

# EXHIBIT 26

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

**In re:**

**BERNARD L. MADOFF  
INVESTMENT SECURITIES  
LLC,**

**Debtor,**

**IRVING H. PICARD, Trustee for  
the Liquidation of Bernard L.  
Madoff Investment Securities LLC,**

**Plaintiff,**

**v.**

**SAUL B. KATZ, et al.,**

**Defendants.**

**Adv. Pro. No. 08-01789 (BRL)**

**SIPA LIQUIDATION**

**(Substantively Consolidated)  
Adv. Pro. No. 10-5287 (BRL)**

**11-CV-03605 (JSR) (HBP)**

**Bruce Dubinsky Deposition Binder**

**Tabs 26-80**

**Part II of III**

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**DUFF PHELPS**

**EXHIBIT**

*D-25B  
1-11-12*



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## 95-26 Conversion To T+3 Settlement, Reg. T, And SEC Rule 15c3-3(m), And Ex-Dividend Schedule

### SUGGESTED ROUTING

Senior Management  
Internal Audit  
Legal & Compliance  
Municipal  
Operations  
Syndicate  
Systems  
Trading

### Executive Summary

Securities and Exchange Commission (SEC) Rule 15c6-1, which establishes three business days as the standard time period for settling transactions in most securities (T+3), is effective June 7, 1995. The conversion to a T+3 settlement period takes place in two steps, using two double settlement days. The T+3 changeover also affects the time periods within which members may request extensions of time pursuant to Regulation T (Reg. T) of the Board of Governors of the Federal Reserve System (Fed) and Rule 15c3-3(m) of the Securities and Exchange Act of 1934 [SEC Rule 15c3-3(m)].

### Reg. T

Pursuant to Section 220.8(b)(1) and

(4) of Reg. T, a broker/dealer must promptly cancel or otherwise liquidate a customer purchase transaction in a cash account if full payment is not received within a specified time period from the date of purchase or, pursuant to Section 220.8(d)(1), make application to extend the time period specified. Late last year, the Fed amended Reg. T to eliminate any conflicts with T+3 settlement.

Reg. T now requires payment within one payment period of trade date; payment period is the number of business days in the standard U.S.

securities settlement cycle (SEC Rule 15c6-1) plus two business days. Effective June 7, 1995, requests for extensions of time are due five business days after trade date.

In the Trade Date-Settlement Date Schedule, the date by which members must take action is shown in the column entitled "Reg. T Date."

### SEC Rule 15c3-3(m)

Unless they request an extension, Paragraph (m) of SEC Rule 15c3-3 requires broker/dealers to buy-in any securities sold by a customer (other than a short sale) if they have not received the securities within 10 business days after settlement date. Effective June 7, 1995, requests for extensions of time for "regular way" trades are due 13 business days after trade date.

In the Trade Date-Settlement Date Schedule, the date by which members must take action is shown in the column titled "SEC Rule 15c3-3(m) Date."

**Note:** Members may refer to the

*Member Firm Quick Reference Guide* to determine the current time periods provided in requests for extensions of time and the limits as to the number of extensions permitted by reason code and by customer. A revised version of the Guide will be available to members soon.

**T+3 Implementation: Trade Date-Settlement Date Schedule**

The following schedule represents the implementation of the conversion from a five business day settlement cycle to three business days. The Nasdaq Stock Market<sup>SM</sup> and the securities exchanges will settle "regular way" transactions on the business days noted below. Wednesday, June 7, 1995, will be the first trade date for the three business day settlement period.

Trade Date	Settlement Date	Reg. T Date	SEC Rule 15c3-3(m) Date
May 31	June 7	June 9	June 21
June 1	8	12	22
2	9	13	23
5	9	13	23
6	12	14	26
7	12	14	26
8	13	15	27

**Note:** Transactions made on June 5 will settle in four business days and will be combined with transactions made on the previous business day, June 2, for settlement on June 9. Transactions made on June 6 will settle in four business days and will be combined with transactions made on the next business day, June 7, for settlement on June 12.

Brokers, dealers, and municipal securities dealers should use these settlement dates to clear and settle transactions pursuant to the NASD Uniform Practice Code and Municipal Securities Rulemaking Board Rule G-12 on Uniform Practice.

**Ex-Dividend Dates**

Effective June 7, 1995 the procedure for establishing ex-dividend dates will change from four business days before record date to two business days. Additionally, the standard due-bill redemption date for securities quoted ex-dividend after the payable date will be three business days after the payable date instead of five business days. To accommodate the conversion to T+3 settlement, special ex-dividend dates have been established and are reflected in the following schedule.

<u>Record Date</u>	<u>Ex-Dividend Date</u>
June 2	May 26
5	30
6	31

7	June 1
8	2
9	6
12	8

**Note:** There will be no ex-dividends on June 5 and June 7.

Questions regarding the application of these settlement dates to a particular situation may be directed to the NASD Uniform Practice Department at (203) 375-9609. Questions regarding the submission of extension requests through the ARRS System may be directed to NASD Regulatory Systems at (800) 321-6273, or your local NASD District Office.

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