

Attn: Manager P&S Dept./Traders/Cashier/Manager Reorganization/Manager Dividends
UNIFORM PRACTICE DIVISION ADVISORY (UPC # 013-97) March 3, 1997

Amendments to NASD Rule 11190 of the Uniform Practice Code

On February 19, 1997 the Securities and Exchange Commission (SEC) approved amendments to Rule 11190 (formerly Section 69) of the Uniform Practice Code relating to a member's participation in a reconfirmation and pricing service (RECAPS). Currently, National Securities Clearing Corporation (NSCC) is the only registered clearing agency offering RECAPS.

The amendments conform to previously adopted amendments to NSCC's RECAPS service by adding new paragraph (b) (1) which provides that a contract submitted to RECAPS which has been DK'd by the contra party or is otherwise deemed a DK under the rules of RECAPS may be closed-out by the submitting party *without notice* during normal trading hours promptly after the completion of the RECAPS cycle. The new provision requires that a member who determines to close-out the DK, take action as expeditiously as possible under the particular circumstances.

The new amendments became effective immediately following SEC approval.

Members are advised to review their internal operational procedures to provide for compliance with the amendments, the text of which is provided below.

11190. RECONFIRMATION AND PRICING SERVICE PARTICIPANTS

- (a) Each member or its agent that is a participant in a registered clearing agency, for purposes of clearing over-the-counter securities transactions, shall participate in fail reconfirmation and pricing services when offered.
- (b) (1) A contract submitted to a reconfirmation and repricing service (service) which has been DK'd (Don't Know) by the contra-party or is otherwise deemed a DK under the rules of the service may be closed-out by the party who submitted the contract to the service without notice during normal trading hours promptly after the completion of the reconfirmation and pricing cycle of the service for the account and liability of the non-confirming member.
- (2) Notice of any execution pursuant to this paragraph (b), shall be made as promptly as possible on the day of execution, as provided in Rules 11810(g) and 11820(b).

Questions regarding this notice should be directed to: Market Data Integrity Dept., (203) 375-9609. Attn: O'Neil Blake, Manager.

Dorothy L. Kennedy
Assistant Director