

IMPORTANT NOTICE

National Securities Clearing Corporation



A# **6283**
P&S# **5853**
DATE: **August 14, 2006**
TO: **All Participants**
ATTENTION: **Managing Partner/Officer, P&S Manager, Cashier Manager,**
 Data Processing Manager, Fund/SERV Participants
FROM: **ENTERPRISE SERVICE CENTER**
SUBJECT: **RECAPS – September 2006**

The next cycle of NSCC's Reconfirmation and Repricing Service (RECAPS) is scheduled for the week of September 11, 2006.

The RECAPS application is now available on PC Web Direct for all member firms. Key punching will no longer be provided for RECAPS. If assistance is required with processing RECAPS on PC Web Direct, participants are encouraged to contact DTCC Account Executive or Relationship Management Services at 1-800-422-0582.

A part of the RECAPS mandate, instituted in the December 1990 cycle, is the SEC requirement that firms indicate upon submission those fails that are being submitted to RECAPS which were submitted in a previous RECAPS cycle and compared, but did not settle. Firms must use the indicator "R" in column "80" of the fail input record when submitting a repeat fail.

In addition, the number of repeat fails eligible to be reported to the SEC will be reported to the participants' Designated Examining Authorities. Participants must maintain records documenting these fails.

Equity, Municipal, Corporate, UIT and Zero instrument fails five (5) business days and older will be accepted for recomparison and repricing. In preparing your fail files for submission, note that fails must be dated **September 8, 2006** or earlier.

RECAPS SUBMISSIONS:

Participants are reminded to submit all eligible fails in the RECAPS cycle. In addition, all firms must submit all CUSIPS for their expected fail input on **Tuesday, September 12**. Participants should not rely on their contra to submit the CUSIP numbers.

The following are the processing time frames for automated input.

Tuesday, September 12	Participants must submit their CUSIP files for Friday's anticipated fail input by 5:00 p.m.
Friday, September 15	Participants must submit their fail input no later than <u>2:00 a.m.</u> Saturday morning.
Sunday, September 17	NSCC will generate Contracts, CNS and NON-CNS Compared Trade Summaries, and Balance Orders to participants for Friday's fail input for Monday review and supplemental processing.
Monday, September 18	Supplementary input (Advisories, As-Of's, DK's, Rejects) must be submitted no later than 4:00 p.m.
Tuesday, September 19	NSCC will generate Contracts, CNS and NON-CNS Compared Trade Summaries and Balance Orders for Monday's supplemental input.

Friday's recompiled fails and Monday's supplementary recompiled fails will settle on **Tuesday, September 19, 2006.**

To minimize rerun requests, please be on the lookout for output specifically designated "RECAPS" from other output you may receive. NSCC will no longer accept or distribute RECAP hardcopy reports.

RECAPS INELIGIBLE PRODUCT CUSIP FILE:

As in past cycles, NSCC will continue to edit for Foreign Securities, Government Securities, Mutual Funds, & Reorgs. These securities will be rejected upon submission on RECAPS Friday or As-Ofs the following Monday to the extent they are on NSCC's file of ineligible securities. Reject codes will appear in the Registered/Bearer field of the **REJECTED TRADES** area of participants' RECAPS Contracts with the following codes and descriptions:

- "M" – Mutual Fund-----"Ineligible M/F Security"**
- "F" – Foreign Security-----"Ineligible Foreign Security"**
- "G" – Government Security-----"Ineligible Govt Security"**
- "R" – REORG-----"Ineligible REORG Security"**

The reject descriptions above will not appear at the far right if another reject error is found upon submission. If submission of an ineligible security is the only reason for the reject, the above reject messages will appear. Participants should attempt to edit their fail files of these securities to the extent this is possible prior to fail submission on Friday.

Any questions regarding this Important Notice can be directed to DTCC Account Executive or Relationship Services at 1-800-422-0582.

Louis Recco
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