Exhibit 5

<u>Bold, Underlined</u> text indicates additions.

~~**Bold, Strikethrough**~~ text indicates deletions.

<u>DTC Settlement Service Guide</u>

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<u>Affirmed Transactions</u>

<u>DTC may accept eligible affirmed institutional transactions ("Affirmed Transactions") from a utility that provides a matching service[1] ("Matching Utility"). The Matching Utility must be (i) a clearing agency registered pursuant to Section 17A of the Securities Exchange Act of 1934, as amended (the "Act"), (ii) an entity that has obtained an exemption from such registration from the U.S. Securities and Exchange Commission, or (iii) a "qualified vendor" for trade confirmation/affirmation services as defined by the rules of a self-regulatory organization. A Matching Utility must establish a connection to DTC in accordance with DTC's reasonable requirements in order to be able to submit Affirmed Transactions to DTC. In this regard, in order for a Matching Utility to establish and maintain a connection with DTC the Matching Utility must be able to balance with DTC in an automated way[2] and communicate transactions to and from DTC with the necessary mandated fields.[3] Also, Matching Utilities that intend to establish a new connection with DTC must promptly contact DTC in order to start planning for establishment of the connection and allow adequate time to develop and adequately test the interface prior to the date it expects to implement its connection to DTC.</u>

<u>A Participant that is a counterparty to an Affirmed Transaction as submitted to DTC by a Matching Utility is deemed to have authorized the Matching Utility to provide an instruction to DTC, on the Participant's behalf, to process the Affirmed Transaction in accordance with DTC's Rules and Procedures. The submission of such Affirmed Transaction by the Matching Utility to DTC, on behalf of such Participant, constitutes the duly authorized instruction of the Participant to DTC to process the Affirmed Transaction in accordance with the Rules and Procedures.</u>

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[1] **<u>A "matching service" is an electronic service to match trade information, centrally, between a broker-dealer and its institutional customer.</u>**

[2] **<u>For each Matching Utility interfacing with DTC, DTC requires the Matching Utility to deliver a daily message on each business day shortly after noon from the Matching Utility with their accepted item counts of institutional delivery and ID Net (defined below) transaction totals for Settlement Date minus one transactions. DTC's system will compare the totals from the Matching Utility to its accepted item counts. If the totals match, an "acknowledged balance" balance file will be sent to the Matching Utility. If the totals do not match, DTC will respond with the list of Settlement Date minus one control numbers received from the Matching Utility, along with their respective transaction types for the originating Matching Utility to compare.</u>**

[3] **<u>The mandated fields for this purpose are the transaction control number, DTC receiver and deliverer account number, CUSIP, message type, share quantity, market type, buy-sell indicator, broker ID, ID agent internal account number, broker internal account number, agent bank ID, settlement amount, origination entity, recipient of message, institution, and settlement date.</u>**

A Matching Utility that elects to enter into an arrangement to interoperate with another Matching Utility ("Interoperability Arrangement") maintains the sole responsibility to ensure that its customers, including DTC Participants that are their customers, are operationally prepared to process Affirmed Transactions relating to the Interoperability Arrangement prior to the submission of such Affirmed Transactions to DTC.

ID Net Service

Benefits

The ID Net **Service, or "ID Net",** is a service that ultimately benefits all parties involved in institutional trading**. ID Net processing**:

- Reduces the aggregate value of settlements system wide through netting efficiencies
- Presents cost savings for banks and brokers through reduced fees and/or deliveries
- Increases the certainty of settlement for matched institutional trades
- Encourages early affirmation

Overview

Unlike exchange trades and most prime broker trades, most institutional delivery transactions do not currently flow through NSCC's Continuous Net Settlement system ("CNS"). Rather these institutional transactions settle at DTC. The ID Net Service ~~will~~ allow**s** subscribers to the service to net all eligible ~~affirmed ID transactions~~ **Affirmed Transactions** against their CNS transactions, if any.

~~The ID Net Service will accept eligible affirmed institutional transactions from Omgeo LLC or other Affirming Agency that is eligible for the ID Net Service and offset the ID Net Firm side of each transaction with the participating ID Net Firm's other CNS obligations, if any.~~

Eligibility for the ID Net Service ~~will~~ require**s** that a participating entity be**: (i)** a Member of NSCC and a Participant of DTC ("ID Net Firm"), **or (ii)** ~~and that~~ a ~~participating~~ bank ~~be a~~ **that is a** Participant of DTC ("ID Net Bank") (collectively, "ID Net Subscribers"). In addition, eligibility for ID Net processing ~~will be~~ **is** based on the underlying security being processed, the type of transaction submitted for processing and the timing of affirmation/matching. Participation in the ID Net Service ~~will be~~ **is** voluntary and ~~will be~~ is governed by the **DTC** ~~rules and procedures~~ **Rules and Procedures** applicable to the ID Net Service ~~as described in this Notice~~. All ID Net Subscribers ~~will be~~ **are** required to enter into separate ID Net Subscriber agreements with NSCC and/or DTC, as applicable, ~~that~~ **which** govern their use of the ID Net Service.

To facilitate the processing of ID Net transactions, **NSCC maintains** two ~~new~~ securities accounts ~~will be established by NSCC~~ at DTC on behalf of all ID Net Firms that have elected to use the ID Net Service: the "ID Netting Subscriber Deliver Account" and the "ID Netting Subscriber Receive Account" (collectively referred to as the "ID Netting Subscriber Accounts"). NSCC ~~will be~~ **is** the owner of both accounts and ~~will~~ act**s** as agent for the ID Net Firms. NSCC ~~will~~ process**es** ID Net transactions through these accounts on behalf of participating ID Net Firms. While NSCC ~~will~~ direct**s** transactions through these accounts on behalf of ID Net Firms, the ID Net Firms, not NSCC, ~~will be~~ **are** responsible for satisfying applicable DTC risk management controls and Participant Fund requirements for their respective activity through the ID Netting Subscriber Accounts.

The ID Net ~~service~~ **Service** offers netting efficiency and reduced security movements for ID Net Subscribers ~~who~~ **that** are NSCC Members. NSCC Members, however, may need to make system changes to reflect how institutional deliveries ~~will now be~~ **are** processed through their system. For ~~Bank~~ ID Net ~~Subscribers~~ **Banks** the ID Net service was specifically designed to minimize development and to make ID Net processing as transparent as possible.

Note: A Participant should contact its Relationship Manager ~~For~~ for more information~~,~~ ~~contact your Relationship Manager~~.

Eligibility

A. Participant Eligibility

~~ID Net is available to members of DTCC subsidiaries.~~ ~~NSCC Members participating in the~~ ID Net **Firms** ~~service~~ must be **NSCC Members** eligible for CNS processing as well as Participants in DTC ~~("ID Net Firms")~~. **ID Net** Banks must be DTC Participants ~~("ID Net Banks") (ID Net~~ ~~Firms and ID Net Banks participating in the ID Net Service are referred to collectively as~~ ~~"ID Net Subscribers")~~. All agent ID numbers associated with a given ID Net Bank ~~will be~~ **are** included for processing. ~~In order to subscribe, firms will follow these steps:~~

- A subscriber to the ID Net Service ~~will need to~~ **must** submit an ID Net subscriber form to both DTC and NSCC **in order to become an ID Net Subscriber**.
  - Upon receipt of the form, DTC's Account Administration ~~will~~ review**s** it for all required information and authorization.
  - If acceptable, the appropriate master file update ~~will~~ take**s** place that evening at approximately 8 p.m.
  - Once the update has occurred, ~~affirmed trades~~ **Affirmed Transactions** from that evening between **the new ID Net Subscriber and other** ~~two~~ eligible ID Net Subscribers ~~will be~~ **are** routed into the ID Net process. Thus, the ~~first~~ **earliest time that** eligible **Affirmed Transactions** ~~ID Net trade~~ **of the new ID Net Subscriber** ~~that could be~~ **are** processed **in ID Net** is on the following night.
  - ~~When Participants subscribe to ID Net, the transactions eligible for ID Netting~~ ~~will initially be limited to CUSIPs that begin with a "5" to support a phased-in~~ ~~implementation.~~

Note: A Participant should contact its Relationship Manager about testing with DTC and NSCC prior to signing up for ID Net.

B. ID Net Security Eligibility

Most equity securities that are eligible for CNS are eligible for ID Net processing.

ID Net Processing Eligibility

In addition to Participant and security eligibility requirements, for a transaction to be eligible for ID Net:

- The trade must be affirmed/matched by~~: (i)~~ a **Matching Utility** ~~Registered Clearing Agency as defined in the Securities Exchange Act of 1934, (ii) a clearing agency that has received exemption from registration by the SEC, or (iii) a "qualified vendor" for trade confirmation/affirmation services as defined by the rules of a self-regulatory organization (collectively defined herein as," Affirming Agencies")~~.
- The trade must be affirmed before 9:00 p.m. eastern time on (T+1).
- The trade must be regular way; i.e., T+3 settlement.
- The transaction must be between an ID Net Firm and an ID Net Bank, on behalf of an institutional customer.

~~Affirmation Processing~~

~~The service will be initially rolled out in conjunction with Omgeo. Accordingly, when an Omgeo TradeSuite institutional trade is affirmed/matched, Omgeo will:~~

- ~~Ensure that both the "ID Net Firm" and "ID Net Bank" are participating in ID Netting, and~~
- ~~Complete security and trade-level eligibility checks and ensure affirmation is effected before the 9 p.m. cut-off on T+1.~~

~~Once Omgeo has determined that the trade and parties are eligible for ID Net:~~

- ~~Omgeo will set the settlement option value field of the affirmed confirm (position 615) equal to "6". Note that "6" is a new value for an existing field. Today, the values used in this field are "2" for regular ID processing and "4" for NSCC prime broker processing.~~
- ~~For bank deliveries/institutional sells, Omgeo will put the ID Netting Subscriber Deliver Account (# 719) in the depository third-party field of the ID affirmed confirm and leave the original clearing firm in the receiver field.~~
- ~~For bank receives/institutional buys, Omgeo will put the ID Netting Subscriber Receive Account (# 919) in the depository third-party field of the ID affirmed confirm and leave the original clearing firm in the deliverer field.~~

~~It should be noted that the depository third party field of the ID affirmed confirm is not populated today. Therefore, although not required to read the field, machine-readable users should be prepared to receive the depository third-party field's potential new values and ensure that the population of this field will not adversely affect existing processing within their system. Alternatively, ID Net Subscribers may optionally program to read the depository third party field's to ascertain ID Netting Subscriber Account information and related ID Net processing.~~

Inventory Management System (IMS) Processing

Authorization, Exemption and Cancel Processing for ID Net Banks

~~Today, when~~ **When** a~~n~~ **institutional** ~~TradeSuite~~ delivery from a bank is affirmed, the delivery is sent to DTC's Inventory Management System (IMS). ID Net was developed to minimize systemic changes required by ID Net Banks.

If a trade is flagged as ID Net eligible, DTC will automatically "flip" the original clearing firm from the receiver field into the third-party field of the ID trade and will put the ID Netting Subscriber Deliver Account (#-719) in the receiver field. **-ID Net Banks will only be notified of this change if they elect to receive new messages that ~~will be~~ are produced by DTC specifically for ID Net~~, otherwise, systemically, this process will be~~ is transparent to ID Net Banks.**

- ID Net Banks may ~~continue to~~ exempt, authorize or cancel ID deliveries before the night cycle ~~as they do today~~. However for the day cycle, it is recommended that ID Net Banks authorize their individual ID deliveries and discontinue the practice of sending Deliver Orders ("DO") for these trades. Otherwise, the contra Participant may reclaim, subject to DTC's risk management controls and applicable RAD limits, the DOs since these trades are set up for settlement in ID Net. Authorization of individual ID deliveries versus sending DOs is more cost effective for banks.
- If an ID Net Bank cancels an ID trade ~~today~~, it can no longer be acted upon. If a trade is in the ID Net process and is cancelled the trade can no longer be acted upon and the trade will be immediately exited from ID Net processing.
- Transactions exempted by an ID Net Bank ~~will~~ remain in ID Netting until 11:30 a.m. on settlement date. At 11:30 a.m., if still exempted, the delivery ~~will be~~ is removed from the ID Net Service. IMS will return the original clearing firm's Participant number back to the receiver field and populate the third-party field of the delivery with the ID Netting Subscriber Deliver Account (#719). ~~This will be transparent to ID Net Banks.~~ If a transaction is subsequently authorized by the bank, it will be delivered to the original clearing Participant on a trade-for-trade basis ~~just as ID trades are processed today~~ with all applicable comment information remaining intact.

The ID Net processing cut-off time of 11:30 a.m. eastern time will allow ID Net to give the obligations back to the original parties with sufficient time to allow them to complete the delivery from their account or borrow the security to complete the transaction.

Authorization, Exemption and Cancel Processing for ID Net Firms

ID Net Firms may exempt a receive before the night of T+2 from a bank that is in the ID Net Service via a new IMS capability. This receive exemption will only be permitted on a trade-for-trade basis. This exemption will exit the transaction from ID Net by returning the original clearing firm number back into the receiver field and making the appropriate CNS adjustment entries. The transaction will then be available for trade-for-trade settlement.

ID Net Firms should continue to authorize/exempt/cancel their deliveries from their account as they do today.

- Authorization of ID Net Firm deliveries by the ID Net Firm is not necessary.
- ID Net Firms may exempt their deliveries in the ID Net process either through a**n ~~new Inventory Management System (~~**IMS~~)~~ function option or systematically on a trade-for-trade basis by submitting the ~~Omgeo~~ **Institutional Delivery (ID)** control number ~~as they do now~~.
- Global exemptions of ID Net deliveries ~~will~~ **are** only ~~be~~ available via the Settlement User Interface. -If an ID Net Firm sends in a global exemption systematically for its account, it will not apply to its ID Net deliveries.
- If an ID Net Firm's delivery is exempted or pend cancelled by the ID Net Firm, the transaction will be exited from ID Net. For exempted transactions, the ID Net Firm can no longer act upon that delivery, i.e., authorize it at a later time.
- If an ID Net Firm's trade is exited from the ID Net process, it will not revert back to an original ID trade from the ID Net Firm's account. The ID Net Firm will need to submit the delivery itself or use the re-introduced drop feature described below.

Settlement and Risk Management Processing

Changes to Risk Management Control Updates for ID Net Firms

ID Net ~~will~~ process**es** an ID Net Firm's DTC debits and credits for its eligible ID trades through the NSCC ID Netting Subscriber accounts. These ID trades ~~will~~ have offsetting debits and credits in the CNS system. As a result, NSCC may owe DTC on any given day for the net of all the ID Net trades processed for all ID Net Firms. In order to protect DTC from having a failure exported from NSCC for liquidity purposes, updates to Participants' net debit caps and collateral monitors ~~will be~~ **are** necessary as described below:

A**n** ~~new~~ ID Net collateral monitor and net debit cap balance ~~will be~~ **is** recorded in the processing system. The ID Net collateral monitor ~~will~~ record**s** the net balance of collateral generated for all ID transactions processed through the ID Net service. If the balance of collateral generated by all ID Net receives and delivers is positive, the ID Net Firm's collateral monitor will not be increased by that amount. However, if an ID Net transaction requires collateral, the system will use the ID Net collateral surplus for that ID Net Firm before attempting to use other collateral from that ID Net Firm. If there is insufficient ID Net collateral for that ID Net Firm, the system will look to the ID Net Firm's excess collateral in its account.

Similar to collateral, the system ~~will~~ create**s** a**n** ~~new~~ ID Net settlement balance. When this balance is a net credit from deliveries on the ID Net Firm's behalf through the #919 account, it **is** ~~will~~ only ~~be~~ used to offset incoming ID Net receives to the #719 account. If there is an insufficient ID Net credit to absorb the debit of the ID Net delivery to **the #**719 **account** for that ID Net Firm, the system will create an ID Net debit that will effectively treat the ID Net debit as a reduction of the ID Net Firm's net debit cap and will be displayed via the Risk Management Control Inquiry function. The ID Net debit ~~will~~ **is** only ~~be~~ used for net debit cap calculation purposes and ~~will~~ **does** not represent a Participant's actual settlement balance.

- If the ID Net Firm has insufficient collateral or net debit cap, the transaction will pend until 11:30 a.m. eastern time on settlement date.

Risk Controls for the ID Netting Subscriber Deliver Account:

- Authorized bank deliveries ~~will be~~ **are** checked for position and collateral ~~as today~~. The original clearing firm, ~~who~~ **which** is ~~now~~ identified in the third party field, is responsible for collateralizing the ID Net securities being processed into the ID Netting Subscriber Deliver Account #719.
- Receives into the ID Netting Subscriber Deliver Account #719 for the ID Net Firm ~~will be~~ **are** available for immediate delivery to CNS. The original clearing firm's memo seg, if any, ~~will~~ **is** not ~~be~~ applicable.

Risk Controls for ID Netting Subscriber Receive Account:

- Receives from CNS into the ID Netting Subscriber Receive Account #919 for the original clearing firm ~~will be~~ **are** available for immediate delivery to ID Net Banks. -The original clearing ID Net Firm's memo seg, if any, ~~will~~ **is** not be applicable.
- An ID Net Firm can also cancel a pending ID Net delivery (referred to as a pend cancel) from the ID Netting Subscriber Receive Account #919 account through the Settlement User Interface.

Deliveries from the CNS account to the ID Netting Subscriber Receive Account # 919 will be on a higher priority basis except for buy-in receives, corporate actions and other delivery types as determined periodically by the clearing corporation. By placing the ID Netting Subscriber Receive Account #919 on a higher priority for long allocations, the number and value of ID Net fails ~~will be~~ **is** reduced.

Processing of ID Net Firm Trades Exited from ID Net

A previously eligible ID Net trade can be exited from the ID Net process for a number of reasons. If an ID Net trade is exited from the ID Net Service, it will revert back to an original ID trade from the ID Net Firm's account, despite the fact that the ID Net Firm or IMS may have already performed the

authorization or exemption process for ID trades from its account. Trades that are exited from ID Net before settlement processing begins on the night of T+2 will be placed back into an unprocessed state in IMS and the ID Net Firm ~~will have~~ has to authorize these trades if it intends to deliver them. Applicable output messages ~~will be~~ are available for all exited ID Net trades.

If an ID Net trade is exempted or pend cancelled, the transaction will be exited from ID Net. For exempted transactions, the ID Net Firm can no longer act upon that delivery, i.e., authorize it at a later time.

Some of the reasons that a trade may be exited from ID Net are as follows:

Change of Eligibility

After a trade has been affirmed and deemed eligible for ID Net, the ID Net process will continue to check the transaction's eligibility up until 8 p.m. on the night of T+2. If a trade becomes ineligible, for example, a Reorganization is announced, the trade will be removed from the ID Net process regardless of whether it is in an authorized or an exempt state. The trade will be staged for trade-for-trade settlement between the ID Net Firm and the ID Net Bank and will maintain its current state, i.e., authorized trades will remain authorized and exempted trades will remain exempted.

Attempts to Cancel

After an ID trade is affirmed, ID Net Firms, on occasion, generate an attempt to cancel ~~via Omgeo~~ and exempt the ID trade ~~since~~ because the trade may no longer be valid. If the trade is in the ID Net process and is being staged for delivery from the ID Net Subscriber Receive Account #919, ID Net Firms should continue to exempt transactions when an "attempt to cancel" message is generated ~~by Omgeo the same as they do today~~. Automated exemptions on a trade-for-trade basis via the ~~Omgeo~~ Institutional Delivery (ID) control number will still be accepted for ID Net trades from the ID Net Subscriber Receive Account #919.

Cut-off of 11:30 a.m. on Settlement Date

Trades that are eligible for ID Net but are still in an exempt or unprocessed state or are pending for position or risk management controls at 11:30 a.m. on settlement date will automatically revert to trade-for-trade settlement versus the original clearing firm. They will be exited from the ID Net process at NSCC through a new "Miscellaneous" adjustment to their CNS position. Any exits from ID Net after the start of the night cycle that create a short or increases an existing short in CNS, ~~will be~~ are subjected to the one-day settling trade exemption indicator (the default for this indicator is level 1, i.e., the position ~~will be~~ is exempted). The exit processing for ID Net Banks and ID Net Firms ~~will~~ differs as follows:

ID Net Bank Deliveries

ID Net Bank deliveries that remain exempt at 11:30 a.m. eastern time on settlement date will be exited from ID Net as follows:

- ID Net will move the original clearing firm back into the receiver field and the ID Net Subscriber Deliver Account #719 will be placed into the third-party field by the ID Net Service. ~~-~~Thus, if a bank authorizes the delivery after the 11:30 a.m. (eastern time) ID Net cutoff, the ID delivery will go directly to the original clearing firm.
- Authorized ID Net Bank deliveries that are pending for position or the deliverer's or receiver's risk management controls will also be exited from ID Net and will continue to recycle in the system to the ID Net Firm. The ID Net Bank delivery will be systematically updated so that the original clearing firm will be moved back from the third party field to the receiver field and the ID Net Subscriber Deliver Account #719 will be placed into the third-party field. The transaction will continue to recycle with the same Relative Block Number (RBN – the unique transaction number applied by the processing system);

however, if it re-pends or completes, it will be assigned a new RBN # that will point to the original RBN.

ID Net Firm Deliveries

- ID Net Firm deliveries from the ID Netting Subscriber Receive Account #919 that are pending for position or because of risk management controls will drop at 11:30 a.m. eastern time on settlement date

Re-introduction of ID Net Deliveries for ID Net Firms

Deliveries that do not complete for position or controls will be available for immediate re-introduction from the original clearing firm's account through an optional IMS function at 11:30 a.m. eastern time.

The ID Net reintroduced drop will appear and will be charged as a regular ID trade (MITS transaction type in IMS). The reintroduced drop can be viewed by the ID Net Firm in the "Transaction Authorization Inquiry" option in IMS. An ID Net reintroduced drop will remain in an Unprocessed state (will not be processed) unless the ID Net Firm authorizes the delivery in IMS. ID Net Firms can elect to have their ID Net reintroduced drops automatically authorized by setting their "ID Net Drop Authorization Profile" to passive. ID Net Firms should use the new "ID Net Drop Auth Profile Update" option in the IMS function to switch their ID Net drop profile from Active (the default) to Passive. ID Net Firms can view their ID Net drop authorization profile in the IMS function by selecting the "ID Net Drop Auth Profile Inquiry" option.

Reclaims

ID Net same-day reclaims are only applicable to deliveries from the ID Netting Subscriber Receive Account #919. -These reclaims will be directed to the original clearing firm rather than the omnibus account #919 and are subject to DTC's risk management controls and applicable RAD limits.

DTC strongly recommends that ID Net reclaims of receives from the ID Netting Subscriber Receive Account #919 include the Relative Block Number (RBN) and Original Date. Pend Holds

ID Net Banks will be permitted to place holds on their ID Net deliveries that are pending for insufficient position in the Pending Transaction function.

ID Net Firms will not be permitted to place pend holds on their ID Net deliveries that are being processed from the ID Netting Subscriber Receive Account #919.

NSCC Clearing Fund Offset and Mark-to-Market

ID Net transactions will be used to offset the balance of any other CNS transactions, and the "net" of those transactions will be used for purposes of determining Clearing Fund obligations pursuant to NSCC's current procedures, subject to a revised mark-to-market calculation applicable to ID Net Firms.

ID Net transactions will receive their own separate mark-to-market (MTM) calculation. This ID Net MTM total will be added to each member's daily clearing fund requirement.

DTC Participants Fund

DTC's Participants Fund calculation is based upon a Participant's legal entity net debit peaks. DTC will continue to include the debits and credits associated with ID Net deliveries that are processed on behalf of an ID Net Firm in its fund calculation.

~~Omgeo~~

~~**For more information on how ID Net will affect other Omgeo processing, please refer to the Omgeo Product Bulletin in the TradeSuite section of the Omgeo website.**~~

Terminating the ID Net Service

If an ID Net Subscriber wanted to terminate their participation in ID Net, the following procedure would apply:

- A subscriber to the ID Net service will need to submit an ID Net exit notification to DTC's Account Administration area.
- Upon receipt of the form, it will be reviewed for all required information and authorization.
- If acceptable, the appropriate masterfile update will take place that evening at approximately 7 p.m. eastern time.
- Once the update has occurred, affirmed trades would no longer be routed to ID Net after the masterfile update. If an ID Net Subscriber wanted to exit all the trades it had in ID Net, it could do so.
- ID Net Firms and ID Net Banks can cancel or exempt their future ID Net transactions where they are the delivering party.
- ID Net Firms can cancel or exclude their future ID Net transactions where they are the receiving party.
- An ID Net Firm's or ID Net Bank's ID Net receives can also be exited by the Settlement department at DTC by notifying the Settlement Operations department. This request will be processed on a best efforts basis.

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Security Holder Tracking Service

About the Product

The Security Holder Tracking Service allows a third party administrator to track the number of beneficial holders of an issue.

Background

The Security Holder Tracking Service or the SH Tracking Service will allow issuers, either themselves or through an issuer-designated administrator, to track and limit the number of beneficial owners for an individual CUSIP.

In order to support the settlement and asset servicing of certain securities, DTC was asked to build a mechanism which would allow issuers to track and limit the number of beneficial owners of its securities.

For more information, contact DTCC Relationship Management at (800) 422-0582.

Process Overview

To support the tracking of holders in a designated security, DTC ~~will~~ provides access to ~~its Inventory Management System (~~IMS~~)~~ to those administrators assigned by the issuer. Once the issue is established on the DTC master file as one that requires tracking, all transactions ~~will be~~ **are** held in IMS awaiting administrator approval to proceed to settlement.

In order to use the service, DTC must be notified during the underwriting eligibility process that the issue requires third-party tracking. Upon receipt of all required documentation, DTC will activate the tracking indicator on its security master file and provide IMS access to the assigned administrator, but only to allow for inquiry and approval/disapproval of transactions assigned to the respective administrator.

During the Underwriting closing process, the position will move from a DTC internal account to a designated sub-account of the lead underwriter. The move from the DTC internal account to the lead underwriter is subject to the approval of the administrator. Once the shares are moved into the designated sub-account, all share movement from that point on will require the approval of the designated administrator through IMS.

Once transaction approval has been received, and all other settlement risk controls have been met, the shares will move from the delivering Participant's sub-account to the receiving Participant's sub-account, either free or versus payment. These Security Holder Tracking transactions will use a new Account Transaction Processor (ATP) activity code in DTC (42). Normally, deliver orders move position from one Participant's general free account to another Participant's general free account, either free or versus payment.

For risk management purposes, these issues will be designated as having zero collateral within DTC's settlement system.

Eligibility

~~The eligibility process for a tracked security to be made and remain DTC-eligible will generally remain the same. In addition to the traditional process,~~ DTC must be instructed in writing to set up a specific **DTC-eligible** CUSIP for tracking. At the same time, the issuer must instruct DTC as to whom will perform the function of the administrator for the CUSIP within the SH Tracking Service.

Upon receipt of all of the aforementioned documentation, DTC will make the CUSIP DTC-eligible and will activate the tracking indicator on its security master file. Additionally, once it is made eligible, DTC will perform asset servicing for the issue. The administrator appointed by the issuer will control movements of the particular CUSIP for which it has been appointed. Once the tracking indicator has been activated on the master file and the administrator has been appointed, no transfer of the securities shall take place in the tracked security without the approval of the administrator through the Inventory Management System (IMS). The administrator, based on requirements of the issuer, shall be solely responsible for determining whether a transaction should be effected in DTC. Once approved by the administrator, DTC may perform centralized book-entry settlement.

IMS will only allow an administrator access to view and approve transactions for CUSIPs for which they have been appointed administrator as reflected in DTC's records.[4]

The tracked securities will not be held as part of a Participant's general free account nor will they be considered eligible collateral in DTC's settlement system.

Although the SH Tracking Service was developed to address the specific concerns of closely held Rule 144A issues, in practice it could be used for other types of securities for which the number or character of the beneficial owners requires some level of control by a third-party administrator.

Trade Submission

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[4] As DTC is relying solely on the instructions of the administrator in order to effect settlement in tracked securities and has no knowledge of the number or character of the underlying beneficial owners, use of the SH Tracking Service by any party will constitute an agreement that DTC shall not be liable for any loss or damages related to the use of the SH Tracking System. Each user of the SH Tracking Service agrees to indemnify and hold harmless DTC and its affiliates from and against any and all losses, damages, liabilities, costs, judgments, charges, and expenses arising out of or relating to the use of the SH Tracking Service.

- Regardless of where executed, trades will be submitted to the Tracking Service either via ~~Omgeo's TradeSuite/ID system (Affirmed Confirms)~~ **a Matching Utility** or a DTC Deliver Order (DO).

Directly Submitted DOs

- DTC ~~developed a new~~ **uses a** DO option through which to submit both valued and free Security Holder Tracking deliveries. These items can be submitted via the Settlement User Interface and machine-readable media.

Security Holder Tracking Transaction Processing

- Security Holder Tracking deliveries ~~will use a new~~ **uses an** Account Transaction Processor (ATP) activity code, 42, in DTC. This ~~new~~ activity code ~~will~~ move**s** position from the delivering Participant's designated sub-account to the receiving Participant's designated sub-account, either free or versus payment. ATP ~~will~~ use**s** the same serial number (identifies sub-accounts) for both deliverer and receiver.
- All DO activity (e.g., stock loans, reclaims) ~~will be~~ **is** subject to administrator's approval.
- For Security Holder Tracking transactions received from ~~Omgeo's TradeSuite/ID system~~ **a Matching Utility**, Participants ~~still~~ need to authorize their deliveries in IMS ~~as they do today~~ for DTC to attempt settlement (in addition to the third-party administrator approval).
- Trades submitted via ~~Omgeo~~ **a Matching Utility** will be identified as either transaction type Matched Institutional Trades (MITS) or Late Matched Institutional Trades (LMIT) in IMS.
- Security Holder Tracking deliver orders follow regular Receiver Authorized Delivery (RAD) rules.
- DTC ATP Activity Code 42 deliveries ~~will~~ appear**s** on the DTC Participant Account Statement under one of the following current Settlement Activity Codes (as applicable): 19 (ID), 26-0 (DO SDFS), 26-5 (Stock Loan DO), 26-6 (Stock Loan Return DO).
- Stock loan reason codes ~~will be~~ **are** permitted for Security Holder Tracking DOs, and ~~will~~ update the stock loan tracking memo accounts as with normal stock loan tracked DOs.
- Participants ~~will be~~ **are** able to identify those transactions awaiting administrator approval in IMS by means of the Settlement User Interface's Security Holder Tracking inquiry functionality.

IMS Profiles for Security Holder Tracking Processing

- Recycle, Submission, Activity Code, Asset Class, and Security Code profiles ~~will~~ **do** not apply to activity code 42.
- Security Holder Tracking transactions ~~will be~~ **are** able to be reintroduced, so activity code 42 is being added to the Reintroduced Drop profile.

Activity Inquiry Function

- The ~~new~~ ATP activity code 42 ~~will be~~ **is** displayed in the Activity Inquiry summary and detail screens. The serial number is ~~being added to~~ **on** the Activity Inquiry detail screen. Activity Code 42 is also ~~being added~~ **located** in the activity history and intra-day activity systems.

Drops and Pends

- Security Holder Tracking dropped deliveries ~~will~~ appear on Participant drop reports like other DOs.
- Participants ~~will be able to~~ **can** view Security Holder Tracking DOs in the Pending Transactions function like other DOs. All other DO actions (e.g., Pend Hold, Pend Cancel) ~~will be~~ **are** available for Security Holder Tracking items and ~~will be~~ **are** billed at existing rates.

Output

- DTC will include~~s~~ Security Holder Tracking deliver order transactions with the new activity code of 42 in the DTFPART Settlement Participant Activity files.
- ~~Participants should make necessary changes to their systems to handle the new activity code 42 in DTFPART.~~
- The ATP activity code of 40 ~~will be~~ **is** used in DTFPART for the initial underwriting takedown delivery from DTC's internal Underwriting account to the lead underwriter's sub-account.

Third-Party Administrator Trade Approval and State Changes

- ~~DTC's Inventory Management System (~~IMS~~)~~ is ~~being made~~ available to third-party administrators for trade approval prior to settlement.
- ~~A new~~ **DTC uses an** interface ~~is being created~~ for administrators to view (inquiry), approve and disapprove transactions pending settlement at DTC.
- Alternatively, administrators may approve/disapprove transactions through ISO command messages. Messaging layouts - including status codes, MT548, can be accessed via the User Documentation section on DTCC's website.
- If a delivery is reclaimed or dropped after it has been approved by the administrator, the administrator can be notified through receipt of transaction state change messages from DTC and/or by IMS inquiry. Administrators should only update records for "Made" transactions.