



Important Notice

National Securities Clearing Corporation

A#:	7837
P&S#:	7407
DATE:	MAY, 8, 2014
TO:	ALL MEMBERS
FROM:	PRODUCT MANAGEMENT, EQUITIES CLEARANCE
ATTENTION:	MANAGING PARTNER/OFFICER; OPERATIONS PARTNER/OFFICER; MANAGER P&S DEPARTMENT; MANAGER DATA PROCESSING DEPARTMENT
SUBJECT:	IMPLEMENTATION OF OPTIONAL DIVIDENDS ON SMART/TRACK FOR CNS CORPORATE ACTIONS

In Important Notice A# 7403, P&S# 7833 dated May 5, 2014 the National Securities Clearing Corporation (“NSCC”) announced that the rule changes for the enhancements to corporate action processing through its Continuous Net Settlement (“CNS”) system have been approved by the Securities and Exchange Commission (SEC). As a result, phase one implementation of these enhancements regarding optional dividend processing will be implemented on **Friday, May 16, 2014**.

Please Note: Once implemented on May 16, 2014, Members are reminded that they must submit any future election instructions on an optional dividend (as a long Member) in CNS through SMART/Track for CNS Corporation Actions. NSCC will no longer accept or process an optional dividend instruction submitted via the WINS application. Additionally, Members are reminded that any liability that NSCC distributes to them (as a short Member) on a CNS optional dividend will only be communicated via SMART/Track for CNS Corporation Actions. CNS Cashiering Operations will no longer be contacting a short Member to inform them of their liability on a CNS optional dividend election.

Members are advised to ensure they have end users set-up at their firm with the proper optional dividend processing entitlements for **SMART/Track for CNS Corporate Actions**. For further information on entitlements or any of other changes related to this implementation, please see the attached NSCC important notices.

A# 7671 dated January 28, 2014	Discusses the purpose of the new product
A# 7682 dated February 13, 2014	Outlines training for the new product
A# 7806 dated March 24, 2014	Outlines the registration/entitlement process. Also discusses the implementation of Optional Dividends on May 16
A# 7809 dated March 27, 2014	Lists the roles that can be granted for the new product

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As outlined, the remaining changes regarding CNS corporate action processing will be implemented in phase two, tentatively scheduled for Q3 2014.

ADDITIONAL INFORMATION

A copy of this Important Notice can be obtained from the DTCC web site at <http://www.dtcc.com>. If you have any questions regarding these enhancements, please contact your DTCC Relationship Manager or CNS Operations at (888) 382-2721, Option 2, then 2.