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SIFMA BEST PRACTICES FOR
NIIDS TESTING AND IMPLEMENTATION
FOR UNDERWRITERS OF MUNICIPAL SECURITIES

The securities industry has invested significant resources over an extended period of time in bringing the Depository Trust and Clearing Corporation's (DTCC) New Issue Information and Dissemination Service (NIIDS) to its current status of being available for testing. To ensure a reasonable transition and an effective implementation of this very important industry change, the Securities Industry and Financial Markets Association¹ (SIFMA) is strongly recommending the following best practices related to underwriters of municipal securities:

1. members submitting new issue underwriting information to NIIDS via a third-party vendor should complete third-party vendor testing through NIIDS by July 28, 2008;
2. members submitting new issue underwriting information via the NIIDS Web Platform or the NIIDS Spreadsheet Upload Feature should complete NIIDS testing by August 8, 2008;² and
3. once members have successfully completed all required testing, it is strongly recommended that they submit new issue underwriting information through the NIIDS Production System.

DTCC has filed with the Securities and Exchange Commission (SEC) to establish a required implementation date of September 2, 2008 for NIIDS to be used by firms

¹ The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers locally and globally through offices in New York, Washington D.C., and London. Its associated firm, the Asia Securities Industry and Financial Markets Association is based in Hong Kong. SIFMA's mission is to champion policies and practices that benefit investors and issuers, expand and perfect global capital markets, and foster the development of new products and services. Fundamental to achieving this mission is earning, inspiring and upholding the public's trust in the industry and the markets. (More information about SIFMA is available at <http://www.sifma.org>.)

² It is important to note that the Municipal Securities Rulemaking Board (MSRB) has mandated all municipal securities underwriting firms to successfully complete NIIDS Web Platform testing even though they may be primarily utilizing a third-party vendor. Also, the MSRB is requiring all dealers that have acted as underwriter in the last year on a new issue of long-term municipal securities to test NIIDS by September 15, 2008. See MSRB Notice 2008-23 (May 9, 2008), which can be found at <http://www.msrb.org/msrb1/whatsnew/2008-23.asp>.

underwriting new issues of municipal securities for which the formal award is on or after that date.³ Additionally, the MSRB has filed with SEC, and the SEC has approved, a mandated implementation date of September 30, 2008 for NIIDS for municipal securities.⁴ Members should be aware that failure to submit new issue underwriting information for municipal securities on a timely basis after September 30, 2008 will be considered a regulatory violation. By adhering with the above SIFMA best practices, members will be provided with an opportunity to ensure a high level of compliance with the new rules and allow the industry to minimize to impact of a "big bang" implementation of NIIDS on or near the required implementation dates which would likely create various issues and difficulties.

Members are encouraged to access the following web sites if they have not yet done so in an effort to become familiar with the NIIDS testing processes and to follow the guidelines provided to assist in the NIIDS testing process:

DTCC:

<http://www.dtcc.com/leadership/issues/reengineering/underwriting/training.php>

<http://www.dtcc.com/leadership/issues/reengineering/underwriting/specs.php>

MSRB:

<http://www.msrb.org/msrb1/whatsnew/2008-23.asp>

For further information, please contact Leslie M. Norwood at 212.313.1130 or via email at lnorwood@sifma.org, or John Fitzgerald at 212.313.1131 or via email at jfitzgerald@sifma.org.

³ Securities and Exchange Commission No. 34-57768 (May 2, 2008) 73 Fed. Reg. 26181, which can be found at <http://www.sec.gov/rules/sro/dtc/2008/34-57768.pdf>.

⁴ MSRB Notice 2008-22 (May 2, 2008), which can be found at <http://www.msrb.org/msrb1/whatsnew/2008-22.asp>.