

# The Depository Trust Company

# IMPORTANT

**B#:** 1026-07

**DATE:** March 1, 2007

**TO:** DTC Participants

**CATEGORY:** Operations

**FROM:** Product Marketing and Development

**ATTENTION:** Operations Manager, Cashiering, Securities Lending

**SUBJECT:** CNS Corporate Action Liability Notifications on SMART/Track for Corporate Action Liability Notification Service – **Registration Date Extended to March**

In December 2006, DTC implemented a link between its SMART/Track for Corporate Action Liability Notification Service and National Securities Clearing Corporation's Continuous Net Settlement (CNS) system, as described in DTC Important Notice B# 0619-06, dated November 30, 2006, to enable participants to use SMART/Track to notify CNS of their intention to participate in a voluntary corporate event for a security that is being processed in CNS.<sup>1</sup>

SMART/Track for Corporate Action Liability Notifications will replace the CNSR function on PTS as the mechanism for long participants to notify CNS that they plan to participate in a voluntary corporate action event for a security being processed in CNS. **The CNSR function will continue to be available to participants until the end of March 2007.** However, participants are strongly encouraged to submit liability notices to CNS using SMART/Track for Corporate Action Liability Notifications and to discontinue their use of the CNSR function on PTS. **Participants are cautioned not to enter CNS liability notices using both CNSR and SMART/Track as this may cause a duplicate notification of a CNS liability notice.**

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<sup>1</sup> See SEC Release No. 34-55098; File No. SR-DTC-2006-19.

It is **mandatory** that all CNS participants sign up for SMART/Track for Corporate Action Liability Notifications before SMART/Track becomes the sole means for submitting voluntary corporate action liability notifications to CNS in March 2007. Firms that are already using SMART/Track for Corporate Action Liability Notifications to transmit broker-to-broker and broker-to-bank voluntary corporate action liability notices do not need to re-register for SMART/Track.

On or about March 30, DTC will disable the CNSR function on PTS. All CNS participants must be registered for SMART/Track at this time since the SMART/Track for Corporate Action Liability Notification Service will be the only way for long participants to notify CNS that they plan to participate in