

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 7074
P&S# 6645
DATE: OCTOBER 5, 2010
TO: ALL PARTICIPANTS
ATTENTION: MANAGING PARTNER/OFFICER; OPERATIONS PARTNER/OFFICER;
MANAGER, CUSTOMER ACCOUNT TRANSFER DEPARTMENT;
MANAGER, DATA PROCESSING DEPARTMENT; MANAGER, MUTUAL
FUNDS OPERATION; MANAGER, CASHIERS DEPARTMENT
FROM: PRODUCT MANAGEMENT
SUBJECT: CHANGES TO CBRS AND ACATS MASTER FILE AS A RESULT OF THE
CBRS ENHANCEMENT PROJECT

The Depository Trust and Clearing Corporation (DTCC) plans to change the current Cost Basis Reporting Service (CBRS), in order to help the industry comply with Internal Revenue Service (IRS) regulations that go into effect on January 1, 2011. Subject to approval from the U.S. Securities and Exchange Commission, beginning in December 2010 CBRS will be offered by DTCC Solutions LLC instead of by the National Securities Clearing Corporation (NSCC). As a result of this change, CBRS can be utilized by users who are not Members of NSCC, and Important Notices about CBRS will be issued through DTCC Solutions.

CBRS user testing for the enhanced system began on **September 13, 2010**. At that time, testing support of the existing (current) CBRS record layouts was terminated. The enhanced CBRS system is scheduled to go live in production on **December 10, 2010**. The existing system will no longer be supported once the new system is in production. Please see DTCC Solutions Important Notice CBRS002.10, dated September 7, 2010, for details about user testing.

All firms, including users of the current version of CBRS, must complete the CBRS new account forms to become eligible for the service in both testing and production. Instructions on how to open a CBRS Account, and the necessary forms, are available on DTCC's website at:

<http://www.dtcc.com/products/documentation/cs/cbrs.php>

Please see DTCC Solutions Important Notice CBRS001.10, dated September 3, 2010, for details about the new account process.

Change to the ACATS Master File

The new CBRS application will issue its own master file of eligible users. As a result, the ACATS Participant Cost Basis Eligibility Indicator field will be eliminated from the Production ACATS Master File (AutoRoute ID #02090068) and the Test ACATS Master File (AutoRoute ID #02980068). Once

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this change is in place, byte number 66 in these files will be a “filler” field. These changes will occur on the same schedule as the other enhancements for CBRS: testing began on September 13, 2010 and is now available for firms to receive the modified file, and production deployment is scheduled for December 10, 2010.

Additional Information

This Important Notice is available at NSCC’s web site, <http://www.nsc.com>, under “Important Notices”. If you have questions, please contact your Relationship Manager or the Enterprise Service Center at 888-382-2721 (option 6, then option 7, then option 2).