

IMPORTANT NOTICE

National Securities Clearing Corporation



A#6146

P&S#5716

DATE: NOVEMBER 10, 2005

TO: ALL PARTICIPANTS

ATTENTION: MANAGING PARTNER/OFFICER; OPERATIONS PARTNER/OFFICER; MANAGER P&S DEPARTMENT; MANAGER DATA PROCESSING DEPARTMENT

FROM: **PRODUCT MARKETING & DEVELOPMENT**

SUBJECT: PARTICIPANT AND INDEX RECEIPT AGENT TESTING DETAILS FOR ENHANCED EXCHANGE TRADED FUND PROCESSING

I. Introduction

NSCC plans to enhance its production Exchange Trade Funds (ETF)¹ processes beginning on Friday, November 18, 2005. The ETF Participant enhancement details were described in NSCC Important Notice A#6104, P&S #5674, issued on September 2, 2005 and the Index Receipt Agents details were described in a brochure titled "2005 ETF Enhancement Information for Index Receipt Agents" issued on September 20, 2005.

Beginning on Monday, November 14 2005, NSCC will provide Participants who subscribe to the portfolio files, as well as Index Receipt Agents, the ability to test the enhanced ETF formats. The testing will be conducted in the "Participant Service Environment" (PSE). NSCC will provide testing support for both the current and new formats through March 31, 2006. NSCC Participants and Index Receipt Agents must convert to the new enhanced ETF file and report formats by March 31, 2006. NSCC plans to discontinue the old ETF Portfolio Composition files and reports at that time.

AUTHORIZED PARTICIPANTS

ETF Participant testing will include the enhanced domestic (both standard/custom) and foreign Portfolio Composition output files. NSCC strongly recommends that all participants currently receiving these files test the enhanced formats in the PSE prior to converting to the enhanced file formats in production. A listing of the production and testing AutoRoute Job ID numbers is contained in Attachment A.

¹ Within this notice, the terms ETF, Index Share and Index Receipt are interchangeable.

INDEX RECEIPT AGENTS

NSCC will also provide testing for Index Receipt Agents who submit and receive the enhanced domestic and foreign Portfolio Composition files as well as the new domestic and foreign Portfolio Composition Receipt print image output reports. Index Receipt Agents **must** test the enhanced input and output formats in the PSE prior to production implementation. The production and testing AutoRoute Job ID numbers is contained in Attachment A.

II. Exchange Traded Fund Testing and Setup

ETF Participants and Index Receipt Agents can test in NSCC's test region, the Participant Services Environment (PSE). NSCC has developed the PSE as a test environment to enable ETF Participants and Index Receipt Agents to test their applications. This environment mirrors the functionality of the Exchange Traded Fund (ETF) production system.

Testing will be provided for the enhanced Exchange Traded Fund file formats and the new print image reports. **Prior to testing in the PSE, ETF Participants and Index Receipt Agents must contact NSCC's Customer Advocate Support Team (CAST) at (212) 855-1144, option 5 and then option 2.** CAST will assist your organization in establishing connectivity to the PSE. Please note that all DataTrak SYSIDs and AutoRoute Product IDs used for ETF testing will have unique numbers.

When contacting NSCC's CAST to setup ETF testing in PSE, participants must indicate whether they will be using DATATRAK and AutoRoute directly or will be using PCWeb Direct to submit (upload) and receive (download) data files and print image reports.

Please refer to **Attachment A** for a list of the test and production input SYSID's and output AutoRoute Job ID's for Exchange Trade Fund testing. Please note that the current format SYSIDs and AutoRoute Job ID have been supplied for reference.

III. Features of Exchange Traded Fund Testing within the PSE

ETF Participants and Index Receipt Agents should be aware of the following unique and important PSE characteristics:

- PSE testing is available Monday through Friday.
- All functionality (current and enhanced) of the ETF System will be available in PSE.
- The environment will run with a production date minus one (e.g. Production processing date is November 1, 2005 the processing date in the PSE will be October 31, 2005).
- The environment will run with the following modified PSE input and output timeframes:
 - PSE modified ETF testing input - To receive same day ETF output, ETF input must be received by 12 Noon ET.
 - PSE modified ETF testing output - Will be generated at approximately 3:00 P.M. ET.

AUTHORIZED PARTICIPANTS

NSCC plans to provide the enhanced Portfolio Composition output files to ETF Participants on a daily basis. This will assist ETF Participants in their format testing efforts even if an Index Receipt Agent does not submit a Portfolio Composition file. ETF Participants will always be able to receive a copy of a domestic standard, a domestic custom or a foreign Portfolio Composition file from NSCC's PSE test region.

INDEX RECEIPT AGENTS

Index Receipt Agents must submit an Enhanced Portfolio Composition input file in order to receive an Enhanced Portfolio Composition output file.

Index Receipt Agents should be aware that file and report format testing would not impact their current ability to test a ETF Portfolio Composition File that may be coming to market before March 31, 2006. Therefore NSCC will continue to provide Index Receipts agents the ability to test new Portfolio Composition files (for new ETFs) regardless of which format they are using in production. However after March 31, 2006, all ETF testing will be conducted in the new format only.

IV. Additional Information

This and other NSCC Important Notices are located on the www.nsc.com Web site. A copy of this important notice is also located on the formats.nsc.com Web site along with all MRO file layouts for NSCC Equity Trade Recording services. If you have additional questions, please contact your Relationship Manager or email the undersigned at ryodice@dtcc.com.

Robert M. Yodice
Director, Product Marketing and Development

Attachment A

INPUT AND OUTPUT FILES

MACHINE READABLE INPUT FILES	PRODUCTION DATATRAK SYSID	TEST DATATRAK SYSID
Current Domestic DATATRAK Portfolio Composition File	11296	41296
Enhanced Domestic DATATRAK Portfolio Composition File	11297	41297
Current Foreign DATATRAK Portfolio Composition File	26363	46363
Enhanced Foreign DATATRAK Portfolio Composition File	26364	46364
MACHINE READABLE OUTPUT FILES	PRODUCTION AUTOROUTE PRODUCT ID	TEST AUTOROUTE PRODUCT ID
Current Domestic AutoRoute Portfolio Composition File	02260294	02980294
Enhanced Domestic AutoRoute Portfolio Composition File	02260193	02980193
Current Domestic AutoRoute Portfolio Composition File - Customized	02260415	02980415
Enhanced Domestic AutoRoute Portfolio Composition File - Customized	02260269	02980269
Current Foreign AutoRoute Portfolio Composition File	02120511	02980511
Enhanced Foreign AutoRoute Portfolio Composition File	02120156	02980156
PRINT IMAGE OUTPUT REPORTS (For Index Receipt Agents and portfolio providers only)	PRODUCTION AUTOROUTE PRODUCT ID	TEST AUTOROUTE PRODUCT ID
New Domestic AutoRoute Portfolio Composition Receipt Report	02260421	02980421
New Foreign AutoRoute Portfolio Composition Receipt Report	02120270	02980270