



**Important Notice**  
**National Securities Clearing Corporation**

<b>A #:</b>	9619
<b>P&amp;S:</b>	9192
<b>Date:</b>	July 28, 2025
<b>To:</b>	All NSCC Participants
<b>Category:</b>	NSCC Service Update
<b>From:</b>	NSCC Product Management
<b>Attention:</b>	All Level 2 Exemptions Users
<b>Subject:</b>	Level 2 Exemptions Process Decommission

The National Securities Clearing Corporation's (NSCC) Continuous Net Settlement (CNS) system nets Member buys and sells to a single delivery obligation (short cover) or anticipated receive (long allocation). Within CNS, Members may withhold certain short covers from being delivered by submitting an exemption instruction. NSCC offers two types of exemptions. Level 1 exemptions prohibit the exempted security from being delivered until the exemption is lifted by the Member. Level 2 exemptions allow the Member to link the exempted security to a settlement event that, when completed, systemically lifts the exemption. Due to limited Member usage and the complexity of the processing logic involved, NSCC has determined that the functionality is no longer viable and plans to retire CNS Level 2 exemption capabilities effective August 28th, 2025, subject to any necessary regulatory filings or approvals.

The decision to decommission the CNS Level 2 exemption functionality has been reviewed with active clients. NSCC will continue to support CNS Level 2 exemptions until its official retirement date. The decommissioned code will be available in our test region (PSE) on July 30, 2025.

**If clients do not take an action on their Level 2 exemption standing instructions, DTCC will convert them to Level 1 after the implementation date. Furthermore, any daily overrides involving Level 2 instructions will be blocked after the implementation date.**

Questions regarding this notification as well as how to change your standing instructions should be directed to your Relationship Manager.

DTCC offers enhanced access to all important notices via a Web-based subscription service. The notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit [http://www.dtcc.com/subscription\\_form.php](http://www.dtcc.com/subscription_form.php).