

# IMPORTANT NOTICE

National Securities Clearing Corporation



**A#6531**

**P&S#6101**

**DATE: November 23, 2007**  
**TO: ALL PARTICIPANTS**  
**ATTENTION: MANAGING PARTNER/OFFICER**  
**OPERATIONS PARTNER/OFFICER**  
**MANAGER P&S DEPARTMENT**  
**MANAGER DATA PROCESSING DEPARTMENT**  
**FROM: PRODUCT MANAGEMENT**  
**SUBJECT: SUPPLEMENTAL EXCHANGE TRADED FUNDS**  
**PORTFOLIO COMPOSITION FILE PROCESSING**

Effective with Exchange Traded Fund (ETF) processing of Monday, December 10, 2007, NSCC will begin accepting Supplemental Portfolio Composition Files (PCFs).

## SUPPLEMENTAL PORTFOLIO COMPOSITION FILE INPUT

Currently Index Receipt Agents (a.k.a. ETF Agents) submit Standard Domestic and Custom Domestic PCFs to NSCC one business day prior (T-1) to submitting create and redeem instructions. Agents will be permitted to submit Supplemental Standard Domestic or Supplemental Custom Domestic PCFs up to 12:00 Noon ET of the day they submit create and redeem instructions. NSCC, in turn, will redistribute the Supplemental Domestic Portfolio Composition (PCFs) output files to subscribers.

The DATATRAK SYSID for the Supplemental Domestic and Custom Domestic PCFs are:

MACHINE READABLE INPUT FILES	PRODUCTION DATATRAK SYSID	TEST DATATRAK SYSID
Supplemental Domestic Portfolio Composition File	11299	41299

NSCC will accept supplemental portfolios from ETF Agents under the following conditions:

1. A valid Custom Domestic portfolio was not received by NSCC the previous evening.
2. An entire Standard Domestic or Custom Domestic portfolio was received by NSCC but rejected.

Any supplemental PCF(s) submitted to NSCC that do not meet the above criteria will be rejected with the explanation "*PORTFOLIO ALREADY EXISTS FOR THIS TRADE DATE*".

NSCC **will not** accept supplemental portfolios from ETF Agents if the previous evenings Standard Domestic portfolio only had rejected component(s).

**PLEASE NOTE:** If a Standard Domestic portfolio is not received by NSCC on a given evening the previous days portfolio will continue to be redistributed and used in the creation and redemption process. Supplemental ETF processing in this instance is unnecessary.

**SUPPLEMENTAL PORTFOLIO COMPOSITION FILE OUTPUT**

NSCC currently redistributes Standard Domestic and Custom Domestic PCFs the evening before create and redeem instruction are submitted. Valid supplemental PCF files will be redistributed by 1:00 P.M. ET. The supplemental PCFs will contain only those portfolios that were not distributed to subscribers the previous night.

The new AutoRoute IDs for the Supplemental Standard Domestic and Custom Domestic PCFs are:

<b>MACHINE READABLE OUTPUT (MRO) FILES</b>	<b>PRODUCTION AUTOROUTE ID#</b>	<b>TEST AUTOROUTE ID#</b>
Supplemental Standard Domestic Portfolio Composition File	02290256	02980256
Supplemental Custom Domestic Portfolio Composition File	02290272	02980272
<b>PRINT IMAGE OUTPUT REPORTS</b>	<b>PRODUCTION AUTOROUTE ID#</b>	<b>TEST AUTOROUTE ID#</b>
Supplemental Standard Domestic Portfolio Composition Report	02290273	02980273
Supplemental Custom Domestic Portfolio Composition Report	02290255	02980255

Exhibit A contains an example that represents both the Supplemental Standard Domestic PCF Print Image Report, AutoRoute #02290273 and the Supplemental Custom Domestic PCF Print Image, AutoRoute #022990255 output.

**REJECTED PORTFOLIO PROCESSING (ETF AGENTS ONLY)**

Currently NSCC provides ETF Agents with a print image portfolio receipt report for all the domestic PCFs they submit. This nightly output provides the ETF Agents with a status of each domestic portfolio submitted to NSCC. The report details whether a portfolio and its components are accepted, rejected or warned. A warning advises agents that the portfolio they submitted had errors (for example, a component rejected) but was unnecessary to reject the entire portfolio. A similar but separate report will be provided for each agent that reflects supplemental PCF processing.

The AutoRoute ID for the Supplemental Standard Domestic and Custom Domestic PCF Reject Report is:

<b>PRINT IMAGE OUTPUT REPORTS</b>	<b>PRODUCTION AUTOROUTE ID#</b>	<b>TEST AUTOROUTE ID#</b>
Supplemental Domestic Portfolio Reject Report	02290253	02980253

An example of the Supplemental Domestic PCF Receipt Report is attached as Exhibit B.

**SUPPLEMENTAL PCF TESTING**

Testing is available for ETF Agents who intend to submit as well as receive the Supplemental Standard Domestic or Custom Domestic PCF files and reports. **ETF Agents must successfully complete testing prior to production implementation with NSCC.** ETF Agents will submit supplemental PCF input to NSCC’s U test region and receive the resultant supplemental PCF files in return.

For ETF broker-dealer participants, NSCC plans to supply a derived test version of the supplemental PCF output on a daily basis. This derived test output will contain a selected sampling of supplemental PCFs assisting subscribers in their testing efforts.

Testing requests should be communicated to the undersigned at 212-855-7621 or emailed to [peterjsmith@dtcc.com](mailto:peterjsmith@dtcc.com).

**ADDITIONAL INFORMATION**

All ETF file formats are available at <http://formats.nsc.com/members/index12122.html>. Questions may be directed to your Relationship Manager or email the undersigned.

Peter J. Smith  
Product Manager

## Exhibit A

### SUPPLEMENTAL DOMESTIC PCF PRINT IMAGE FORMAT

This an example that represents both the new Supplemental Standard Domestic PCF print image reports, AutoRoute 02290273 and Supplemental Custom Domestic, AutoRoute 02290255. All fields will remain the same as the regular Domestic and Custom Domestic PFC files

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**SUPPLEMENTAL** DOMESTIC INDEX RECEIPT TRADE  
PORTFOLIO REPORT  
TRADE DATE OF 11/12/07

DOMESTIC BASKET

SYMBOL - ABC	DESCRIPTION - ABC INDEX FD-STANDCUSIP - 464287150001	INSTR. CUSIP - 0000S1032001
EST. CASH AMOUNT PER CREATION UNIT :	8,600.11	N.A.V. PER INDEX RECEIPT : 103.65
EST. CASH AMOUNT PER INDEX RECEIPT :	0.17	TOTAL CASH AMOUNT PER CREATION UNIT : 8,147.94
N.A.V. PER CREATION UNIT :	5,182,708.83	
SHARES OUTSTANDING PER ETF:	000,000,000,000	DIVIDEND AMOUNT PER INDEX RECEIPT : 000,000,000.00

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PORTFOLIO COMPONENT:	NEW SECURITY			
SYMBOL	CUSIP	INDICATOR	DESCRIPTION	SHARE QUANTITY
ACE	G0070K103000		ACE LIMITED	117
CBE	G24182100000		COOPER INDUSTRIES LTD	39
RE	G3223R108000		EVEREST RE GP LTD(BERM)HLDG CO	23
IR	G4776G101000		INGERSOLL-RAND CO. LTD (BERMUDA) CL	72
NBR	G6359F103001		NABORS INDS LTD (NEW) BERMUDA	61
NE	G65422100000		NOBLE CORP (NEW)	55
RIG	G90078109000		TRANSOCEAN INC	132
WFT	G95089101000		WEATHERFORD INTL LTD (BERMUDA)	55
XL	G98255105000		XL CAPITAL LTD CL-A	57
AIR	000361105000		A A R CORP	14
ADCT	000886101001		ADC TELECOMMUNICATIONS INC	322
ABM	000957100000		ABM INDUSTRIES INC	23
AFL	001055102000		AFLAC INC	210
AG	001084102000		AGCO CORP	36
ATG	001204106000		AGL RESOURCES INC (HOLDING CO)	26

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**SUPPLEMENTAL** DOMESTIC INDEX RECEIPT REPORT

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TRUSTEE 9999 THE BANK OF ABC  
DOMESTIC REJECTS/RECEIPTS  
PORTFOLIO NAME

STATUS

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**0000C8901 DYNAMIC BUYBACK REJECTED PORTFOLIO ALREADY EXISTS FOR THIS TRADE DATE**

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0000C3241 DYNAMIC BUYBACK WARNED

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0000S3889 DYNAMIC BUYBACK WARNED COMPONENTS READ NOT EQUAL TO HDR COMPONENT COUNT

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0000S6197 MARKET VECTORS WARNED ONE OR MORE DETAIL RECORDS REJECTED  
COMPONENT REJ: 792075HS5 COMPONENT CUSIP NOT ON SECURITY MASTER  
18 REPORTED 17 ACCEPTED

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0000S6346 SMITH DIVIDEND WEEKLY WARNED ONE OR MORE DETAIL RECORDS REJECTED  
COMPONENT REJ: 140423AA2 COMPONENT CUSIP NOT ON SECURITY MASTER  
COMPONENT REJ: 759911B74 COMPONENT CUSIP NOT ON SECURITY MASTER  
25 REPORTED 23 ACCEPTED

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0000C132 DOMESTIC INDEX PORTFOLIO WARNED COMPONENTS READ NOT EQUAL TO HDR COMPONENT COUNT

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0000C4140 CLEAR SPIN-OFF YODICE ETF ACCEPTED  
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