

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, 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

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

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.

**Access Coordinator Authorization Form
for DTCC Systems & Applications**



This Form reflects _____'s ("Customer") acknowledgement of its responsibilities, and of the roles and responsibilities of Customer's Access Coordinators designated below, related to use of DTCC systems and applications.

References to DTCC in this Form refer, as the circumstances dictate, either to: (a) The Depository Trust & Clearing Corporation; and/or (b) the applicable DTCC subsidiary or other DTCC affiliate (including, without limitation, DTC, NSCC, FICC, EMCC, GAS, and Omgeo).

Customer and its Access Coordinators are responsible for:

- **Authorizing access** by workers of our organization to DTCC systems;
- Administering (including without limitation establishing, protecting maintaining, and revoking) the **credentials** (e.g., user IDs, passwords, digital certificates, and SecurIDs) issued to workers of our organization that may be required by DTCC for authentication purposes;
- Administering (including without limitation establishing, protecting maintaining, and revoking) the associated **entitlements** (i.e., function eligibility) in connection with the workers' communications with DTCC relating to use of DTCC products and services;
- **Monitoring** and reviewing credentials, entitlements, security breaches, access violations, and inactive accounts to ensure accuracy, and taking any appropriate follow-up action (e.g., notifying DTCC's Corporate Information Security Office and Relationship Management if potential security exposures are identified);
- **Overseeing** our organization's workers' **use of DTCC's systems**, and ensuring that each worker appropriately protects his/her access privileges (e.g., by safeguarding his/her credentials) and provides up-to-date accurate information to DTCC that can be used to verify his/her identity (e.g., in the event that a password must be reset);
- **Informing all workers of changes**, such as modifications to password syntax rules, that affect access or that may impact their ability to access DTCC systems;
- Immediately **modifying or disabling/revoking access privileges** where appropriate (e.g., for any worker who leaves our organization or changes responsibilities), and initiating the deletion and/or deactivation of associated credentials, and promptly notifying DTCC's Corporate Information Security Office and Relationship Management of the same; and
- Providing DTCC with up-to-date **information about themselves** (e.g., name, mail & email addresses, telephone number).

Customer will have at least two designated Access Coordinators at all times. A submitted Form purporting to be signed by an authorized officer of Customer will be conclusively presumed to have been signed by an authorized officer of Customer. If an Access Coordinator leaves Customer or changes responsibilities, our organization will notify DTCC immediately and will promptly designate a replacement Access Coordinator by either: 1. delivering to DTCC an Access Coordinator Authorization Form signed by an authorized officer of Customer; or 2. having the remaining Access Coordinator designate an additional Access Coordinator. Customer recognizes that access to DTCC systems and applications is further subject to the terms and conditions of the applicable DTCC rules and procedures, and DTCC agreements with Customer, and could be suspended or revoked at any time. **In no event shall DTCC be liable for: (1) any loss resulting directly or indirectly from mistakes, errors or omissions, other than those caused directly by DTCC's gross negligence or willful misconduct; and (2) any special, consequential, exemplary incidental or punitive damages.**

**Access Coordinator Authorization Form for
DTCC Systems & Applications**



This fully completed and signed form must be delivered to DTCC endorsed with an original Medallion Guarantee stamp. By signing this document and endorsing it with a Medallion Guarantee Stamp, Customer represents and warrants to DTCC that the signatory to this document is vested with actual authority to sign this document on behalf of Customer.

Designated Access Coordinators: <i>(Must be a minimum of 2; If access is to be limited, [e.g., to a specific DTCC subsidiary or function], please indicate below.)</i>	Telephone Number:	E-Mail Address:	Street Address:

DTCC may rely on this document, which we are providing to DTCC so that DTCC will afford our organization the contemplated systems and applications access. **If an Access Coordinator or our organization fails to fulfill any of the above responsibilities, DTCC shall not have any liability or other responsibility for any related losses, costs, or causes of action that may arise.**

The signer of this Form is an authorized officer, and is not an Access Coordinator.

AGREED: Organization Name: _____

Organization's DTCC Account Number(s): _____

AFFIX

By (signature) _____ Date _____

Medallion Stamp

Print Signing Authorized Officer's Name: _____

HERE

Signer's Street Address: _____

Phone Number: _____ E-mail Address: _____