

OVERVIEW

To mitigate risk, the legal and compliance groups of broker/dealers mandate that a separate paper confirmation listing broker-specific disclosure information be distributed to counterparties in addition to the electronic confirmation. Confirmation disclosures are intended to protect broker/dealers in the event of a dispute between counterparties. Recipients of these supplementary confirmation disclosures often pay a third party to store the documents offsite. The result is an enormous cost to the industry for processing, distributing and storing these documents.

Through ongoing participation with the Securities Industry and Financial Markets Association (SIFMA), DTCC learned of the costs affecting industry participants and the disclosure requirement issues surrounding Rule 10b-10. Given DTCC's role facilitating electronic trade confirmation processing, it was a logical step to leverage the TradeSuite ID™ confirm in an effort to address this industry pain point.

DTCC worked closely with SIFMA to identify a solution that would satisfy the operational, compliance and legal requirements of market participants and regulators. The result is our confirmation disclosure service, inSITE.

In November of 2007 inSITE was proposed alongside industry representatives in November of 2007 to the Securities and Exchange Commission (SEC) regarding this proposed solution. As a result, DTCC received a "No-Action" letter from the SEC on March 12, 2008. The letter stated that use of the Confirm Disclosure Service would not result in enforcement action, essentially declaring that access to electronic confirmation disclosures equaled delivery from a 10b-10 compliance standpoint.

BENEFITS

inSITE benefits not only those parties directly involved, but the industry overall.

Key benefits include:

- Increased efficiency — quick access to economic details along with a URL link to confirm.
- Indisclosure information puts all details at your fingertips.
- Cost savings — electronic delivery obviates the need for paper mailings, postage and mailroom support personnel.
- Eco-friendly — paper reduction supports 'green' initiatives.

inSITE

inSITE is a web-based central repository that stores confirmation disclosures. Using pre-defined criteria, broker/dealers can post their confirmation disclosures within the system. Each set of criteria generates a URL and reference number associated with a particular confirmation disclosure. TradeSuite ID electronic confirmations submitted by broker/dealers will be enriched with the URL and reference number of the confirmation disclosure appropriate for that trade. Counterparties will be able to view this information by following the URL and using the unique reference number noted on their enriched electronic confirmation. The ability to view confirmation disclosures electronically will eliminate the need to generate additional paper confirmations, resulting in cost savings for both the buy- and sell-side.

ENRICHMENT CRITERIA

With the criteria below, broker/dealers are able to use system logic or a user-defined disclosure code to determine which enrichment information will be included on the electronic confirmation.

- TradeSuite ID
- Security Type
- Broker/Dealer ID #
- Settlement Location
- Effective Trade Date
- User Defined Disclosure Code
- Security Asset Class

When using system logic to enrich the confirmation disclosure, broker/dealers must identify the asset class and settlement location or the individual security type and settlement location. This ensures that submitted TradeSuite ID confirmations are enriched with the correct URL and reference number.

10B-10 INFORMATION

As a condition to granting exempt status, the SEC required DTCC to include further discrete 10b-10 fields (listed below) on the TradeSuite ID confirmation.

- New Values for existing Role Field
- Mark Up/Mark Down
- Current Yield
- Yield to Maturity
- Yield to Call/Redemption
- 3rd Party Renumeration Received Indicator

EFFECT ON PAPER CONFIRMATIONS

As a result of the no-action relief granted by the SEC, access to inSITE replaces the Broker Mailed Elimination Confirmation Agreement (BMECA) between buy-side TradeSuite ID users and broker/dealers subscribed to the service.

Though once the rule, paper will be the exception and buy-side parties wishing to receive paper confirmation disclosures will need to contact their broker/dealers directly. Otherwise, broker/dealers subscribed to inSITE will default to electronic enrichment.

SUBSCRIPTION DETAILS

inSITE is a subscription-based service for broker/dealers. Investment managers, custodian banks, and interested parties who currently use TradeSuite ID, a SAS 70 certified solution, do not need an additional subscription to receive the enriched confirmations. While Omgeo inSITE currently stores confirmation disclosures for TradeSuite ID users, DTCC continues to explore additional uses for the repository to benefit our global community.

FOR MORE INFORMATION

Please contact your Relationship Manager or visit www.dtcc.com/itp

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