

# The Depository Trust Company

## IMPORTANT

**B#:** 2657-07

**DATE:** December 3, 2007

**TO:** DTC Participants

**CATEGORY:** Operations

**FROM:** Product Marketing and Development

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

**SUBJECT:** SMART/Track for Corporate Action Liability Notifications – Proposed NASD Rule Change

On May 25, 2007, the National Association of Securities Dealers<sup>1</sup> (NASD) filed with the U.S. Securities and Exchange Commission (“SEC”) a proposed change to Rule 11810(i). As stated in NASD Rule Filing SR-NASD-2007-035, the NASD proposes to modify NASD Rule 11810(i) to require, among other things, that NASD members use the automated liability notification system of a registered clearing agency when issuing liability notifications in connection with certain securities transactions (see SEC Release No.34-56639; File No. SR-NASD-2007-035). The proposed rule change was published for comment in The Federal Register on October, 17, 2007 (Vol. 72, No. 200).

Currently, DTC is the only registered clearing agency operating an automated liability notification service. Accordingly, in anticipation of SEC approval of the proposed change to NASD Rule 11810(i), participants that are also members of the NASD are advised to register for DTC's SMART/Track for Corporate Action Liability Notification Service if they are not already registered for the Service.

Upon approval of the NASD’s proposed rule change, DTC expects to disable the CNSR function on DTC’s Participant Terminal and Participant Browser Systems (PTS and PBS) and on National Securities Clearing Corporation’s (NSCC’s) PC WebDirect. Once CNSR has been disabled, all intentions to participate in a voluntary corporate action event for a security that is being processed in NSCC’s Continuous Net Settlement (CNS) system will have to be submitted to CNS through SMART/Track for the Corporate Action Liability Service. DTC will notify participants of the exact date that CNSR will be disabled through future DTC Important Notices.

If you have any questions regarding this notice or SMART/Track for Corporate Action Liability Notifications, contact your DTCC Account Executive or Relationship Services or e-mail [mkoontz@dtcc.com](mailto:mkoontz@dtcc.com) or Ashik Ramkalawon at [aramkalawon@dtcc.com](mailto:aramkalawon@dtcc.com).

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<sup>1</sup> The Securities and Exchange Commission approved a proposed rule change filed by the NASD to amend its Certificate of Incorporate to change its name to Financial Industry Regulatory Authority, Inc. (FINRA).