



Important Notice

National Securities Clearing Corporation

A #: 7946
P&S#: 7521
DATE: 01/02/2015
TO: ALL PARTICIPANTS
ATTENTION: MANAGING PARTNER/OFFICER, OPERATIONS PARTNER/OFFICER,
COMPLIANCE OFFICER
FROM: ENTERPRISE RISK MANAGEMENT
SUBJECT: ANNOUNCEMENT OF NSCC's UPCOMING PARALLEL PERIOD

Announcement of NSCC's Upcoming Parallel Period

Commencing on January 5, 2015 and ending March 27, 2015, NSCC will run a three month parallel test to allow Members to prepare for the following upcoming changes to the NSCC Clearing Fund Requirement.

Elimination of ID Offset - Phase 4

In the fourth implementation phase, NSCC will eliminate ID Offset entirely for all ID transactions at the time the Clearing Fund calculations are run. Please refer to NSCC Important Notice A#7186, P&S#7616, dated April 8, 2013, and NSCC's rule filing file No.SR-NSCC-2012-10 for additional information.

Municipal Bond Haircut Adjustment

NSCC plans to increase the haircut amounts for low-rated municipal bonds. Municipal bonds subject to increased haircuts will receive additional margining based on sector risk factors, in addition to the current tenor based methodology.

During this parallel period, Members can review the impact on their current Clearing Fund Requirement on a daily basis. For Members who have obtained access to NSCC Risk Management Reporting Function (NCR) in PBS-U, as previously advised in NSCC Important Notice A#7333, P&S# 6903, dated December 6, 2011, additional CUSIP level information will be available.

A separate Important Notice will announce the date this change will be implemented into production.

Please contact your Relationship Manager for more information or with questions about the information provided in this Important Notice.

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