Beginning on settlement date May 30, 2014, subject to Securities and Exchange Commission (SEC) approval, the National Securities Clearing Corporation (NSCC) and The Depository Trust Company (DTC) plan to implement the Continuous Net Settlement (CNS) Automated Customer Account Transfer Service (ACATS) and DTC Settling Assets Project as outlined in NSCC Important Notice A7556 P&S 7126 and DTC Important Notice B1988-12, both dated December 21, 2012.

This Notice gives further details about the set-up of exemption levels for Members’ new CNS S sub-account.

**CNS exemptions for the new S account**

The new process will allow for both regular and one-day exemption processing on short positions in the new S sub-account. These exemption levels will be used only for Member deliveries owed to the CNS ACATS DTC Account 8902. The exemption process for both regular and one-day exemptions will work the same as it does for the CNS A sub-account with the exception that for regular exemptions, Level 2 exemptions will not be allowed.

Unless a Member completes the instruction update form, NSCC will automatically set up the Member’s new S sub-account with the Member’s current standing regular exemption level instruction for their A sub-account. If a Member has the instruction for their A sub-account currently set-up as Level 2, NSCC will update their S sub-account to Level 1.

NSCC will automatically use each Member’s current one-day exemption level standing instruction for their A sub-account for their new S sub-account.

Similar to current processing for the CNS sub-account A, when DTCC implements the new ACATS settlement process, each Member can submit a daily override instruction to their regular exemption standing instruction for sub-account S using Settlement Web, Upload, or file format input.
If a Member wishes to instruct NSCC to use a set-up for their new S sub-account that differs from the automatic updates described above, they should contact their DTCC Relationship Manager. The Member should also contact their Relationship Manager if they do not know their current standing exemption level instructions.

**For more information about the project**

All documentation associated with this project is located in the CNS ACATS DTC section of the Clearance Services Learning Center website. This website is password protected. To gain access to the website, please follow these instructions:

2. On the right side of the page, click Create an Account
3. Fill out the required fields, and click Register
4. Within one business day, you will receive an email from DTCC approving your registration or requesting additional information.

**Additional Information**

A copy of this Important Notice can be obtained from the web site of NSCC’s parent corporation, the Depository Trust & Clearing Corporation, at [http://www.dtcc.com](http://www.dtcc.com).