

MEMO# 3871

June 18, 1992

NETWORKING AGREEMENT

June 18, 1992 TO: BROKER/DEALER ADVISORY COMMITTEE NO. 20-92 RE: NETWORKING AGREEMENT _____ Enclosed is a copy of the proposed standard NETWORKING Agreement (along with the current Committee membership list which was inadvertently omitted from the mailing of the agenda and minutes). The NETWORKING Agreement Task Force has completed its work on this project with the exception of changing the format of the agreement to allow NETWORKING participants to execute the agreement only once and have the agreement be effective between the signer and all of the signer's NETWORKING counterparties. This approach will avoid the necessity for each pair of NETWORKING counterparties to separately execute the agreement, while accomplishing the same result. The NSCC has agreed to develop a rulemaking proposal for the submission to the SEC that would require all NETWORKING participants to execute the NETWORKING Agreement and deliver a copy of the executed agreement to NSCC as a condition to participation in NETWORKING. The change to a one-signer format will reduce substantially the NSCC's recordkeeping burden. As you know, the NETWORKING Agreement is on the Committee's meeting agenda for the June 22-23 meeting. It will be addressed early in the day on Tuesday, June 23. We expect any discussion to be relatively brief and to focus on a very few matters on which individual Task Force members may wish to solicit input from the Committee. We wish to commend the members of the Task Force for their valuable contribution to the development of a fair and workable standard NETWORKING Agreement. We look forward to seeing you in Washington next week. Donald E. O'Connor Vice President - Operations Enclosures