

**Messages** *(continued)*

Once the lottery is complete, Pershing notifies introducing broker-dealers whose introduced accounts have received an allocation. Securities registered in the client's name, either in transit or held in custody, are excluded from the Pershing lottery process.

Pershing initiates the lottery process by identifying the accounts holding the called security, the total par value of the called securities held, and the trading unit of the security.

Example (unit of trade = \$25,000):

Client Account	Par Value	Number of Trading Units
ABC-123234	\$100,000	4
DEF-325465	\$75,000	3
EDR-567433	\$150,000	6
EGT-876574	\$50,000	2
EGT-888345	\$25,000	1
FRT-435234	\$25,000	1
FRT-658797	\$75,000	3

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In brief, the allocation process involves the following steps:

- \* The number of trading units held in each account is identified.
- \* A sequential number is assigned to each trading unit (e.g., account EDR-567433 would be assigned six numbers).
- \* A random number is generated that will result in one of these trading units being the first unit in the selection process.
- \* Thereafter, the trading units participating in the allocation are based on an incremental random number technique until the number of trading units allocated to Pershing is exhausted.

**Additional Information**

\* The allocation of called securities is not made on a pro-rata basis. Therefore, it is possible that a client may receive a full or partial redemption of shares held. Conversely, it is also possible that a client may not