

# **IMPORTANT NOTICE**

**National Securities Clearing Corporation**



**A#:** 7256  
**P&S#** 6826  
**Date:** July 29, 2011  
**To:** **ALL PARTICIPANTS**  
**Attention:** **MANAGER MUTUAL FUNDS OPERATIONS,  
MANAGER DATA PROCESSING, MANAGER CASHIERS,  
MANAGER P&S DEPARTMENT**  
**From:** **WEALTH MANAGEMENT SERVICES – MUTUAL FUNDS**  
**Subject:** **MUTUAL FUNDS NETWORKING, ACATS AND ACATS-  
FUND/SERV ENHANCEMENTS TO ASSIST IN FACILITATING  
THE TRANSFER OF COST BASIS INFORMATION**

Effective December 5, 2011, National Securities Clearing Corporation (NSCC) will implement enhancements to Networking, ACATS and Fund/SERV to provide additional fields and data elements, further assisting firms and funds in their efforts to automate the delivery and processing of Cost Basis information.

The following records will be enhanced as set forth in this release, to provide greater transparency with regard to Cost Basis information when establishing, maintaining or transferring an account:

- Networking Activity Files
- Networking Transfer Detail / Fund Acknowledgement Records
- ACATS-Fund/SERV Transfer Record
- ACATS Transfer Initiation Record

## **Testing**

Participants can begin testing the aforementioned changes in the Participant Services Environment (PSE) test region beginning November 14, 2011.

**Participants are encouraged to test and must contact their Relationship Manager before testing begins to ensure proper setup for the PSE region. Relationship Managers should be contacted at least three days prior to testing.**

Non-Confidential

DTCC, on behalf of its subsidiaries, is now offering enhanced access to all important notices via a new, Web-based subscription service. The new notification system leverages RSS News feeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit [http://www.dtcc.com/subscription\\_form.php](http://www.dtcc.com/subscription_form.php).

## **DOCUMENTATION**

### **Record Layouts**

Impacted Fund/SERV and Networking Record Layouts will be available on or about August 23, 2011 on DTCC's Wealth Management Services Website at <http://www.dtcc.com>.

Below is a description of the enhancements with additional information.

The record and field format information provided within this Important Notice is for informational purposes only and does not constitute the final record layouts. NSCC reserves the right to make additional changes to the record layouts prior to implementation of these enhancements.

Questions and comments regarding this Important Notice should be directed to your Wealth Management Services Relationship Manager or the Mutual Funds Marketing line at (212) 855-8877.

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## **Enhancements to Networking Records**

### **1. Modify the existing “Transaction Type” field on the Activity Reporting Record F55**

- Add the following new options:
  - 33 = Transfer From – Cancellation
  - 34 = Transfer To - Cancellation

This enhancement will support transfer corrections and reversals in the event a full or partial transfer correction occurs.

### **2. Add “Total Number of Transfer From – Cancellation Transactions” and “Total Number of Transfer To – Cancellation Transactions” fields to the Activity Reporting Activity/Balance Input/Output Trailer Record F56, Sequence 1**

- Add a new Optional “Total Number of Transfer From – Cancellation Transactions” field
- Add a new Optional “Total Number of Transfer To – Cancellation Transactions” field

The addition of these fields will provide the total number of “Transfer From - Cancellation” and “Transfer To – Cancellation” for new Transaction Types 33 and 34.

### **3. Add “Gift Indicator” field to the Account Conversion Transfer Detail / Fund Acknowledgement Record A/B/T52, F53**

- Add a new Optional “Gift Indicator” field with the following values:
  - Blank
  - 1 = Yes
- If the value in the “Gift Indicator” field is blank, the transfer is NOT considered a gift.
- If the value supplied in this field is invalid, the record will be rejected with the following new reject code:
  - “N4 – Gift Indicator is invalid”

This enhancement will allow both firms and funds to properly communicate when a transfer is a gift.

## **Enhancements to ACATS - ACATS-Fund/SERV Records**

### **4. Add a new “Original Deliverer Customer Account Number” field to the ACATS - Fund/SERV Transfer Record 018**

- Add a new “Original Deliverer Customer Account Number” field
- NSCC will populate the “Original Deliverer Customer Account Number” field with the value from the “Original Deliverer Customer Account Number” field on the ACATS Transfer Initiation (TI) Record.

This field is currently available on the ACATS TI record, however Fund/SERV (018) does not pull this information from the TI record. The addition of this field on the 018 record will allow funds, in the case of a PTF scenario, to identify the customer account number at the delivering firm. This field will be beneficial in the Cost Basis transfer scenario if the deliverer fails to deliver cost basis to the receiving party and the receiver needs to send a request to the deliverer. The receiver will be able to specify the “Original Deliverer Customer Account Number” on their cost basis request.

**5. Modify the existing ACATS PTF process as follows:**

- Reject ACATS PTF gift pulls
- NSCC will reject ACATS PTF transfers where the Firm is a Receiver/Fund is a Deliverer and the “Gift/Donation Indicator” field on the ACATS TI Record is set to 1 = Yes.
- These transfers will be rejected with the existing system reject code:
  - “01 = Invalid Field”

This enhancement will support the decision to NOT permit ACATS PTF transfers to pull accounts which are gifts.