exchange on which it trades.

ADDENDUM J

STATEMENT OF POLICY
LOCKED-IN DATA FROM SERVICE BUREAUS

Rule 7, Section 5 permits the Corporation

to accept, from self-regulatory organizations (either directly or through a subsidiary or affiliated organizations) and/or service bureaus, initial or supplemental trade data on behalf of Members for input into the Corporation's Comparison Operation or compared trade data, which may reflect the netted results of other transactions, on behalf of Members for

input into the Corporation's Accounting Operation provided that a Member is a party to the trade or transaction.

Pursuant to the provisions of this Rule, the Corporation presently accepts from ~~New York Stock Exchange the NYSE, American Stock Exchange NYSE Alternext~~, and National Association of Securities Dealers, locked-in trade data on a Member's behalf for input into the Corporation's comparison system. The Corporation has received requests from Members to accept, in addition to locked-in trade data, two sided trade data from service bureaus. Two sided trade data would encompass the complete details of both sides of a trade.

The ~~New York Stock Exchange NYSE, the American Stock Exchange NYSE Alternext~~ and the National Association of Securities Dealers are self-regulatory organizations ("SROs") which are regulated by the Securities and Exchange Commission. Consequently, they operate pursuant to recognized standards and therefore, the integrity of their operations is subject to periodic examination and review. Service bureaus, which are not SROs, are not subject to regulatory control.

Accordingly, in order to assure that the integrity of the Corporation's systems would not be jeopardized by the acceptance of two sided trade data from service bureaus that are not SRO's, the Corporation has determined to adopt the following criteria which such a service bureau must meet in order to be approved to submit two sided trade data pursuant to Rule 7, Section 5:

- (1) Service bureau would have to: (a) be or become a Member of the Corporation; or (b) be affiliated with a Member of the Corporation. The Member would have to make a Clearing Fund deposit with the Corporation and have adequate capitalization to insure its continuing ability to honor its commitments to the Corporation.
- (2) Service bureau would have to have an established business history of at least two years.
- (3) Service bureau would have to be able to submit the following data for each trade:
 - (a) buy or sell;
 - (b) parties to trade;
 - (c) quantity;
 - (d) CUSIP number;
 - (e) executing price;
 - (f) net money;
 - (g) trade date;

and any additional data the Corporation may be called upon to provide to a regulatory body in connection with the Corporation's regulatory responsibilities (e.g., additional data required by a SRO for audit trail purposes).

- (4) Service bureau would be required to have at least ten (10) of the Corporation's Members as its subscribers.
- (5) Service bureau would be required to furnish to the Corporation such information and make available such books and records as the Corporation, in its sole discretion, deems necessary to evaluate service bureau's financial responsibility and operational capability.

In addition to the foregoing, service bureau would be required to enter into an Agreement, in writing, with the Corporation whereby service bureau would agree:

- (1) To maintain the following insurance coverage in an appropriate amount, depending upon the size of the service bureau's operation: (a) Broker Blanket Bond or equivalent; (b) Errors and Omissions; and, (c) General Liability.
- (2) To submit detailed plans respecting its automated execution system which at a minimum would detail: a description of the system; the physical safeguards of the system; and, the integrity, backup, recovery ability, and contingency plans of the service bureau in the event of an emergency or disaster.
- (3) (a) To obtain, on a yearly basis, an independent audit of its financial statements and an opinion prepared by its independent auditors as to service bureau's internal controls for its automated system and to submit such audit and opinion annually to the Corporation; and
(b) to perform internal interim six month reviews of the internal controls of the automated execution system, and to submit the results of this internal review to the service bureau's independent auditors.
- (4) To have the Member submit monthly financial statements to the Corporation.
- (5) To notify the Corporation upon any material change in any of the criteria required for acceptance as an approved service bureau or of the management or operation of the service bureau (e.g. cancellation of insurance, changes in the automated execution system, major change in stock ownership or management, outstanding law suits).
- (6) To indemnify and hold harmless the Corporation, its Clearing Fund, Shareholders, Directors, Officers, Employees, and Agents from and against any and all claims, losses, costs, damages, or liabilities, including reasonable attorney's fees, which may be asserted against, suffered, or incurred by the Corporation arising from entering into such Agreement and/or providing or failing to provide trade data to the Corporation, except that the foregoing indemnification shall not be required to cover any claims, losses, costs, damages, or liabilities which may be asserted

against, suffered, or incurred by the Corporation arising from the Corporation's willful misconduct or gross negligence.

- (7) That in the event of a disagreement between subscribers of the service bureau and/or non-subscribers concerning the trade data submitted or failed to be submitted by the service bureau to the Corporation, the Member of the Corporation will interpose itself in the trade and take responsibility for the trade.
- (8) To pay to the Corporation the costs, if any, of the Corporation's changing any of its systems to be able to receive trade data from service bureau.
- (9) To submit to the Corporation, for each subscriber of the service bureau which is a Member of the Corporation on whose behalf the service bureau may submit trade data, evidence of the service bureau's authority to submit to the Corporation trade data on behalf of such subscriber.

The Corporation may waive one or more of the foregoing criteria if the Corporation determines that it is in the best interests of the Corporation and its Members to approve a service bureau so as to assure the prompt, accurate, and orderly processing and settlement of securities transactions or to otherwise carry out the functions of the Corporation.