

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 6719
P&S# 6289
Date: October 1, 2008
To: ALL PARTICIPANTS
Attention: MANAGING PARTNER/OFFICER, OPERATIONS PARTNER/OFFICER,
COMPLIANCE OFFICER
Subject: Approval of Rule Change SR-NSCC-2008-07 (Processing Enhancements for
Exchange-Traded Funds)

The Securities and Exchange Commission (“SEC”) has approved NSCC rule filing SR-NSCC-2008-07 relating to proposed enhancements in the processing of index receipts (i.e. shares in exchange-traded funds (“ETFs”))¹.

NSCC reports on, clears and settles domestic ETFs and their underlying component securities through a creation/redemption process which is initiated through the submission of a portfolio composition file by a Member acting as an Index Receipt Agent. The approved rule change revises the provisions of NSCC’s Rules to allow for cash as a sole component of creations and redemptions of index receipts (and thus allowing the submission for clearance and settlement of ETFs that have underlying securities other than domestic equity securities for cash as consideration), as well as to allow for an optional shortened processing cycle for creations and redemptions. Creations and redemptions submitted for the shortened settlement cycle will be subject to a processing fee of \$50 per creation or redemption, versus the current fee of \$30 per creation and redemption for regular way (T+3) settlement.

NSCC will implement these enhancements on Friday, October 10, 2008. This will allow Index Receipt Agents to submit enhanced portfolio composition files on Friday, October 10, 2008 for trade date Monday, October 13, 2008.

For additional information on the processing enhancements, including file changes, please see Important Notice A#6660, P&S#6230, dated July 18, 2008.

¹ See SEC Release No. 34-58694 (September 30, 2008); File No. SR-NSCC-2008-07.

Questions regarding the rule filing may be directed to John Petrofsky, Associate Counsel at (212) 855-7634.

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Managing Director and Deputy General Counsel