

A#:	7871
Date:	July 18, 2014
To:	ALL PARTICIPANTS
From:	PRODUCT MANAGEMENT
Attention:	MANAGING PARTNER/OFFICER; P&S MANAGER, CASHIER; OPERATIONS MANAGER; MANAGER, DATA PROCESSING MANAGER, IT MANAGER
Subject:	Foreign transaction processing changes

Based on discussions with the industry, NSCC will begin accepting certain non-standard settlement transactions in foreign securities. This change is intended to coincide with shortened settlement efforts across numerous foreign markets. Currently only regular way (T+3) settlement type transactions in foreign securities are accepted and processed as non-CNS bi-lateral netting. On August 22, 2014 additional settlement types may be processed in this manner.

See below for functionality that will be enabled in production on August 22, 2014.

Settlement Type	Settlement Days in U.S.	UTC Settlement Type value (FIX tag 63)	Current	Future
Regular Way	3	0	Accept	Accept
Cash/Same Day	0	1	Reject	Reject
Next Day*	1	2	Reject	Accept*
Seller's Option*	2 or 4 through 180	6	Reject	Accept*

*As of submissions received on settlement date will be assigned the next available settlement date.

Since many of the foreign markets are shortening settlement to a T+2 basis, an example is provided. A T+2 submission can be achieved by entering a settlement type (UTC FIX tag 63) of "6" (seller's option) AND settlement days (UTC FIX tag 829) of "2" (two settlement days).

About NSCC's Foreign Securities Comparison and Netting service

The Foreign Securities Comparison and Netting (FSCN) service automates the comparison and receipt of locked-in trades and bi-lateral netting of non-U.S. equity transactions that are submitted to NSCC.

In addition to UTC output, NSCC generates an FSCN data output report the morning after the trade is received. Transactions submitted one day prior to settlement date will be processed trade for trade, while transactions submitted two or more days prior to settlement date will be bi-laterally netted. The Consolidated Trade Summary provides Members with a security total by market and issue receive and deliver security orders across markets for foreign security trades.

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Testing

Testing of this new functionality will be available in the NSCC participant test environment beginning August 1, 2014. Any firm that has connectivity to this environment will be able to submit transactions and view the resulting output.

Questions

For questions related to this notice please contact your Relationship Manager or the undersigned.

Tim Garrett
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