DTCC | *Important Notice*
National Securities Clearing Corporation

P&S #:	7370
A#:	7700
DATE:	MARCH 17, 2014 – <mark>REVISED 04/01/2014</mark>
TO:	ALL PARTICIPANTS
FROM:	PRODUCT MANAGEMENT
SUBJECT:	ENHANCEMENTS TO MUTUAL FUND-RELATED ACATS

National Securities Clearing Corporation ("NSCC") is making three enhancements to its Automated Customer Account Transfer Service (ACATS) and Fund/SERV, with respect to the transfer of mutual fund assets. These changes are scheduled to go live in the testing environment (the "Participant Services Environment" or "PSE") on **June 20, 2014**, and in the production environment on **July 28, 2014**.

Although the updates to ACATS and Fund/SERV processing have changed, no changes will be made to NSCC's Rules regarding these services. NSCC members may need to take actions with respect to the changes, described below.

1.   Prevent Request of Full Position when the Mutual Fund Company uses an Agent

Following the effectiveness of this change, when a <mark>~~mutual fund company~~ delivering firm</mark> uses a mutual fund agent to process a transfer, the delivering firm will no longer be permitted to enter a transaction that instructs a mutual fund company to transfer the entire position in an omnibus account. As a result, the Asset Input (AT) record and the WebDirect input screen will be modified to reflect this change.

The updated text of the ACATS processing procedures is:

> On the AT record, if the **MF Agent Processing Indicator (Deliverer)** field = **1 (Deliverer will use alternate Fund/SERV clearing number)**, then the **MF Full/Partial Indicator** field cannot equal **1 = Full Transfer**. If this case occurs, ACATS rejects the record.

2.   Secondary Social Security Number for PTFs

The value in the **Secondary Social Security Number** field, which is submitted to ACATS on the Transfer Initiation (TI) record, is included in the the ACATS-Fund/SERV interface, and this information will now be sent by ACATS to mutual fund companies on the Fund/SERV 018 record for Position Transfer Fund (PTF) transactions. Currently, while this data is submitted to ACATS, it is not passed to Fund/SERV.

Because this is an existing field on the TI record, ACATS broker-dealers and banks who have already programmed to submit data in this field will not need to make programming changes associated with this enhancement.

3. Actual fund settlement date on Fund/SERV statistics file

The ACATS Output Fund/SERV Statistics file will be updated to include the actual date when the asset transfer settled on the mutual fund company's records. The actual fund settlement date may be different from the settlement date of the ACATS transfer.

A new **Fund Settlement Date** field will be added to the Fund/SERV 019 record, which is sent from the mutal fund company to Fund/SERV. This new field should be completed with the actual date the shares moved at the fund, and will be a Required Conditional (RC) field, unless the transfer is rejected by the mutual fund company. The format of the field will be MMDDCCYY.

Fund/SERV will send this date to ACATS, and ACATS will add it to the ACATS Output Fund/SERV Statistics print image report and file (both fixed and variable formats). The Autoroute numbers for these files and report are:

	Test Autoroute #	Production Autoroute #
ACATS Output Fund/SERV Statistics – variable format	02980720	02090720
ACATS Output Fund/SERV Statistics – fixed format	02980726	02090726
Fund/SERV Statistics print image report	02980715	02090715

There is no record layout for the print image report. The record layout for the ACATS Output Fund/SERV Statistic files, both fixed and variable formats, can be found on the ACATS page of the Learning Center website: https://dtcclearning.com/learning/clearance

This website is password protected. If you would like to gain access to this site, 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.

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 DTCC web site, at http://www.dtcc.com. If you have any questions regarding these enhancements, please contact your DTCC Relationship Manager or the Enterprise Service Center at (888) 382-2721, Option 6, then 7, then 2.