



<b>P&amp;S#:</b>	<b>8087</b>
<b>A#:</b>	<b>8512</b>
<b>DATE:</b>	<b>FEBRUARY 5, 2018</b>
<b>TO:</b>	<b>ALL MEMBERS</b>
<b>FROM:</b>	<b>PRODUCT MANAGEMENT, EQUITIES CLEARANCE</b>
<b>ATTENTION:</b>	<b>MANAGING PARTNER/OFFICER, OPERATIONS PARTNER/OFFICER MANAGER P&amp;S DEPARTMENT, MANAGER DATA PROCESSING DEPARTMENT</b>
<b>SUBJECT:</b>	<b>CONSOLIDATED TRADE SUMMARY (CTS) CYCLE 3 AND CONTINUOUS NET SETTLEMENT (CNS) ONE DAY SETTLING (ODS) EXEMPTION</b>

Members are reminded any trade reported on the Consolidated Trade Summary (CTS) Cycle 3 that is for settlement the next business day in a Continuous Net Settlement (CNS) eligible security is considered a one day settling trade. On settlement date (SD) - 1, any one day settling trade(s) received by CNS in each security is updated into a Member's net position in that security for next business day settlement. If the trade(s) creates a new short position or increased short position, the Member's CNS One Day settling (ODS) standing exemption instruction will be applied to that short position on settlement date.

A one day settling trade reported in CTS Cycle 3 typically includes the following:

- Regular way settling stock option and futures trade(s) received from the Options Clearing Corporation (including those from option expiration weekend)
- "As of" trade(s) received on Trade Date +1 including a regular way prime broker trade(s)
- Next Day settling trade(s)

A Member's CNS ODS standing exemption is an instruction they provided to the National Securities Clearing Corporation (NSCC) in their profile set-up on the master file. The ODS standing exemption can either be a Level 0 (No exemption) or Level 1 (Full Lock-up). Specifically, a Member who has a Level 1 ODS standing exemption on a short position and wants to complete that short position to CNS, must submit a free deliver order (DO) instruction directly at DTC to have that position delivered to the CNS 888 account. The delivery will complete only to the extent that the Member has such securities available in their DTC account.

A Member can change their ODS standing exemption instruction on the master file at any time by submitting a request change with the NSCC account administration. They should work with their relationship manager if they decide to make a change.

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For more information about CNS Exemptions, please see the CNS Exemptions document on the DTCC Learning website at <https://www.dtcclearning.com/>. Once logged into the site, the path is as follows:

➤ Products & Services/ Equities Clearing/CNS Documentation/ CNS User guide/CNS Exemptions.

**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.