ACTION REQUESTED

Intermarket Surveillance Group

New Requirements For Electronic Blue Sheets Submissions

SUGGESTED ROUTING

The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.

- Legal & Compliance
- Operations
- Senior Management

KEY TOPICS

- Blue Sheets

Executive Summary

This *Notice to Members* discusses new uniform provisions regarding the automated reporting requirement for Electronic Blue Sheets (EBS).

Effective August 8, 2001 all members were required to:

(1) electronically submit to the Securities and Exchange Commission (SEC or Commission), upon request, customer and proprietary transactions via the EBS system, and (2) provide to the SEC, upon request, a current contact person for blue sheet data.

Effective January 7, 2002 all members will be required upon request to report via the EBS system:

1. Prime Brokerage Identifiers
2. Average Price Account Identifiers
3. Depository Institution Identifiers

All members are strongly encouraged to test their ability to provide these new categories of information with either the Securities Industry Automation Corporation (SIAC) or the NASD Form Filings system in order to be in compliance by the effective dates.

Member firms that use a "service bureau" to transmit electronic blue sheets on their behalf are required to ensure that service bureaus comply with applicable SEC and SRO rules and regulations on their behalf.

This *Notice* was prepared by the following self-regulatory organizations (SROs) acting jointly as members of the Intermarket Surveillance Group (ISG):

American Stock Exchange, Inc. (Amex)

Boston Stock Exchange, Inc. (BSE)

Chicago Board Options Exchange, Inc. (CBOE)

Chicago Stock Exchange, Inc. (CHX)

Cincinnati Stock Exchange, Inc. (CSE)

International Securities Exchange (ISE)

NASD Regulation, Inc. (NASDR)

New York Stock Exchange, Inc. (NYSE)

Pacific Exchange, Inc. (PCX)

Philadelphia Stock Exchange, Inc. (PHLX)

New Uniform Provisions

Recently, the SEC adopted Rule 17a-25 under Section 17 of the Securities Exchange Act of 1934 (Exchange Act).[1]

Rule 17a-25:

Provision 1: codifies the requirement that broker/dealers must electronically submit to the Commission, upon request, information concerning customer and proprietary transactions via the EBS system;

Provision 2: requires broker/dealers to provide to the Commission, on request, and keep current, information concerning the firm's contact for blue sheet data; and,

Provision 3: adds three reportable data elements not currently required by the EBS system utilized by the SROs:

i. prime brokerage identifiers;

ii. average price account identifiers; and

iii. depository institution identifiers.

Provisions 1 and 2 on the previous page became effective on August 8, 2001 while Provision 3 will be effective on January 7, 2002.

As provided by SRO rules,[2] members and member organizations must currently provide the data required in Provision 1 on the previous page to the SROs through the EBS system. Firms also use the EBS system to respond to SEC requests for information. Rule 17a-25 requires broker/dealers to submit the required information to the Commission upon request in a format specified by the broker/dealer's designated SRO under Rule 17d-1 of the Exchange Act.

As a result of the new requirements in Provision 3 on the previous page, SIAC will add the three additional fields to the EBS system file. The chart below describes the format and location of the three new fields in the EBS system file. See Attachment A for the complete EBS system file[3] layout. The fields are located in record "5" of each blue sheet transaction.

- The prime broker field is to be populated with the clearing number of the account's prime broker.

- The average price account field will be used to identify whether the account is the average price account itself or the recipient of transactions for an average price account. This field will be populated with the following values:

  1 = recipient of average price transaction

  2 = average price account itself

- The depository institution identifier is to be populated with the identifying number assigned to the account by the depository institution.

All members are strongly encouraged to test their enhanced blue sheet information with SIAC before sending actual blue sheet information with the new data elements. Please contact SIAC's Network Support Department at (212) 383-5401 for testing information. Firms that utilize SIAC's PC Data Entry system must obtain an updated version of the blue sheet data entry software from SIAC's PC Service Center at (212) 383-2062. Members that use the PC Data Entry system need not test. NASD members that submit EBS data via the Form Filings system should test their enhanced blue sheet information via Form Filings before sending actual blue sheet information with the new data elements. Those

members should contact the CASH Help Desk at (800) 321-NASD (6273) for testing information.

To comply with Provision 2 on the previous page, updated firm blue sheet contact information can be submitted to the SEC by providing Joseph Cella, Chief, Office of Market Surveillance, or Mark Lineberry, Branch Chief with the following:

Full name, title, address, telephone number(s), facsimile number(s), and electronic mail address(es) for each person designated by the member, broker, or dealer as a SEC contact.

They can be reached by writing to:

Securities and Exchange Commission
450 5th Street NW
Washington, DC 20549-1001

or via e-mail at *cellaj@sec.gov* or *lineberrym@sec.gov*, respectively.

Questions concerning provisions of Rule 17a-25 should be directed to Alton Harvey, Office Chief, at (202) 942-4167, or Anitra Cassas, Special Counsel, at (202) 942-0089, Division of Market Regulation, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549-1001.

From Col	To Col	LNG	Field Name	Format	Justify	Cobol Picture	Default Value
62	65	4	Prime Broker	Alphanumeric	Left	X(4)	Spaces
66	66	1	Average Price Account	Alphanumeric	——	X(1)	Spaces
67	71	5	Depository Institution Identifier	Alphanumeric	Left	X(5)	Spaces

Questions/Further Information

Questions concerning this *Notice* may be directed to:

Amex
Eric Miller   (212) 306-1552

BSE
Brian Colby   (617) 235-2158

CBOE
Pat Sizemore   (312) 786-7752

CHX
Dan Liberti   (312) 663-2057

CSE
Jeffrey T. Brown   (312) 786-8893

ISE
James Sampson   (212) 897-0235

NASDR
Jim Dolan   (240) 386-5007

NYSE
Aldo Martinez   (212) 656-8532

PCX
Tim Miller   (415) 835-4848

PHLX
Edward Deitzel   (215) 496-5298

Endnotes

1 *See* SEC Release No. 34-44494.

2 Amex – Rule 153A, CBOE – Rule 15.7, CSE – 8.2, 5.3, ISE – Rule 1404, NASD – Rule 8211, 8212 and 8213, NYSE – Rule 342.20, 410A, 476 (a) (11), PCX – Rule 10.2(c), PHLX – Rule 785

3 The NASD's Form Filing system for submitting EBS data is also being modified to add the three new reportable data elements. All NASD members submitting EBS data via Form Filings will be required to include all relevant information pertaining to the three new data elements with each EBS submission beginning on January 7, 2002.

RECORD LAYOUT FOR SUBMISSION OF TRADING INFORMATION

**** THIS RECORD MUST BE THE FIRST RECORD OF THE FILE ****

FIELD POSITION FROM	TO	FIELD LENGTH	FIELD NAME/DESCRIPTION/REMARKS	FIELD FORMAT	JUSTIFY	PICTURE CLAUSE	DEFAULT VALUE
1	3	3	FILLER	A	LJ	X (3)	HDR
4	5	2	FILLER	A	LJ	X (2)	.S
6	10	5	DTRK-SYSID	N	LJ	9 (5)	12343
11	12	2	FILLER	A	LJ	X (2)	.E
13	14	2	FILLER	N	LJ	9 (2)	00
15	16	2	FILLER	A	LJ	X (2)	.C
17	20	4	DTRK-ORIGINATOR	A	LJ	X (4)	--
			Please call SIAC for assignment (212) 383-2210				
21	22	2	FILLER	A	LJ	X (2)	.S
23	26	4	DTRK-SUB-ORIGINATOR	A	LJ	X (4)	--
			Please call SIAC for assignment (212) 383-2210				
27	27	1	FILLER	A	LJ	X (1)	B
28	33	6	DTRK-DATE	N	LJ	9 (6)	MMDDYY
			Contains submission date.				
34	34	1	FILLER	A	LJ	X (1)	B
35	59	25	DTRK-DESCRIPTION	A	LJ	X (25)	FIRM TRADING INFORMATION
			Required to identify this file.				
60	80	21	FILLER	A	LJ	X (21)	B

Field Format - Code
alphanumeric = A
numeric = N
packed = P
binary = B

Default Values - Code
Blanks = B
Zero = Z

Justify
RJ = Right Justification of Data
LJ = Left Justification of Data

FIELD POSITION		FIELD		FIELD		PICTURE	DEFAULT
FROM	TO	LENGTH	FIELD NAME/DESCRIPTION/REMARKS	FORMAT	JUSTIFY	CLAUSE	VALUE
1	1	1	HEADER RECORD CODE	A	--	X	--
			Value: Low Values OR ZERO				
2	5	4	SUBMITTING BROKER NUMBER	A	LJ	X (4)	B
			If NSCC member use NSCC clearing number. If <u>not</u> a NSCC member, use clearing number assigned to you by your clearing agency.				
6	40	35	FIRM'S REQUEST NUMBER	A	--	X (35)	B
			Tracking number used by the firm to record requests from an organization.				
41	46	6	FILE CREATION DATE	A	--	X (6)	--
			Format is YYMMDD				
47	54	8	FILE CREATION TIME	A	--	X (8)	--
			Format is HH:MM:SS				
55	55	1	REQUESTOR CODE	A	--	X	--
			Requesting Organization Identification. Values: The same codes in Exchange Code Field in RECORD SEQUENCE NUMBER ONE.				
56	70	15	REQUESTING ORGANIZATION NUMBER	A	LJ	X (15)	B
			Number assigned by requesting organization				
71	80	10	FILLER	A	--	X (10)	B

<u>Field Format - Code</u>
alphanumeric = A
numeric   = N
packed   = P
binary   = B

<u>Default Values - Code</u>
Blanks = B
Zero   = Z

<u>Justify</u>
RJ = Right Justification of Data
LJ = Left Justification of Data

RECORD LAYOUT FOR SUBMISSION OF TRADING INFORMATION

FIELD POSITION FROM	TO	FIELD LENGTH	FIELD NAME/DESCRIPTION/REMARKS	FIELD FORMAT	JUSTIFY	PICTURE CLAUSE	DEFAULT VALUE
1	1	1	RECORD SEQUENCE NUMBER ONE The first record of the transaction. Value: 1	A	--	X	--
2	5	4	SUBMITTING BROKER NUMBER Identical to Submitting Broker Number in Header Record	A	LJ	X (4)	--
6	9	4	OPPOSING BROKER NUMBER The NSCC clearing house number of the broker on the other side of the trade.	A	LJ	X (4)	B
10	21	12	CUSIP NUMBER The cusip number assigned to the security. Left justified since the number is nine characters at present (8+ check digit) but will expand in the future	A	LJ	X (12)	B
22	29	8	TICKER SYMBOL The symbol assigned to this security.	A	LJ	X (8)	B
30	35	6	TRADE DATE The date this trade executed. Format is YYMMDD.	A	--	X (6)	B
36	41	6	SETTLEMENT DATE The date this trade will settle. Format is YYMMDD	A	--	X (6)	B
42	53	12	QUANTITY The number of shares or quantity of bonds or option contracts.	N	RJ	9 (12)	Z
54	67	14	NET AMOUNT The proceeds of sales or cost of purchases after commissions and other charges.	N	RJ	S9(12)V99	Z
68	68	1	BUY/SELL CODE Values: 0 = Buy, 1 = Sale, 2 = Short Sale, 3 = Open Long, 4 = Open Short, 5 = Close Long, 6 = Close Short.	A	--	X	B

Field Format - Code
alphanumeric = A
numeric   = N
packed   = P
binary   = B

Default Values - Code
Blanks   = B
Zero   = Z

Justify
RJ = Right Justification of Data
LJ = Left Justification of Data

FIELD POSITION FROM	TO	FIELD LENGTH	FIELD NAME/DESCRIPTION/REMARKS	FIELD FORMAT	JUSTIFY	PICTURE CLAUSE	DEFAULT VALUE
			A = Buy Cancel, B = Sell Cancel, C = Short Sale Cancel, D = Open Long Cancel, E = Open Short Cancel, F = Close Long Cancel, G = Close Short Cancel. Values 3 to 6 and D to G are for options only				
69	78	10	PRICE	N	RJ	9(4)V(6)	Z
			The transaction price. Format: $$$$ CCCCCC.				
79	79	1	EXCHANGE CODE	A	--	X	B
			Exchange where trade was executed.				
			Values:				
			A = New York Stock Exchange				
			B = American Stock Exchange				
			C = Chicago Stock Exchange				
			D = Philadelphia Stock Exchange				
			E = Pacific Stock Exchange				
			F = Boston Stock Exchange				
			G = Cincinnati Stock Exchange				
			I = International Securities Exchange				
			K = CBOE				
			L = London Stock Exchange				
			M = Toronto Stock Exchange				
			N = Montreal Stock Exchange				
			O = Vancouver Stock Exchange				
			R = NASDAQ				
			S = Over-the-Counter				
			T = Tokyo Stock Exchange				
			X = Securities Exchange Commission				
			Z = Other				
80	80	1	BROKER/DEALER CODE	A	--	X	B
			Indicate if trade was done for another Broker/Dealer. Values: 0 = No; 1 = Yes				

Field Format - Code
alphanumeric = A
numeric   = N
packed   = P
binary   = B

Default Values - Code
Blanks   = B
Zero   = Z

Justify
RJ = Right Justification of Data
LJ = Left Justification of Data

RECORD LAYOUT FOR SUBMISSION OF TRADING INFORMATION

FIELD POSITION FROM	TO	FIELD LENGTH	FIELD NAME/DESCRIPTION/REMARKS	FIELD FORMAT	JUSTIFY	PICTURE CLAUSE	DEFAULT VALUE
1	1	1	RECORD SEQUENCE NUMBER TWO Value: 2	A	--	X	--
2	2	1	SOLICITED CODE Values: 0 = No; 1 = Yes	A	--	X	B
3	4	2	STATE CODE Standard Postal two character identification.	A	--	X (2)	B
5	14	10	ZIP CODE/COUNTRY CODE Zip Code -- five or nine character (zip plus four) Country code -- for future use.	A	LJ	X (10)	B
15	22	8	BRANCH OFFICE/REGISTERED REPRESENTATIVE NUMBER Each treated as a four character field. Both are left justified.	A	LJ	X (8)	B
23	28	6	DATE ACCOUNT OPENED Format is YYMMDD	A	--	X (6)	B
29	48	20	SHORT NAME FIELD Contains last name followed by comma (or space) then as much of first name as will fit.	A	LJ	X (20)	B
49	78	30	EMPLOYER NAME	A	LJ	X (30)	B
79	79	1	TIN 1 INDICATOR Values: 1 = SS#; 2 = TIN	A	--	X	B
80	80	1	TIN 2 INDICATOR Values: 1 = SS#; 2 = TIN -- for future use.	A	--	X	B

Field Format - Code
alphanumeric = A
numeric   = N
packed   = P
binary   = B

Default Values - Code
Blanks = B
Zero   = Z

Justify
RJ = Right Justification of Data
LJ = Left Justification of Data

RECORD LAYOUT FOR SUBMISSION OF TRADING INFORMATION

FIELD POSITION FROM	TO	FIELD LENGTH	FIELD NAME/DESCRIPTION/REMARKS	FIELD FORMAT	JUSTIFY	PICTURE CLAUSE	DEFAULT VALUE
1	1	1	RECORD SEQUENCE NUMBER THREE Value: 3	A	--	X	--
2	10	9	TIN ONE Taxpayer Identification Number Social Security or Tax ID Number.	A	LJ	X (9)	B
11	19	9	TIN TWO Taxpayer Identification Number #2 Reserved for future use.	A	LJ	X (9)	B
20	20	1	NUMBER OF N&A LINES	A	--	X	B
21	50	30	NAME AND ADDRESS LINE ONE	A	LJ	X (30)	B
51	80	30	NAME AND ADDRESS LINE TWO	A	LJ	X (30)	B

Field Format - Code
alphanumeric = A
numeric   = N
packed   = P
binary   = B

Default Values - Code
Blanks   = B
Zero   = Z

Justify
RJ = Right Justification of Data
LJ = Left Justification of Data

RECORD LAYOUT FOR SUBMISSION OF TRADING INFORMATION

FIELD POSITION FROM	TO	FIELD LENGTH	FIELD NAME/DESCRIPTION/REMARKS	FIELD FORMAT	JUSTIFY	PICTURE CLAUSE	DEFAULT VALUE
1	1	1	RECORD SEQUENCE NUMBER FOUR Value: 4	A	--	X	--
2	31	30	NAME AND ADDRESS LINE THREE	A	LJ	X (30)	B
32	61	30	NAME AND ADDRESS LINE FOUR	A	LJ	X (30)	B
62	62	1	PROPRIETARY-CUSTOMER INDICATOR 1 = Trade was for a proprietary account of submitting broker/dealer or another broker/dealer 2 = Trade was for customer of submitting broker/dealer or another broker/dealer	A	--	X	B
63	80	18	ACCOUNT NUMBER Account number	A	LJ	X (18)	B

Field Format - Code
alphanumeric = A
numeric   = N
packed   = P
binary   = B

Default Values - Code
Blanks = B
Zero   = Z

Justify
RJ = Right Justification of Data
LJ = Left Justification of Data

FIELD POSITION FROM	TO	FIELD LENGTH	FIELD NAME/DESCRIPTION/REMARKS	FIELD FORMAT	JUSTIFY	PICTURE CLAUSE	DEFAULT VALUE
1	1	1	RECORD SEQUENCE NUMBER FIVE Value: 5	A	--	X (1)	--
2	31	30	NAME AND ADDRESS LINE FIVE	A	LJ	X (30)	B
32	61	30	NAME AND ADDRESS LINE SIX	A	LJ	X (30)	B
62	65	4	PRIME BROKER Clearing number of the account's prime broker.	A	LJ	X (4)	B
66	66	1	AVERAGE PRICE ACCOUNT 1 = recipient of average price transaction. 2 = average price account itself.	N	--	9 (1)	Z
67	71	5	DEPOSITORY INSTITUTION IDENTIFIER Identifying number assigned to the account by the depository institution.	A	LJ	X (5)	B
72	80	9	FILLER	A	--	X (9)	B

Field Format - Code
alphanumeric = A
numeric = N
packed = P
binary = B

Default Values - Code
Blanks = B
Zero = Z

Justify
RJ = Right Justification of Data
LJ = Left Justification of Data

FIELD POSITION FROM	TO	FIELD LENGTH	FIELD NAME/DESCRIPTION/REMARKS	FIELD FORMAT	JUSTIFY	PICTURE CLAUSE	DEFAULT VALUE
1	1	1	TRAILER RECORD DATE One record per submission. Must be the last record on the file. Value: High Values or "9"	A	--	X	--
2	17	16	TOTAL TRANSACTIONS The total number of transactions. This total excludes Header and Trailer Records.	N	RJ	9 (16)	B
18	33	16	TOTAL RECORDS ON FILE The total number of 80 byte records. This total includes Header and Trailer Records, but not the Datatrak Header Record (i.e., does not include the first record on the file).	N	RJ	9 (16)	Z
34	80	47	FILLER	A	--	X (47)	B

Field Format - Code
alphanumeric = A
numeric   = N
packed   = P
binary   = B

Default Values - Code
Blanks   = B
Zero   = Z

Justify
RJ = Right Justification of Data
LJ = Left Justification of Data