

Proposed Rule Change by The Depository Trust Company
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>		Date Expires <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input checked="" type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(6)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

The proposed rule change relates to The Depository Trust Company (DTC) Participant Exchange (PEX) system and the discontinuance (on or about February 10, 2006) of functionality related to National Securities Clearing Corporation (NSCC) Continuous Net Settlement (CNS) buy-ins.

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Last Name
 Title
 E-mail
 Telephone Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date
 By Vice President & Senior Counsel
 (Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change.
 - (a) The proposed rule change relates to The Depository Trust Company (“DTC”) Participant Exchange (“PEX”) system and the discontinuance (on or about February 10, 2006) of functionality related to National Securities Clearing Corporation (“NSCC”) Continuous Net Settlement (“CNS”) buy-ins.
 - (b) Not applicable.
 - (c) Not applicable.
2. Procedures of the Self-Regulatory Organization.
 - (a) The Board of Directors of DTC has not approved, and is not required to approve, this rule filing.
3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.
 - (a) The proposed rule change relates to The Depository Trust Company (“DTC”) Participant Exchange (“PEX”) system and the discontinuance (on or about February 10, 2006) of functionality related to National Securities Clearing Corporation (“NSCC”) Continuous Net Settlement (“CNS”) buy-ins.

Between the years of 2003 and 2005, DTC made several rule filings relating to a service known as Universal Hub, which later became known as SMART/Track¹. In rule filing SR-DTC-2005-19², DTC announced the fourth phase of SMART/Track, “SMART/Track for Buy-Ins” which will provide automated communication, warehousing and tracking of various types of buy-in related notices pertaining to buy-ins governed by the rules of either NSCC, or other self-regulatory organizations (“SRO’s”) such as but not limited to the New York Stock Exchange. SMART/Track for Buy-Ins will ultimately replace the buy-in functionality of DTC’s PEX platform.

To use the SMART/Track for Buy-Ins service, DTC Participants and NSCC CNS participants must first register. DTC staff has been working directly with participants to assist them in this regard. Accordingly, DTC intends to disable the PEX functionality for CNS buy-ins on or about Feb 10, 2006. Both DTC

¹ See SR-DTC-2003-10 (Universal Hub, Stock Loan notification service), Securities Exchange Act Release No. 50029 (July 15, 2004), 69 FR 43870 (July 22, 2004); SR-DTC-2004-11 (Corporate Action Liability Notification Service), Securities Exchange Act Release No. 50887 (Dec. 20, 2004), 69 FR 77802 (Dec. 28, 2004); SR-DTC-2005-06 (SMART/Track for Agency Lending Disclosure), Securities Exchange Act Release No. 52104 (July 21, 2005), 70 FR 43730 (July 28, 2004); and SR-DTC-2005-19 (SMART/Track for Buy-Ins), Securities Exchange Act Release No. 53032 (December 28, 2005), 71 FR 1457 (January 9, 2006).

² See Securities Exchange Act Release No. 53032 (December 28, 2005), 71 FR 1457 (January 9, 2006), and DTC Important Notice B#8796 (Nov. 23, 2005) available online at <http://www.dtc.org/>

and NSCC will notify their respective participants of the exact date of this action via Important Notice.

PEX buy-in functionality related to buy-ins other than NSCC CNS buy-ins (i.e. NYSE, AMEX, NASD and NSCC Balance Order buy-ins) and Municipal Securities Rulemaking Board (“MSRB”) closeouts will remain active, until the final phase of SMART/Track for Buy-Ins is implemented which is currently anticipated to be in June of 2006.

With the implementation of the final phase of SMART/Track for Buy-Ins, all buy-in functionality in PEX will be disabled³. Both DTC and NSCC will notify their respective participants of the exact date of such termination via a subsequent rule filing and Important Notice.

- (b) As SMART/Track for Buy-Ins replaces and enhances certain functionality of PEX, an existing DTC service, the proposed rule change effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC, and (ii) does not significantly affect the respective rights or obligations of DTC or those participants using the service, because SMART/Track for Buy-Ins provides an alternative communication mechanism for such activities. The proposed rule change is therefore consistent with the requirements of the Securities Exchange Act of 1934, as amended (the “Act”) and the rules and regulations thereunder applicable to DTC. The proposed rule change will be implemented consistently with the safeguarding of securities and funds in the custody or control of DTC because DTC will be acting as a notification service.

4. Self-Regulatory Organization's Statement on Burden on Competition.

DTC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others.

Written comments on the proposed rule change have not been solicited or received.

6. Extension of Time Period for Commission Action.

Not Applicable.

³ PEX will remain a DTC service for other (non-buy-in related) functions.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D).

- (a) This filing is made pursuant to paragraph (A) of Section 19(b)(3) of the Act and subparagraph (f) of Securities Exchange Act Rule 19b-4.
- (b) The proposed rule change effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and (ii) does not significantly affect the respective rights or obligations of DTC or persons using the service, since the proposed rule change consists only of the termination of certain buy-in functionality on one DTC service and its activation on another.
- (c) Not applicable.
- (d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission.

The proposed rule change is not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

- Exhibit 1 - Notice of proposed rule change for publication in the Federal Register.
- Exhibit 2 - Important Notices (DTC and NSCC) distributed to their respective participants.
- Exhibit 3 - N/A
- Exhibit 4 - N/A
- Exhibit 5 - N/A

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-DTC-2006-01)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by The Depository Trust Company (“DTC”) relating to DTC’s Participant Exchange (“PEX”) system and the discontinuance (on or about February 10, 2006) of functionality related to National Securities Clearing Corporation (“NSCC”) Continuous Net Settlement (“CNS”) buy-ins.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”), 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, DTC filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

See Section A below.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

- (1) The proposed rule change relates to The Depository Trust Company (“DTC”) Participant Exchange (“PEX”) system and the discontinuance (on or about February 10, 2006) of functionality related to National Securities Clearing Corporation (“NSCC”) Continuous Net Settlement (“CNS”) buy-ins.

Between the years of 2003 and 2005, DTC made several rule filings relating to a service known as Universal Hub, which later became known as SMART/Track¹. In rule filing SR-DTC-2005-19², DTC announced the fourth phase of SMART/Track, “SMART/Track for Buy-Ins” which will provide automated communication, warehousing and tracking of various types of buy-in related notices pertaining to buy-ins governed by the rules of either NSCC, or other self-regulatory organizations (“SRO’s”) such as but not limited to the New York Stock Exchange. SMART/Track for Buy-Ins will ultimately replace the buy-in functionality of DTC’s PEX platform.

To use the SMART/Track for Buy-Ins service, DTC Participants and NSCC CNS participants must first register. DTC staff has been working directly with participants to assist them in this regard. Accordingly, DTC intends to disable the PEX functionality for CNS buy-ins on or about Feb 10, 2006. Both DTC and NSCC will notify their respective participants of the exact date of this action via Important Notice.

PEX buy-in functionality related to buy-ins other than NSCC CNS buy-ins (i.e. NYSE, AMEX, NASD and NSCC Balance Order buy-ins) and Municipal Securities Rulemaking Board (“MSRB”) closeouts will remain active, until the final phase of SMART/Track for Buy-Ins is implemented which is currently anticipated to be in June of 2006.

With the implementation of the final phase of SMART/Track for Buy-Ins, all buy-in functionality in PEX will be disabled³. Both DTC and NSCC will notify their respective participants of the exact date of such termination via a subsequent rule filing and Important Notice.

- (2) As SMART/Track for Buy-Ins replaces and enhances certain functionality of PEX, an existing DTC service, the proposed rule change effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC, and (ii) does not significantly affect the respective rights or obligations of DTC or those participants using the service, because SMART/Track for Buy-Ins provides an alternative communication mechanism for such activities. The proposed

¹ *See* SR-DTC-2003-10 (Universal Hub, Stock Loan notification service), Securities Exchange Act Release No. 50029 (July 15, 2004), 69 FR 43870 (July 22, 2004); SR-DTC-2004-11 (Corporate Action Liability Notification Service), Securities Exchange Act Release No. 50887 (Dec. 20, 2004), 69 FR 77802 (Dec. 28, 2004); SR-DTC-2005-06 (SMART/Track for Agency Lending Disclosure), Securities Exchange Act Release No. 52104 (July 21, 2005), 70 FR 43730 (July 28, 2004); and SR-DTC-2005-19 (SMART/Track for Buy-Ins), Securities Exchange Act Release No. 53032 (December 28, 2005), 71 FR 1457 (January 9, 2006).

² *See* Securities Exchange Act Release No. 53032 (December 28, 2005), 71 FR 1457 (January 9, 2006), and DTC Important Notice B#8796 (Nov. 23, 2005) available online at <http://www.dtc.org/>

³ PEX will remain a DTC service for other (non-buy-in related) functions.

rule change is therefore consistent with the requirements of the Securities Exchange Act of 1934, as amended (the “Act”) and the rules and regulations thereunder applicable to DTC. The proposed rule change will be implemented consistently with the safeguarding of securities and funds in the custody or control of DTC because DTC will be acting as a notification service.

B. Self-Regulatory Organization's Statement on Burden on Competition.

DTC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others.

Written comments relating to the proposed rule change have not yet been solicited or received. DTC will notify the Commission of any written comments received by DTC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

- Electronic comments may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or send an e-mail to rule-comment@sec.gov. Please include File No. [XX] on the subject line.
- Paper comments should be sent in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 100 F Street NE Washington DC 20549.

All submissions should refer to File Number [XX]. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all

comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street NE Washington DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of DTC. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submission should refer to the file number above and should be submitted within _____ days after the date of publication.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz

The Depository Trust Company

IMPORTANT

B#: 9049-06

DATE: January 19, 2006

TO: DTC Participants

CATEGORY: Operations

FROM: Product Marketing and Development

ATTENTION: Operations Manager, Cashiering, Securities Lending

SUBJECT: SMART/Track for Buy-ins – Sunsetting of CNS Buy-in Functionality on PEX

As detailed in DTC Important Notices B#8700 (dated October 26, 2005) and B#8757 (dated November 11, 2005)¹, the CNS buy-in execution functionality available on DTC's Participant Exchange Service (PEX) was made available through DTC's SMART/Track for Buy-ins on November 14, 2005. Commencing February 10, 2006, additional CNS Buy-in functionality will be made available through DTC's SMART/Track for Buy-ins. **It is mandatory that NSCC Members using CNS register for the SMART/Track for Buy-ins service, and that they do so prior to February 10, 2006.** Instructions for registering for SMART/Track for Buy-ins are included at the end of this Important Notice.

SMART/Track for Buy-ins is a web-based system that automates communication, warehousing and tracking of CNS and non-CNS buy-in notices that will replace the buy-in functions currently available on PEX.

CNS Buy-in Executions

As described in prior DTC and NSCC Important Notices, the CNS buy-in execution functionality available on the Participant Exchange Service (PEX) was made available through DTC's SMART/Track for Buy-ins on November 14, 2005.

Participants are required to enter their CNS buy-in executions through SMART/Track for Buy-ins rather than PEX. **NSCC will disable the CNS buy-in execution function on PEX on or about February 10,**

¹ See also National Securities Clearing Corporation ("NSCC") Important Notices A#6134 and A#6147 dated October 28, 2005, and November 11, 2005, respectively.

2006. After this date, participants will no longer be able to input CNS buy-in executions via PEX so it is imperative that participants register for SMART/Track for Buy-Ins prior to that date.

CNS Buy-in Intents and Orders

On February 10, 2006, the CNS buy-in intents and orders functionality currently available on the Participant Exchange Service (PEX) will be made available through DTC's SMART/Track for Buy-ins. Through SMART/Track for buy-ins, participants will be able to create, transmit and track CNS Notices of Intent to Buy-In and Buy-in Orders for processing.

CNS Notices of Intent to Buy-in must be submitted to SMART/Track for Buy-ins by 6 p.m. eastern time. Notices of Intent will remain in a "pending" status until they are sent to CNS at 6 p.m. Up until this time, participants may change or cancel a notice. Once sent, the status of the Notice of Intent in SMART/Track changes to "sent." Final status of CNS Notices of Intent submitted through SMART/Track will be reported on the CNS Buy-in Activity Report as they are today.

CNS Buy-in Orders must be submitted to SMART/Track for Buy-ins by 10 a.m. eastern time. Buy-in Orders will remain in a "pending" status until they are sent to CNS at 10 a.m. Up until this time, participants may change or cancel an order. Once sent, the status of the Buy-in Order in SMART/Track changes to "sent."

The Pending CNS Buy-in Intents and Pending CNS Buy-in Orders Lists allow participants to view all of the notices of intents and orders with a status of "pending." From these lists, participants may change or cancel a notice of intent or an order up until the times specified above. The CNS Buy-in Intents and CNS Buy-in Orders Lists allow long participants to view all of the notices of intents and orders that they have created in the past 60 days.

NSCC will disable the PEX functionality for CNS Notices of Intent to Buy-in and Buy-in Orders on or about February 10, 2006. After this date, SMART/Track for Buy-ins will be the only way a participant can send a CNS Notice of Intent to Buy-in or a Buy-in Order. Therefore, participants must register for SMART/Track for Buy-ins if they have not done so already.

CNS Buy-in Retransmittal Notices

In the first quarter of 2006, subject to SEC approval, NSCC plans to create a new buy-in retransmittal capability that may be used by NSCC Members receiving buy-in notices initiated outside of the CNS System (a "Buy-In Retransmittal Notice") buy-in. Once implemented, this will allow participants to submit Buy-In Retransmittal Notices to CNS through SMART/Track for Buy-ins. This process will be introduced on a pilot basis (open to all CNS Members) for New York Stock Exchange listed securities first, and then at the end of the pilot phase will be expanded to all other CNS securities. Participants will only be able to send a CNS re-transmittal buy-in notice through SMART/Track for Buy-ins. Also, short participants will be

notified through SMART/Track for Buy-ins of their CNS buy-in liability related to CNS re-transmittal buy-in notices submitted against them that are due for execution on the following business day. It is **mandatory** that all CNS participants sign up for the SMART/Track for Buy-ins service before NSCC implements this new service.

CNS Buy-In Retransmittal Notices sent through SMART/Track for Buy-ins may name up to five participants in the buy-in chain. **At least one entity in the buy-in chain (other than the long participant that submits the notice through SMART/Track for Buy-ins) must be identified, or NSCC will reject the notice.** CNS Buy-In Retransmittal Notices will be accepted from 7 a.m. until 12 noon on the day before the buy-in is due for execution.

CNS will notify the long participant that sent the CNS re-transmittal notice if all or some of the shares are accepted **NOTE: After sending a CNS Buy-In Retransmittal Notice to CNS via SMART/Track, participants are urged to confirm that CNS has accepted the buy-in by logging onto SMART/Track for Buy-ins to check the status, and verifying the number of shares (the buy-in quantity) accepted for processing by CNS. (Participants are reminded that they cannot buy-in more than their current CNS long position; therefore the buy-in quantity accepted by CNS may differ from the quantity originally submitted to CNS. CNS will only process a buy-in in an amount up to their current CNS long position.)**

Short participants will be notified real time through SMART/Track for Buy-ins of their CNS buy-in liability with regard to CNS re-transmittal notices that were submitted against them and which are due for execution the following day. **NOTE: SMART/Track for Buy-ins is the only way that short participants will be notified of their CNS buy-in liability.**

Refer to NSCC Rule Filing SR-NSCC-2005-15 and NSCC Important Notice A#6160 (dated December 1, 2005) for additional information describing this proposed new functionality. NSCC's Rule Filings and Important Notices can be viewed at www.nsc.com.

Registering for SMART/Track for Buy-ins

To register for SMART/Track for Buy-ins, each participant firm must complete an Access Coordinator form (see attached copy). Participants can obtain a copy of the Access Coordinator form from their account executive within DTCC's Relationship Services or by calling Relationship Services at 1-800-422-0582. The steps for registering for SMART Track are as follows:

Step One: Access Coordinator Form

1. Request an Access Coordinator form (see attached as a sample) from your DTCC Account Executive.
2. Fill in the names, telephone numbers, e-mails and street addresses of the people at your firm to be designated as Access Coordinator (at least two).
3. Obtain the signature of an authorizing officer. The authorized signature cannot be provided by any of the designated Access Coordinators.
4. Affix the medallion guarantee stamp.
5. Send the completed and signed form to your Account Executive at DTCC.

Step Two: Registration Link

1. DTCC will e-mail Access Coordinators with a copy of the Access Coordinator Guide and a link to the SMART/Track for Buy-ins registration site.
2. Click on the SMART/Track for Buy-ins link
3. Complete the online registration form.

Step Three: E-Mail Confirmation

1. DTCC will e-mail Access Coordinators to confirm their e-mail addresses.
2. Click on the link provided to confirm the e-mail address and complete the registration process.

Step Four: Account Approval

1. DTCC will send two e-mails once the account is approved.
2. The first e-mail contains your DTCC Web Products ID
3. The second e-mail contains a user ID (password).

NOTE: It is important that a participant firm register Access Coordinators before it allows other users within the firm to register. If an individual user within a participant firm registers before the participant firm has registered their Access Coordinators, the user's registration will remain in pending status and the user will not be able to access SMART/Track for Buy-ins.

If you have any questions regarding this notice or SMART/Track for Buy-ins, contact your DTCC Account Executive or Relationship Services at the number above or e-mail mkoontz@dtcc.com or vmcdevitt@dtcc.com.

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6189

P&S 5759

DATE: January 19, 2006

TO: ALL PARTICIPANTS

ATTENTION: MANAGING PARTNER/OFFICER,
OPERATIONS PARTNER/OFFICER,
DIRECTOR OF OPERATIONS,
MANAGER P&S DEPARTMENT

FROM: Margaret Koontz and Vincent McDevitt

SUBJECT: SMART/Track for CNS Buy-Ins and Sunsetting of CNS Buy-in
Functionality on PEX

As detailed in NSCC Important Notices A#6134 (dated October 28, 2005) and A#6147 (dated November 11, 2005)¹, the CNS buy-in execution functionality available on DTC's Participant Exchange Service (PEX) was made available through DTC's SMART/Track for Buy-ins on November 14, 2005. Commencing February 10, 2006, additional CNS Buy-in functionality will be made available through DTC's SMART/Track for Buy-ins. **It is mandatory that NSCC Members using CNS register for the SMART/Track for Buy-ins service, and that they do so prior to February 10, 2006.** Instructions for registering for SMART/Track for Buy-ins are included at the end of this Important Notice.

SMART/Track for Buy-ins is a web-based system that automates communication, warehousing and tracking of CNS and non-CNS buy-in notices that will replace the buy-in functions currently available on PEX.

CNS Buy-in Executions

As described in prior DTC and NSCC Important Notices, the CNS buy-in execution functionality available on the Participant Exchange Service (PEX) was made available through DTC's SMART/Track for Buy-ins on November 14, 2005.

¹ See also The Depository Trust Company ("DTC") Important Notices B#8700 and B#8757 dated October 26, 2005, and November 11, 2005, respectively.

Participants are required to enter their CNS buy-in executions through SMART/Track for Buy-ins rather than PEX. **NSCC will disable the CNS buy-in execution function on PEX on or about February 10, 2006.** After this date, participants will no longer be able to input CNS buy-in executions via PEX so it is imperative that participants register for SMART/Track for Buy-Ins prior to that date.

CNS Buy-in Intents and Orders

On February 10, 2006, the CNS buy-in intents and orders functionality currently available on the Participant Exchange Service (PEX) will be made available through DTC's SMART/Track for Buy-ins. Through SMART/Track for buy-ins, participants will be able to create, transmit and track CNS Notices of Intent to Buy-In and Buy-in Orders for processing.

CNS Notices of Intent to Buy-in must be submitted to SMART/Track for Buy-ins by 6 p.m. eastern time. Notices of Intent will remain in a "pending" status until they are sent to CNS at 6 p.m. Up until this time, participants may change or cancel a notice. Once sent, the status of the Notice of Intent in SMART/Track changes to "sent." Final status of CNS Notices of Intent submitted through SMART/Track will be reported on the CNS Buy-in Activity Report as they are today.

CNS Buy-in Orders must be submitted to SMART/Track for Buy-ins by 10 a.m. eastern time. Buy-in Orders will remain in a "pending" status until they are sent to CNS at 10 a.m. Up until this time, participants may change or cancel an order. Once sent, the status of the Buy-in Order in SMART/Track changes to "sent."

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NSCC will disable the PEX functionality for CNS Notices of Intent to Buy-in and Buy-in Orders on or about February 10, 2006. After this date, SMART/Track for Buy-ins will be the only way a participant can send a CNS Notice of Intent to Buy-in or a Buy-in Order. Therefore, participants must register for SMART/Track for Buy-ins if they have not done so already.

CNS Buy-in Retransmittal Notices

In the first quarter of 2006, subject to SEC approval, NSCC plans to create a new buy-in retransmittal capability that may be used by NSCC Members receiving buy-in notices initiated outside of the CNS System (a "Buy-In Retransmittal Notice") buy-in. Once implemented, this will allow participants to submit Buy-In Retransmittal Notices to CNS through SMART/Track for Buy-ins. This process will be introduced on a pilot basis (open to all CNS Members) for New York Stock Exchange listed securities first, and then at the end of the pilot phase will be expanded to all other CNS securities. Participants will only be able to send

a CNS re-transmittal buy-in notice through SMART/Track for Buy-ins. Also, short participants will be notified through SMART/Track for Buy-ins of their CNS buy-in liability related to CNS re-transmittal buy-in notices submitted against them that are due for execution on the following business day. It is **mandatory** that all CNS participants sign up for the SMART/Track for Buy-ins service before NSCC implements this new service.

CNS Buy-In Retransmittal Notices sent through SMART/Track for Buy-ins may name up to five participants in the buy-in chain. **At least one entity in the buy-in chain (other than the long participant that submits the notice through SMART/Track for Buy-ins) must be identified, or NSCC will reject the notice.** CNS Buy-In Retransmittal Notices will be accepted from 7 a.m. until 12 noon on the day before the buy-in is due for execution.

CNS will notify the long participant that sent the CNS re-transmittal notice if all or some of the shares are accepted **NOTE: After sending a CNS Buy-In Retransmittal Notice to CNS via SMART/Track, participants are urged to confirm that CNS has accepted the buy-in by logging onto SMART/Track for Buy-ins to check the status, and verifying the number of shares (the buy-in quantity) accepted for processing by CNS. (Participants are reminded that they cannot buy-in more than their current CNS long position; therefore the buy-in quantity accepted by CNS may differ from the quantity originally submitted to CNS. CNS will only process a buy-in in an amount up to their current CNS long position.)**

Short participants will be notified real time through SMART/Track for Buy-ins of their CNS buy-in liability with regard to CNS re-transmittal notices that were submitted against them and which are due for execution the following day. **NOTE: SMART/Track for Buy-ins is the only way that short participants will be notified of their CNS buy-in liability.**

Refer to NSCC Rule Filing SR-NSCC-2005-15 and NSCC Important Notice A#6160 (dated December 1, 2005) for additional information describing this proposed new functionality. NSCC's Rule Filings and Important Notices can be viewed at www.nsc.com.

Registering for SMART/Track for Buy-ins

To register for SMART/Track for Buy-ins, each participant firm must complete an Access Coordinator form (see attached copy). Participants can obtain a copy of the Access Coordinator form from their account executive within DTCC's Relationship Services or by calling Relationship Services at 1-800-422-0582. The steps for registering for SMART Track are as follows:

Step One: Access Coordinator Form

6. Request an Access Coordinator form (see attached as a sample) from your DTCC Account Executive.
7. Fill in the names, telephone numbers, e-mails and street addresses of the people at your firm to be designated as Access Coordinator (at least two).
8. Obtain the signature of an authorizing officer. The authorized signature cannot be provided by any of the designated Access Coordinators.
9. Affix the medallion guarantee stamp.

10. Send the completed and signed form to your Account Executive at DTCC.

Step Two: Registration Link

4. DTCC will e-mail Access Coordinators with a copy of the Access Coordinator Guide and a link to the SMART/Track for Buy-ins registration site.
5. Click on the SMART/Track for Buy-ins link
6. Complete the online registration form.

Step Three: E-Mail Confirmation

3. DTCC will e-mail Access Coordinators to confirm their e-mail addresses.
4. Click on the link provided to confirm the e-mail address and complete the registration process.

Step Four: Account Approval

4. DTCC will send two e-mails once the account is approved.
5. The first e-mail contains your DTCC Web Products ID
6. The second e-mail contains a user ID (password).

NOTE: It is important that a participant firm register Access Coordinators before it allows other users within the firm to register. If an individual user within a participant firm registers before the participant firm has registered their Access Coordinators, the user's registration will remain in pending status and the user will not be able to access SMART/Track for Buy-ins.

If you have any questions regarding this notice or SMART/Track for Buy-ins, contact your DTCC Account Executive or Relationship Services at the number above or e-mail mkoontz@dtcc.com or vmcdevitt@dtcc.com.