



B #:	0916-14
Date:	May 8, 2014
To:	All Clients
Category:	Settlement
From:	Product Management
Attention:	Managing Directors/Vice Presidents/Managers
Subject:	DTC Settlement Changes for the CNS ACATS and DTC Settling Assets Project

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 outlines several changes/options regarding the settlement of these transactions.

The New Process:

The revised process will remove all non-fail ACATS obligations from CNS and create a new process for ACATS transactions for both CNS-eligible securities and non-CNS DTC-eligible assets¹. In this new design, ACATS will send obligations in CNS-eligible assets and non-CNS DTC-eligible assets obligations into a new non-guaranteed ACATS process on ACATS settlement date. Under the new process, such ACATS transactions will be aggregated into one net long position and one net short position per security per participant². Processing timelines and settlement edits will generally mirror that of CNS settlement, i.e., all cutoff times and processing windows will remain consistent with today's CNS processing and all transactions processed through DTC's settlement system will be subject to DTC's existing risk management controls. A key distinction between the two processes is that all non-fail ACATS obligations will be processed through the newly established 8902 account.

For end of day transactions that fail to complete, NSCC will continue to apply a debit to the delivering broker and a credit to the receiving broker. However, with the new process, the money amount will be 100% of the CNS market value of the fail for each CNS-eligible item and 100% of the ACATS market value for each non-CNS DTC-eligible item. Once the NSCC Member pays final money settlement, failed ACATS obligations that are eligible for this new process will take one of two paths;

¹ Since NSCC does not guaranty ACATS transfers, the removal of CNS-eligible ACATS items from CNS processing will not have an impact on NSCC's guaranty of settlement for other CNS transactions.

² Two new CNS sub-accounts ("S" and "R") will be created to support these transaction types. The "S" account denotes the aggregated short quantity each client owes and the "R" account denotes the aggregated long quantity each client may expect.

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- For Fails in CNS-eligible ACATS obligations: A failed ACATS obligation in a CNS-eligible security will enter the CNS net. Because the Member has paid final settlement, NSCC has collected the incentive charge for the failed ACATS obligation. Because the Member has paid NSCC for the obligation, NSCC can guarantee the position and included it in the net with other CNS processing.
- For Fails in non-CNS DTC ACATS obligations: ACATS provides instructions for failed non-CNS DTC-eligible ACATS obligations to both the receiver and deliverer to settle the failed obligation directly with each other. A failed non-CNS DTC-eligible ACATS obligation will also be automatically entered into NSCC's Obligation Warehouse system, when eligible.

Clients should refer to the aforementioned NSCC and DTC important notices, published December 21, 2012 for additional information about the overall impact of this phase, including a detailed list of requirements and testing information.

What follows is a list of key changes that DTC has made to its settlement systems in support of the new ACATS obligation settlement process.

DTC Fee:

Clients will be charged a DTC fee of \$0.06 per delivery to or from the new ACATs omnibus account.

Long Broker Allocations:

Long allocations (deliveries) from the 8902 account will update a client's non-lien position at DTC. DTC will route all receives from the 8902 account to each client's Minimum Amount (MA) classification. The receipt of these long allocations will have no collateral impact for the receiver, i.e., DTC will not consider these securities as client collateral for risk management purposes.

New and Optional Memo Segregation (MSEG) profile indicator for CNS ACATS transactions

An optional MSEG profile indicator has been created for CNS ACATS transactions. This indicator, when active, will automatically increase a client's memo segregation counter for the quantity of shares received from the 8902 account long allocations.

Clients interested in activating this optional indicator should submit the form in appendix A of this document to their Relationship Manager or Client Account Representative.

New IMS Transaction Type - CCATS:

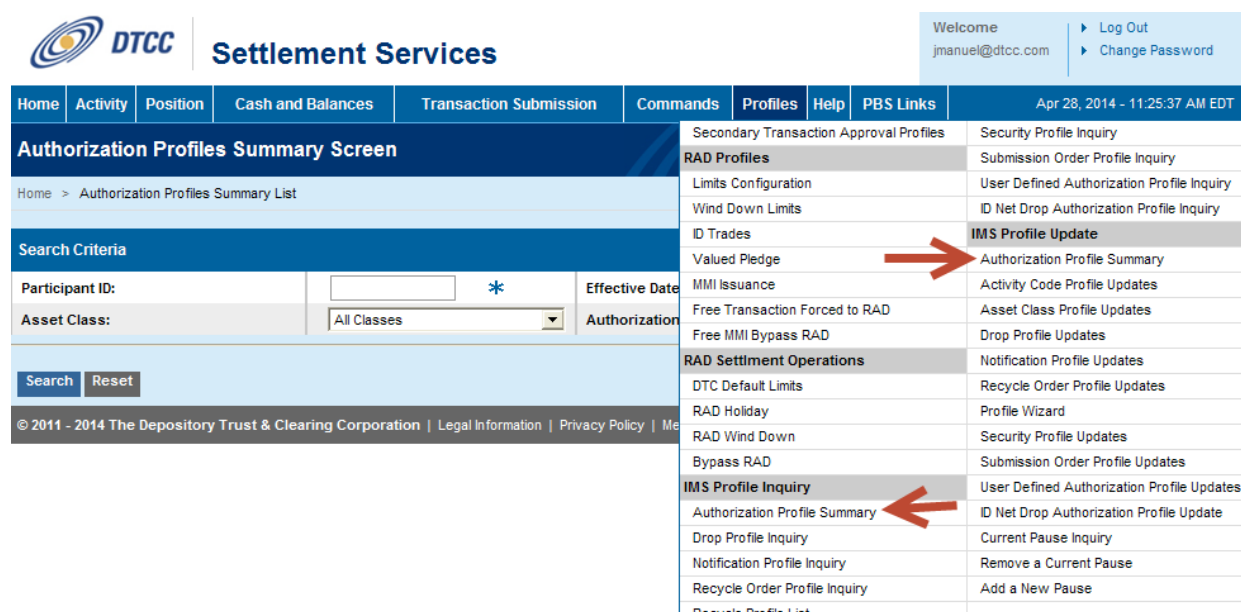
DTC's IMS (Inventory Management System) system provides clients with multiple pre and post settlement tools to manage their deliver obligations. One of the key ways IMS provides this control is by classifying each transaction by a specific type, e.g., MITS represent Matched Institutional Trades, CNSS represent client NSCC short covers, etc. NSCC ACAT obligations settling via the new process will be assigned a new transaction type in IMS. The new transaction type will be CCAT which stands

for CNS Customer Account Transfer. It is important to note that this transaction type will be supported in the Settlement Web only. DTC will continue to support IMS in PTS and PBS until further notice, but functionality for CCAT transaction types as outlined below will only be available in the Settlement Web.

IMS Authorization Profiles:

Similar to other transaction types, DTC clients will be able to set an active or passive authorization setting for their CCAT transactions. The default will be passive meaning that DTC will attempt to settle CCAT transaction types in the night cycle unless otherwise instructed to delay processing or the delivery is exempted at NSCC. Clients wanting to delay processing may delay individual CCAT transactions via transaction level exemptions or withhold all CCAT transactions via a global exemption or by overriding the default setting in favor of an active profile.

The authorization profile functionality in the Settlement Web is located under the “Profiles” tab of the navigation bar.



DTCC Settlement Services

Welcome jmanuel@dtcc.com | Log Out | Change Password

Apr 28, 2014 - 11:25:37 AM EDT

Home | Activity | Position | Cash and Balances | Transaction Submission | Commands | Profiles | Help | PBS Links

Authorization Profiles Summary Screen

Home > Authorization Profiles Summary List

Search Criteria

Participant ID: * Effective Date:


Asset Class: Authorization:

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Secondary Transaction Approval Profiles	Security Profile Inquiry
RAD Profiles	Submission Order Profile Inquiry
Limits Configuration	User Defined Authorization Profile Inquiry
Wind Down Limits	ID Net Drop Authorization Profile Inquiry
ID Trades	IMS Profile Update
Valued Pledge	Authorization Profile Summary
MMI Issuance	Activity Code Profile Updates
Free Transaction Forced to RAD	Asset Class Profile Updates
Free MMI Bypass RAD	Drop Profile Updates
RAD Settlement Operations	Notification Profile Updates
DTC Default Limits	Recycle Order Profile Updates
RAD Holiday	Profile Wizard
RAD Wind Down	Security Profile Updates
Bypass RAD	Submission Order Profile Updates
IMS Profile Inquiry	User Defined Authorization Profile Updates
Authorization Profile Summary	ID Net Drop Authorization Profile Update
Drop Profile Inquiry	Current Pause Inquiry
Notification Profile Inquiry	Remove a Current Pause
Recycle Order Profile Inquiry	Add a New Pause
Recycle Profile List	

When selected, properly provisioned clients³ will be allowed to create an authorization profile for their CCAT transaction types or modify their authorization profiles for other transaction types. Once an asset class is selected, clients may override the passive setting in favor of an active one. Clients may modify authorization profiles for an individual asset class or across all asset classes.

³ All functionality described within this important notice follows the original permission levels established for the Settlement Web. Clients are encouraged to refer to important notice 1245-11 for additional information or to consult their access coordinators.


Settlement Services

[Log Out](#)
[Change Password](#)

[Home](#) | [Activity](#) | [Position](#) | [Cash and Balances](#) | [Transaction Submission](#) | [Commands](#) | [Profiles](#) | [Help](#) | [PBS Links](#)

Apr 28, 2014 - 10:44:28 AM EDT

Authorization Profiles Summary Screen

[Home](#) > [Authorization Profiles Summary List](#)
[Help](#)
[Print](#)

Search Criteria

Participant ID:	1250 *	Effective Date:	04/28/2014
Asset Class:	All Classes	Authorization Profile Order:	My Authorization Profiles

[Search](#)
[Reset](#)

Search Results

Participant:00001250 / FTS IPA #1

Effective Date	Asset Class	Creation Date	UserID	Status	Today Only
0001-01-01	Corporate Bonds	0001-01-01		Default	
0001-01-01	Equities	0001-01-01		Default	
0001-01-01	Money Market Instruments	0001-01-01		Default	
0001-01-01	Municipal Bonds	0001-01-01		Default	

Clients may set standing active/passive setting or create intraday changes via the “Switch To” and “Switch Back” functionality displayed below.

Authorization Profiles Update

[Home](#) > [Authorization Profiles Summary List](#) > [Authorization Profile Update](#)
[Help](#)
[Print](#)

Profile Details

Participant:00000007 / TEST7

New Effective Date: 01/15/2014

Corporate Bonds Profile Summary

Effective Date	Creation Date	Last Updated By	Status
01/05/2014	01/03/2014	s004901a	Current

☐ Corporate Bonds

Transaction Type	Beginning of Cycle		Switch To		At Time (24hrs hh:mm)	Switch Back		At Time (24hrs hh:mm)	Today Only
	Active	Passive	Active	Passive		Active	Passive		
ACATS	<input checked="" type="radio"/>	<input type="radio"/>	Not Applicable			Not Applicable			<input type="checkbox"/>
BALANCE ORDERS	<input checked="" type="radio"/>	<input type="radio"/>	Not Applicable			Not Applicable			<input type="checkbox"/>
CNS ACATS	<input checked="" type="radio"/>	<input type="radio"/>	Not Applicable			Not Applicable			<input type="checkbox"/>
CONTINUOUS NET SETTLEMENT	<input checked="" type="radio"/>	<input type="radio"/>	Not Applicable			Not Applicable			<input type="checkbox"/>
LATE MATCHED INSTITUTIONAL TRADES	<input checked="" type="radio"/>	<input type="radio"/>	Not Applicable			Not Applicable			<input type="checkbox"/>
MATCHED INSTITUTIONAL TRADES	<input checked="" type="radio"/>	<input type="radio"/>	Not Applicable			Not Applicable			<input type="checkbox"/>
NIGHT DELIVERY ORDERS	<input checked="" type="radio"/>	<input type="radio"/>	Not Applicable			Not Applicable			<input type="checkbox"/>
PARTICIPANT TRANSACTIONS	<input checked="" type="radio"/>	<input type="radio"/>	Not Applicable			Not Applicable			<input type="checkbox"/>
REINTRODUCED DROPS	<input checked="" type="radio"/>	<input type="radio"/>	Not Applicable			Not Applicable			<input type="checkbox"/>

*Begin Cycle starts at approximately 7:00 p.m. (19:00, EST) the day before the Effective date.

[Submit](#)
[Reset](#)

IMS Notification Profile: (ISO ONLY)

The CCAT transaction type will be incorporated into the IMS notification profile. As a reminder, subscription to these CCAT messages will only be available through the Settlement Web.

The authorization profile functionality in the Settlement Web is located under the “Profiles” tab of the navigation bar.

DTCC Settlement Services

Home Activity Position Cash and Balances Transaction Submission Commands **Profiles** Help PBS Links Apr 28, 2014 - 11:22:20 AM EDT

Notification Profile List for Update

Home > Notification Profile Summary List

Search Criteria * = Required Field

Participant ID * Effective Date Asset Class Transaction Type

Search Reset

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- Secondary Transaction Approval Profiles
- Security Profile Inquiry
- RAD Profiles**
- Submission Order Profile Inquiry
- Limits Configuration
- User Defined Authorization Profile Inquiry
- Wind Down Limits
- ID Net Drop Authorization Profile Inquiry
- ID Trades
- IMS Profile Update**
- Valued Pledge
- Authorization Profile Summary
- MMI Issuance
- Activity Code Profile Updates
- Free Transaction Forced to RAD
- Asset Class Profile Updates
- Free MMI Bypass RAD
- Drop Profile Updates
- RAD Settlement Operations**
- Notification Profile Updates
- DTC Default Limits
- Recycle Order Profile Updates
- RAD Holiday
- Profile Wizard
- RAD Wind Down
- Security Profile Updates
- Bypass RAD
- Submission Order Profile Updates
- IMS Profile Inquiry**
- User Defined Authorization Profile Updates
- Authorization Profile Summary
- ID Net Drop Authorization Profile Update
- Drop Profile Inquiry
- Current Pause Inquiry
- Notification Profile Inquiry
- Remove a Current Pause
- Recycle Order Profile Inquiry
- Add a New Pause
- Recycle Profile List

When selected, properly provisioned clients will be allowed to modify their existing notification profile or create a new one for their CCAT transaction types.

DTCC Settlement Services

Home Activity Position Cash and Balances Transaction Submission Commands Profiles Help PBS Links Apr 28, 2014 - 11:25:37 AM EDT

Authorization Profiles Summary Screen

Home > Authorization Profiles Summary List Help Print

Search Criteria

Participant ID: * Effective Date: 04/28/2014

Asset Class: All Classes Authorization Profile Order: My Authorization Profiles

Search Reset

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Properly provisioned clients will be able to make updates to these CCAT transaction types by either drilling down on the screen above or accessing the “Transaction Authorization” option directly under the “Activity” section of the navigation bar.

DTCC Settlement Services

Home | Activity | Position | Cash and Balances | Transaction Submission | Commands | Profiles | Help | PBS Links | Apr 28, 2014 - 12:26:33 PM EDT

Activity Inquiry

Activity Inquiry	IMS Transactions
Pending Activity	Total Recap by Transaction Type
RAD Transactions	Total Recap By Asset Within Transaction Type
RAD Snapshot Inquiry	Transaction Authorization
Secondary Transaction Approval Inquiry	Browse By Delivery Date
IPO Tracking Inquiry	Transaction Release
Stock Loan/Repo Adjustments Inquiry	Prioritized Transaction Summary
Settlement Transaction File Upload Inquiry	Prioritized Summary By CUSIP
MMI Full Call Notice Inquiry	Prioritized Transaction Inquiry
MMI Tracking	Possible Duplicate Deliveries Inquiry
Collateral Loan Services - Pledgor Inquiry	ID Net Transaction Inquiry

Search | Reset | Display Type: List | Excel

Regardless of access mode, CCAT transaction type update capabilities will mirror those of other transaction types in IMS.

DTCC Settlement Services

Home | Activity | Position | Cash and Balances | Transaction Submission | Commands | Profiles | Help | PBS Links | Apr 28, 2014 - 12:33:12 PM EDT

Transaction Authorization

Home > Transaction Authorization

Deliver Authorization | CNS/CNS ACATS

Participant ID * 1250 Settlement Date * 04/28/2014 CUSIP

Asset Class Equities Transaction Type Continuous Net Settlement

Continuous Net Settlement
CNS Account Transfers

Search | Reset | Display Type: List | Excel

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Pre-Authorizations and Pre-Exemptions:

The current CNS pre-authorization and pre-exemption function allows clients to enter a list of CUSIPs on which the client wants to either authorize shares to be delivered to CNS or exempt shares from being delivered to CNS for the following business date. This functionality will be extended to CCAT transaction types and will be accessible under the “Commands” section of the navigation bar.

DTCC Settlement Services

Home Activity Position Cash and Balances Transaction Submission Commands Profiles Help PBS Links Apr 28, 2014 - 12:59:57 PM EDT

Transaction Authorization

Home > Transaction Authorization

Deliver Authorization CNS/CNS ACATS

Participant ID * Settlement Date * CUSIP

Asset Class Transaction Type

All Classes Continuous Net Settlement

Search Reset

Display Type: List Excel

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Properly provisioned clients will be able to select which transaction type, CNS or CNS-ACATS, they want to pre-authorizing or pre-exempt.

Search Criteria * = Required Field

Settlement Date Participant ID * CUSIP Display Type

04/29/2014 1250 List Excel

Search Reset

Search Recap

Participant: 1250 / FTS IPA #1 Settlement Date: 04/29/2014

CUSIP: ALL CNS/CNS-ACATS Indicator: CNS

Pre-Authorization and Pre-Exemption

Add CUSIP(s)

Cusip	Cusip Description	Pre-Authorization			Pre-Exemption		
		Current	Replace With	All	Current	Replace With	All
		0		<input type="checkbox"/>	0		<input type="checkbox"/>
		0		<input type="checkbox"/>	0		<input type="checkbox"/>
		0		<input type="checkbox"/>	0		<input type="checkbox"/>
		0		<input type="checkbox"/>	0		<input type="checkbox"/>
		0		<input type="checkbox"/>	0		<input type="checkbox"/>

Submit Reset

Exemption Processing for CCAT Transactions:

Clients will be allowed to submit CCAT specific exemptions. The process will mirror that of the current CNS level 1 exemption process for the CNS “A” sub-account. Clients can submit a daily override instruction to their regular exemption standing instruction for sub-account S using Settlement Web, Upload, or file format input. It should be noted that overrides, similar to CNS overrides, must be instructed via a Deliver Order. **The Deliver Order to override a CCAT exemption must always include 8902 as the receiver.**

Home | Activity | Position | Cash and Balances | Transaction Submission | Commands | Profiles | Help | PBS Links | Apr 28, 2014 - 1:25:15 PM EDT

CNS & CNS ACATS (CCAT) Exemptions for Immediate Update

Home > Transaction Authorization > CNS & CCAT Exemptions for Immediate Update

Help | Print

Search Criteria * = Required Field

Participant ID *

☐ CNS ☒ CNS-ACATS

Rec.	CUSIP *	CUSIP Description	Level 1
1	<input type="text"/>		<input type="text"/>
2	<input type="text"/>		<input type="text"/>
3	<input type="text"/>		<input type="text"/>
4	<input type="text"/>		<input type="text"/>
5	<input type="text"/>		<input type="text"/>
6	<input type="text"/>		<input type="text"/>
7	<input type="text"/>		<input type="text"/>
8	<input type="text"/>		<input type="text"/>
9	<input type="text"/>		<input type="text"/>
10	<input type="text"/>		<input type="text"/>

Validate Submit Reset

ACATS Projected Settlement Inquiry:

In response to industry requests, DTC has created a balance inquiry tool providing clients with a snapshot of their pending debits and credits. The balance inquiry tool is available in the Settlement Web only and can be found under the “Cash and Balances” section of the navigation bar.

Home | Activity | Position | Cash and Balances | Transaction Submission | Commands | Profiles | Help | PBS

CNS ACATS Balance Inquiry

Home > ACATS Projected Operations

Search Criteria * = Required Field

Participant ID *

Search Reset

- Risk Management Controls Inquiry
- Participant Debit Peak Inquiry
- Participant Account Statement
- SPP Return/P&I Withdrawal Inquiry
- Funds Transfer
- CNS ACATS Balance Inquiry**
- CNS For Value Risk Management Controls Inquiry
- Collateral Tracking and Management
- CTM Dashboard
- Collateral Exchange

CNS ACATS Projected Settlement Balance - Microsoft Internet Explorer provided by Depository Trust & Clearing Corp

Q:\III_ADM\\$\$ _Settlement\Settlement Area\Accounting\Projects\Active\71258 ACATS CNS for Value\2_Design\5 resp codes dics

File Edit View Favorites Tools Help

ServiceNow IT Service Man... Suggested Sites Web Slice Gallery

PROD https://p... CNS ACA... CNS ... X Settlement... Settlement... Help -

DTCC Settlement Services

Welcome User ID Goes Here Log Out Change Password

Home Activity Position Cash & Balances Transaction Submission Commands Profiles Help PBS Links Nov 22, 2011 - 5:05:25 PM EST

CNS ACATS Projected Settlement Balance

Home > ACATS Projected Open Obligations Settlement Balance Help Print Results

Search Criteria * = Required Field

Participant ID *

Search Reset

Search Results

Participant ID: Participant Description: Settlement Date: 02/22/2013

Projected Balances

Type	Debit	Credit	Balances
CNS ACATS	\$1,010.00	\$0.00	-\$1,010.00
Non CNS ACATS	\$100,000.00	\$50,000.00	-\$50,000.00
Total	\$101,010.00	\$50,000.00	-\$51,010.00

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Pending Inquiry Screen:

Clients interested in viewing the details behind the pending totals displayed in their “CNS ACATS Projected Settlement Balance” may isolate their pending CCAT transactions in the “Pending Inquiry Tool” available under the “Activity” section of the navigation bar.

DTCC Settlement Services

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Home Activity Position Cash and Balances Transaction Submission Commands Profiles Help PBS Links Apr 28, 2014 - 1:13:27 PM EDT

Pending Activity Inquiry

Home > Pending Activity Inquiry

Pending Transactions Cancel Summary Hold Summary IPA Held PTA

Search Criteria * = Required Field

Participant ID * 1250 CUSIP Side

Transaction Type

IPO/non-IPO

Sort by

Display Type

Search Reset

My Items All Positions Collateral Debit CNS CCAT


IPO non-IPO

Recycle order Amount in descending order Market Value for CNS in descending order Market Value for CCAT in descending order

List Excel

Position Inquiry Screen:

DTC will modify its position inquiry screen to include the position balances in the new CNS sub-accounts. The “position inquiry” screen is available under the “Position” section of the navigation bar.


Settlement Services

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[Home](#) | [Activity](#) | [Position](#) | [Cash and Balances](#) | [Transaction Submission](#) | [Commands](#) | [Profiles](#) | [Help](#) | [PBS Links](#)

May 5, 2014 - 3:27:33 PM EDT

Position Inquiry
Short Position Inquiry (EOD)
Position Inquiry
Participant Activity Research Tool

Home > Position Inquiry

Print Results

Security Positions

Participant: 122 / TESTACOUN

CUSIP: 868686866 / LI TEST CORP +

Business Date: 05/05/2014

CUSIP Status: FAST WT SDFS

CUSIP Chills: None

Last Activity Date: Not Available

All Positions

Pledge

Segregation

Investment ID

Reorganization

Stock Loan & Repo

Release PDA

Position Summary

Total Free Available	Total Reserved (PDA & PTA)	Total Other	Total Position
0	0	0	0

Free Positions

Net Additions (NA)	0
Minimum Amount (MA)	0
Reserved:	
Pending Delivery Account (PDA)	(0)
Pending Transaction Account (PTA)	(0)
Total Free Available	0
Memo Segregation	(0)
Total Free Excess	0
Turnaround / X-Memo (Exclude from Memo Seg.)	0

Other Positions (to view details click on the tabs above)

Pledged	0
Segregation	0
Investment ID	0
Reorganization:	
Net Additions (NA)	0
Minimum Amount (MA)	0
Called:	
With Interest	0
Without Interest	0
Withdrawal by Transfer	0
Total Other	0

Miscellaneous Positions

Stock Loans:	0	CNS Short Exemptions (Levels 1 + 2):	0	CCAT Short Exemptions (Level 1):	0
Repurchase Agreements:	0	CNS Long Allocations (Level 4):	0	CCAT Long Allocations (Level 4):	0

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:

1. Go to <https://dtcclearning.com/learning/clearance>
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>.

Appendix A: Memo Segregation Request Form:

MEMO SEGREGATION REQUEST FORM (Effective Date _____)

Please process the following Memo Seg updates for account number(s): _____

Participant Name: _____

Place a check next to the action to be taken for each indicator listed below. Participants may activate all indicators except #4 & #5 which are mutually exclusive (one or the other):

Indicator #1 *Activate*____ *Deactivate*____ *Leave active*____ *Leave inactive*____

When this indicator is activated, the Participant's Free position and Memo Seg position is automatically increased upon the receipt of :

- DOs (free & valued) with reason code **40** (customer account transfer)
- DOs (free & valued) with reason code **99** (bulk transfer of customer account)
- DOs (free & valued) with reason codes **330** (direct rollover to IRA), **340** (direct rollover to Qualified Plan)
- Reversals of WT instructions
- Position resulting from a voluntary or mandatory reorganization

Indicator #2 *Activate*____ *Deactivate*____ *Leave active*____ *Leave inactive*____

When this indicator is activated, the Participant's Free position and Memo Seg position is automatically increased upon the receipt of :

- DOs (free & valued) with reason codes **41-48** (account transfer reclaim reason codes)
- DOs (free & valued) with reason codes **331-338** (direct rollover to IRA reclaim reason codes), **341-348** (direct rollover to QP reclaim reason codes)

Indicator #3 *Activate*____ *Deactivate*____ *Leave active*____ *Leave inactive*____

When this indicator is activated, the Participant's Free position and Memo Seg position is automatically increased upon the receipt of:

- CNS account E long allocations (customer fully-paid-for positions)

Indicator #4 *Activate*____ *Deactivate*____ *Leave active*____ *Leave inactive*____

When this indicator is activated, positions received with the following types of reason codes can be used for redeliveries (turnarounds) up to the amount of the received position regardless of Memo Seg constraints:

- Position received (free or valued) with reason codes: 10 (stock loan), 30 (delivery versus payment) and 600 (collateral DO)

Indicator #5 *Activate* _____ *Deactivate* _____ *Leave active* _____ *Leave inactive* _____

When this indicator is activated, **all** positions received from DOs except for those listed below can be turned around regardless of Memo Seg constraints:

- 20 (stock loan return)
- 21-29 (stock loan return reclaims)
- 40 (account transfer)
- 41-48 (account transfer reclaims)
- 99 (bulk account transfer)
- 261-268 (OCC stock loan reclaims)
- 270-278 (OCC stock loan return reclaims)
- 290 (ADR stock loan return)
- 291 (ADR stock loan return reclaim)
- 330 (direct rollover to IRA)
- 331-338 (direct rollover to IRA reclaim reason codes)
- 340 (direct rollover to Qualified Plan)
- 341-348 (direct rollover to QP reclaim reason codes)
- 610-619 (collateral DO return reclaims)
- CNS account E (customer fully-paid-for) long allocations
- CNS account C (stock loan return) long allocations

NOTE: The only exception to the above logic is that stock loan returns (reason code 20) are never permitted to use positions normally available to satisfy turnaround deliveries.

Indicator #6 *Activate* _____ *Deactivate* _____ *Leave active* _____ *Leave inactive* _____

When this indicator is activated, the Participant's free position and Memo Seg position is automatically increased upon the receipt of:

- NSCC ACAT long allocations from 8902

Authorized Signature: _____
Officer (VP or Above)

Print Name: _____

Title: _____

Date: _____

Telephone Number: _____