



P&S #:	7421
A#:	7851
DATE:	JUNE 3, 2014
TO:	ALL ACATS PARTICIPANTS
FROM:	PRODUCT MANAGEMENT
SUBJECT:	REMINDER REGARDING THE ELIMINATION OF THE ACATS DEFAULT PRICING TABLE

In a number of Important Notices posted in 2012, including Important Notice A#7550, P&S#7120, dated December 14, 2012, the National Securities Clearing Corporation (NSCC) announced an enhancement to the default pricing methodology used by NSCC's Automated Customer Account Transfer Service ("ACATS"), which eliminated the use of the legacy default pricing table to calculate the value of certain securities transferred through the system.

This enhancement, proposed in rule filing number SR-NSCC-2012-06 ("Filing"), was approved by the Securities and Exchange Commission and was made effective on February 8, 2013. The current processing was also approved by the Securities Industry Financial Markets Association (SIFMA) Customer Account Transfer (CAT) Society and supports broker-dealers compliance with FINRA Rule 11870, regarding submission of assets in a customer account transfer.

This notice is a reminder to NSCC Members that new assets submitted into an ACATS transfer for which NSCC cannot find a price will be assigned the submitter's value. The change to NSCC's ACATS default pricing methodology that was implemented in 2013 is described in greater detail in the Filing, and summarized below:

Background

When a security is transferred through ACATS on a broker to broker transfer, NSCC values the security from a price obtained from its pricing sources. The value is applied as a debit to the deliverer of the security and a credit to the receiver on ACATS settlement date in NSCC money settlement, thus providing incentive to the deliverer to make actual delivery of the security in a timely manner. Prior to the enhancement, when NSCC was unable to find a price for a security from its pricing sources, the ACATS system would use the greater of either the "submitter's value" or the value determined by an ACATS default pricing table, based upon the asset-pricing category chosen by the submitter. When the calculated value was determined through the default pricing table, the calculation could occasionally overvalue the security. In some cases, this caused NSCC to apply a market value settlement charge which was larger than the actual value of the security input by the submitter.

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Current Processing

Today, the submitter uses the asset-pricing category to define the type of security being transferred through the system, but the default pricing table is no longer used to calculate the market value of the security. **Instead, when NSCC cannot find a price for a security from its pricing sources the system always uses “submitter’s value”.** Again, this current processing was approved by the SIFMA Customer Account Transfer (CAT) Society and supports broker-dealers compliance with FINRA Rule 11870, regarding submission of assets in a customer account transfer.

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>.

If you have any questions regarding these enhancements, please contact your DTCC Relationship Manager, the Client Account Representative Team at 212-855-4270, or the Enterprise Service Center at 888-382-2721, option 6, then option 7, then option 2.