



2008 Development Agenda

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Introduction

Early each year, DTCC publishes a Development Agenda, a comprehensive list of the major programs it plans to advance over the course of the coming year. This agenda, one of many ways DTCC keeps the industry informed, provides a useful vehicle for clients to see what is coming down the road, including actions they must take to ensure readiness for enhancements and new services. While most initiatives are tied to technology development projects, these updates also cover industry discussion groups, rule filings, contingency programs, etc.

Over the course of the year, priorities and plans change, resulting in acceleration, deceleration or cancellation of specific initiatives. To keep the industry informed of any changes, DTCC issues quarterly updates of this paper that include the status of the project and any new developments.

To better assist our clients in identifying the initiatives of interest and tracking key milestones, two new sections have been added to the Development Agenda:

- The Summary Timeline provides a quick view of the timing of key activities relevant to our clients. A quarter-by-quarter display of client-focused milestones provides visibility into the status of user testing, connectivity / registration, pilots and implementation.
- The Client Segment Matrix identifies the client types that are likely to be affected by or interested in each initiative. By viewing a specific client segment column, the initiatives with the most relevance can be quickly identified and accessed.

If you have a question about anything in this document, we urge you to consult your Relationship Manager or the appropriate contact person listed herein.

Summary Timeline

	Q1	Q2	Q3	Q4
Asset Services				
Syndicated Loan Position Reconciliation		UA CC	P I	
Syndicated Loan - Agent Notices			UA CC	P I
Immobilization and Dematerialization				I
Structured Securities Servicing	UA I			
144a Tracking		CC P	I	
Corporate Actions Reengineering			CC	
Underwriting Systems Reengineering	P	I		
Global Corporate Action @Source - Service Standards	I			
Global Corporate Action Validation Service – Browser Usability Enhancement	I	I		
Equity Clearance & Settlement				
ID Net	CC I			
Enhance SMART/Track for Buy-Ins	UA I			
Enhance SMART/Track for Corporate Action Liability Notifications				I
Automate Mutual Fund Transfer of Assets				CC P I
Account Information Transmission (AIT) Service				P I
Enhance ACATS – CNS Fixed Income Eligibility		I		
Options Symbology Initiative (OSI) – ACATS/CBRS, Collateral Loans and Premium Payment Orders			UA	I
Deliver Order Input Extensions	I			
Additional Primary Marketplace Designations			UA I	
Enhance CNS Reorg Process				CC I
Enhance CNS Buy-in Process			CC I	
Enhance Exchange Traded Fund (ETF) Processes			UA I	
Money Market Instruments (MMI) Hybrids Processing Automation			UA	I
Money Market Instruments (MMI) Issuing and Paying Agent (IPA) Enhancements			UA	
European Pre-Issuance Messaging (EPIM) Service			UA CC I	

	Q1	Q2	Q3	Q4
Fixed Income Clearance & Settlement				
Mortgage-Backed Securities (MBS) Central Counterparty (CCP) Initiatives				(P) (I)
Restoration of the Interbank General Collateral Financing GCF Repo Service		(UA) (I)		
RTTM Web for the Government Securities Division	(UA)		(I)	
Global Clearance & Settlement				
EuroCCP	(UA) (CC)	(P) (I)		
Support of Canadian and Dually Listed European Issues		(P) (I)		
Enterprise Risk Management				
Standardized Clearing Fund Collateral	(CC) (I)			
MBSD VaR	(CC)	(I)		
DTC Collateral			(I)	
NSCC Clearing Fund Enhancements	(UA) (P) (I)			
FICC Common Margin				(UA) (P) (I)
Deriv/SERV				
Central Settlement Expansion (Dealers)	(UA) (P) (I)			
Equity Expansion – Equity Corporate Actions	(CC) (P) (I)			
Equities – MCA-Xpress Service – Phase 2 - Enhancements	(I)			
Novation Consent		(P) (I)		
Credit Default	(UA) (P) (I)			
Successor Events – Reorganization		(UA) (I)		
Interest Rates	(P) (I)			
Trade Information Warehouse-PayRec Integration			(P) (I)	
Insurance Services				
Fund Transfers	(I)			
Attachments				(CC) (P) (I)
Replacements				(CC) (P)
L&A Access	(UA) (P) (CC)	(I)		
Wealth Management Services				
Alternative Investment Products (AIP)	(CC)	(I)		
Mutual Fund Profile Service		(UA)	(I)	
Managed Accounts Service	(CC)	(I)		

	Q1	Q2	Q3	Q4
DTCC - Enterprise				
Participate Browser Services (PBS) – Ticketing Printing		(P)		(I)
Common Data Transfer Service	(P)	(I)		
Access Coordinator Strategy	(I)			
External AC and User Recertification	(I)			

(UA) User Acceptance Testing

(CC) Client Connectivity / Registration

(P) Pilot Testing

(I) Implementation

(Green Circle) On Schedule

(Yellow Circle) Potential Delay

(Red Circle) Delayed

(Purple Circle) Completed

(Hatched Circle) On Hold

Client Segment Matrix

	Broker / Dealer	Bank	Custodian	Paying Agent	Exchange / ECN	Underwriter	Mutual Funds	Buy Side	Transfer Agent	Insurance Carrier	Issuers / IPA	OTHER
Asset Services												
Syndicated Loan Position Reconciliation	●	●	●					●				
Syndicated Loan - Agent Notices	●	●	●					●				
Immobilization and Dematerialization	●	●							●			
Structured Securities Servicing	●	●	●	●		●					●	
144a Tracking	●	●	●			●					●	
Corporate Actions Reengineering	●	●	●									
Underwriting Systems Reengineering	●	●	●			●						
Global Corporate Action @Source – Service Standards	●	●	●		●		●	●				
Global Corporate Action Validation Service – Browser Usability Enhancement	●	●	●		●		●	●				
Compliance with Office of Foreign Assets Control (OFAC) Regulations												
Equity Clearance & Settlement												
ID Net	●	●	●									
Account Transaction Processor (ATP) Redesign	●	●	●	●		●					●	
Enhance SMART/Track for Buy-Ins	●											
Enhance SMART/Track for Corporate Action Liability Notifications	●	●										
Automate Mutual Fund Transfer of Assets	●	●					●					
Account Information Transmission (AIT) Service	●	●										
Enhance ACATS – CNS Fixed Income Eligibility	●											
Options Symbology Initiative (OSI) – ACATS/CBRS, Collateral Loans and Premium Payment Orders	●	●										●
Deliver Order Input Extensions	●	●	●			●					●	
Memo Segregation Enhancements	●	●	●			●					●	
Additional Primary Marketplace Designations	●	●			●							
Enhance CNS Reorg Process	●											
Enhance CNS Buy-in Process	●											
Enhance Exchange Traded Fund (ETF) Processes	●	●	●									
Money Market Instruments (MMI) Hybrids Processing Automation	●	●	●								●	
Money Market Instruments (MMI) Issuing and Paying Agent (IPA) Enhancements	●	●	●								●	
European Pre-Issuance Messaging (EPIM) Service	●	●	●								●	

	Broker / Dealer	Bank	Custodian	Paying Agent	Exchange / ECN	Underwriter	Mutual Funds	Buy Side	Transfer Agent	Insurance Carrier	Issuers / IPA	OTHER
Fixed Income Clearance & Settlement												
Mortgage-Backed Securities (MBS) Central Counterparty (CCP) Initiatives	●	●					●	●				
Restoration of the Interbank General Collateral Financing GCF Repo Service	●	●										
RTTM Web for the Government Securities Division	●	●										
Global Clearance & Settlement												
EuroCCP	●	●			●							
Support of Canadian and Dually Listed European Issues	●	●	●	●	●			●	●		●	
Enterprise Risk Management												
Standardizing Clearing Fund Collateral	●	●			●		●	●				●
MBSD VaR	●	●					●	●				●
DTC Collateral	●	●			●							
NSCC Clearing Fund Enhancements	●	●			●							
FICC Common Margin	●	●					●	●				●
Deriv/SERV												
Central Settlement Expansion (Dealers)	●	●										
Equity Expansion – Equity Corporate Actions	●							●				
Equities – MCA-Xpress Service – Phase 2 - Enhancements	●							●				
Novation Consent	●						●	●				
Credit Default	●	●	●				●	●				
Successor Events – Reorganization	●	●						●				
Interest Rates	●							●				
Trade Information Warehouse-PayRec Integration	●							●				
Insurance Services												
Fund Transfers	●	●								●		
Attachments	●	●								●		
Replacements	●	●								●		
L&A Access	●	●								●		
Wealth Management Services												
Alternative Investment Products (AIP)	●	●	●					●	●	●		●
Mutual Fund Profile Service	●	●	●				●					●
Managed Accounts Service	●	●	●					●				●

	Broker / Dealer	Bank	Custodian	Paying Agent	Exchange / ECN	Underwriter	Mutual Funds	Buy Side	Transfer Agent	Insurance Carrier	Issuers / IPA	OTHER
DTCC - Enterprise												
Participant Browser Services (PBS)	●	●	●	●		●		●	●		●	
Participant Browser Services (PBS) – Ticket Printing	●	●	●	●		●		●	●		●	
Common Data Transfer Services (CDTS)	●	●	●	●	●	●	●	●	●	●	●	●
Access Coordinator Strategy	●	●	●	●	●	●	●	●	●	●	●	●
External AC and User Recertification	●	●	●	●	●	●	●	●	●	●	●	●

Asset Services

The primary business objectives for Asset Services in 2008 continue to be focused on our reengineering initiatives in Underwriting and Corporate Actions. These efforts will provide enhanced functionality, safety and soundness for the future, improved controls, and industry standardization using ISO and XML protocols. Additionally, we will continue to grow our product suite into Syndicated Loans and continue to drive industry efficiencies in the custody space with DRS and other dematerialization efforts.

Our investment in technology continues to be strong in 2008. The major technology initiatives center on the new Underwriting and Corporate Actions reengineering projects. The Underwriting system will be launched in Q2 2008 with mandatory usage of UW Source in June. Coding will commence on the Corporate Actions system in early 2008, with a target to migrate from the legacy platform in 2009. Syndicated Loans will be a new product in 2008, beginning with two services, a position reconciliation system and a loan-messaging hub for important loan notices. Our GCA VS and GCA @ Source products will continue to grow as we add new products, markets, services and augment our data sourcing via the use of newswire services, press releases, and CSD's. Additionally, we will continue our process improvement programs, focusing on dematerialization and processing for assets denominated in currencies other than USD. The non-USD processing enhancements will be in support of strategic initiatives like the implementation of EuroCCP, cross-market trading on NYSE/Euronext and other trans-regional exchange alliances, and processing in Deriv/SERV and for Canadian securities.

*Patrick Kirby
Managing Director & General Manager, Asset Services*

Initiative	Syndicated Loan Position Reconciliation	In Progress	
Description	Build a system to enable Agents on Syndicated Loans to reconcile transactions and positions with lenders at a loan facility level.		
Rationale	Currently, Agents and Lenders update their positions independently with no assurance that their records remain synchronized. This can cause prolonged periods of inaccurate records that cause P&L differences and/or cash breaks. The Loan Market is requesting DTCC to help resolve these issues.		
Client Benefit	Early identification of loan position differences, which in turn will prevent major P&L adjustments and cash breaks.		
Client Impact	<p><u>Pre-Implementation</u></p> <p>Each subscriber to the service will need to ensure that they hold industry recognized asset identifiers (e.g., CUSIPs) against their loan records. They will need to ensure that they can extract the data from their systems in the predefined format. Each client will need to become a subscriber to the service, at which point they will be provided participant identifiers (at the legal vehicle level) that they also need to hold against their records.</p> <p><u>Post-Implementation</u></p> <p>After "Go-live," users will be given data that they currently do not see on a day-to-day basis. Accordingly, they will need to establish internal procedures to ensure that they identify and resolve differences.</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<ul style="list-style-type: none"> Q4 2007 Q1 2008 N/A Q2 2008 Q2 2008 Q3 2008 Q3 2008 	<ul style="list-style-type: none"> Complete In Progress N/A Planned Planned Planned Planned
Progress Update			
Reference Material	None at this time		
Contact	Chris Childs	cchilds@dtcc.com	212 855 2331

Initiative	Syndicated Loan - Agent Notices	In Progress	
Description	Network to enable Agents to distribute event notifications to lenders electronically using FpML standard messages. Some Lenders that do not wish to receive FpML will be given the opportunity to view and process agent notices via a web enabled workflow tool.		
Rationale	Currently, Agents and Lenders communicate using fax. This causes large processing costs and rework from missing and/or incorrectly processed messages.		
Client Benefit	Cost reduction and higher STP rates. In addition, fewer errors will occur due to missing or incorrectly processed faxes.		
Client Impact	<p><u>Pre-Implementation</u></p> <p>Each subscriber to the service will need to ensure that they hold industry recognized asset identifiers (e.g., CUSIPs) against their loan records. Each client will need to become a subscriber to the service, at which point they will be provided participant identifiers (at the legal vehicle level) that they also need to hold against their records.</p> <p><u>Post-Implementation</u></p> <p>After "Go-live," users will be given data in a format that they currently do not receive. Accordingly, they will need to establish internal procedures to ensure that they can process the new notice records.</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<ul style="list-style-type: none"> Q4 2007 Q2 2008 N/A Q3 2008 Q3 2008 Q4 2008 Q4 2008 	<ul style="list-style-type: none"> Complete In Progress N/A Planned Planned Planned Planned
Progress Update			
Reference Material	None at this time		
Contact	Chris Childs	cchilds@dtcc.com	212 855 2331

Initiative	Immobilization and Dematerialization	Pending Readiness
Description / Background	<p>DTCC continues to emphasize its efforts to expand Direct Registration Service (DRS) eligibility and eliminate certificate issuance for Withdrawal-by-Transfer (WT) processing</p> <p>In July 2006, the SEC approved rule filings by the New York Stock Exchange, the Nasdaq Stock Market, NYSE Arca, the American Stock Exchange and all the regional exchanges requiring listed issues to be DRS-eligible, potentially increasing the number of DRS-eligible issues by more than 10,000. Listed issues coming to market after January 1, 2007, must be eligible for DRS. Issues presently traded were to migrate to DRS by January 1, 2008.</p> <p>DTCC filed a rule change with the SEC to amend the requirements for transfer agents to participate in the Fast Automated Securities Transfer (FAST) and DRS programs. The amended FAST and DRS requirements will standardize insurance and audit requirements, as well as establish minimum requirements to safeguard DTC's book-entry and physical securities assets. The exchanges filed again with the SEC to extend the deadline for DRS eligibility to March 31, 2008. These rule changes have not yet been approved.</p> <p>To decrease the number of transfer agent rejects associated with the DRS Profile Modification System (Profile) function, the DRS Guideline Working Committee has discussed two major changes to Profile, the addition of a verification process of second taxpayer ID number and the implement a "Move All Shares" input function. The focus of this initiative is to remove the impediments that have prevented the programming by the industry to implement these needed DRS enhancements.</p>	
Rationale	Reduce the risk and cost of processing, tracking and ongoing maintenance of physical securities certificates.	
Client Benefit	Lower cost and reduce risk. The industry's annual cost for processing physical certificates is estimated to be over \$300 million per year.	
Client Impact	<p><u>Pre Implementation</u></p> <p>Minor changes will need to be made by the clients and have been communicated at the DRS Guideline Working Committee. An important notice will be sent to all DTCC clients outlining the changes. Additionally articles will be published in the @DTCC newsletter.</p> <p><u>Post Implementation</u></p> <p>The Day 1 impact will be minimal as the original system will be intact and Clients are welcome to continue entering a whole share quantity when appropriate. The additional choice of using one of the three "Move All Share" options for clients with plan shares will be available.</p>	
Mandatory / Voluntary	Mandatory	
Timing	<ul style="list-style-type: none"> • Business Requirements Q4 2006 Complete • Development Q2 2007 Complete • Rule Filing N/A • User Acceptance Testing (UAT) TBD Pending Industry Member Readiness • Client Connectivity / Registration N/A • Pilot Testing TBD Pending Industry Member Readiness • Implementation Q4 2008 Planned 	
Progress Update	<p>Coding at DTCC has been completed; however, minor changes may need to be made as the transfer agents and their service vendors begin coding and testing. The implementation is pending client testing and approval. Client testing will begin when the Transfer Agents are ready.</p> <p>The DTC Clients on the DRS Guideline Working Committee have agreed to reimburse a portion of the build cost to some of the DRS transfer agents, via a transactional fee for all DRS transactions for a specified time period. The details are still pending industry approval.</p>	
Reference Material	None at this time	
Contact	Joe Clemente jpclemente@dtcc.com	212-855-2425

Initiative	Structured Securities Servicing	In Progress																
Description	Continue efforts to ensure more timely rate announcements and reduce post-payable adjustments on structured securities (such as Collateralized Mortgage Obligations (CMOs) and Asset-Backed Securities (ABS) issues.)																	
Rationale	Increase industry awareness of the magnitude of the processing problems and their impact on broker/dealers, custodians and their investor clients. Seek to change the behavior of issuers and underwriters in regards to the structuring of CMO and ABS issues.																	
Client Benefit	By distinguishing between issues that "conform" to DTC's Operational Arrangements (OA) requirements and those that do not, timeliness of rate announcements should be improved, and clients will know which issues are more likely to have timeliness and accuracy problems. An "exception processing fee" charged to underwriters of "non-conforming" CUSIPs will further disincent the creation of these types of problem issues; the proceeds of this fee will be distributed to clients holding structured securities (conforming and non-conforming the first year and then only "non-conforming" each year thereafter) issues to help defray the additional costs associated with them.																	
Client Impact	<p><u>Pre-Implementation</u></p> <p>Clients are not required to make any changes</p> <p><u>Post-Implementation</u></p> <p>The following will be made available to clients:</p> <ul style="list-style-type: none"> o The categorization of structured securities as "conforming" or "non-conforming" in both masterfile and payment files o Paying Agent report cards detailing timeliness and accuracy for conforming issues and accuracy for non-conforming issues of structured security payments o A new rate output file early on the morning of payable date which will include all rates received and processed by DTC up to 11:30 p.m. ET the night before payable date o Annual distributions of "exception processing fee" revenues to help defray additional costs associated with structured securities (conforming and non-conforming the first year and then only "non-conforming" each year thereafter) 																	
Mandatory / Voluntary	<p>Voluntary</p> <p>Clients may choose to take the new output files. The pro-rata distribution of the fee, if applicable, will automatically appear as a credit on clients' billing statements.</p>																	
Timing	<ul style="list-style-type: none"> • White Paper • Business Requirements • Development • Rule Filing (DTC) • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table border="0"> <tr> <td>Q3 2007</td> <td>Complete</td> </tr> <tr> <td>Q3 2007</td> <td>Complete</td> </tr> <tr> <td>Q3 2007</td> <td>In Progress</td> </tr> <tr> <td>Q3 2007</td> <td>In Progress</td> </tr> <tr> <td>Q1 2008</td> <td>Planned</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q1 2008</td> <td>Planned</td> </tr> </table>	Q3 2007	Complete	Q3 2007	Complete	Q3 2007	In Progress	Q3 2007	In Progress	Q1 2008	Planned	N/A	N/A	N/A	N/A	Q1 2008	Planned
Q3 2007	Complete																	
Q3 2007	Complete																	
Q3 2007	In Progress																	
Q3 2007	In Progress																	
Q1 2008	Planned																	
N/A	N/A																	
N/A	N/A																	
Q1 2008	Planned																	
Progress Update	The rule filing to amend DTC's Operational Arrangements as it applies to structured securities was published in the Federal Register on November 26, 2007 with a comment period, which ended on December 11, 2007. DTC is awaiting the SEC review of the comments and anticipates SEC approval early in Q1 2008.																	
Reference Material	Transforming Structured Securities Processing																	
Contact	Robert Hensey	rhensey@dtcc.com 212-855-5133																

Initiative	144a Tracking	In Progress
Description	To expand DTC's underwriting and settlement systems to allow for book-entry settlement of unregistered Rule 144a equity securities that require shareholder certification and tracking.	
Rationale	By leveraging the existing Inventory Management System (IMS), these issues will settle through DTC after an authorization is received from a third-party administrator performing the certification and tracking of the investors. This process will allow the assets to be held and serviced at DTC while guaranteeing issuers that limits on the number of shareholders are met.	
Client Benefit	Issuers will be able to select any third-party vendor to perform the tracking component, while clients trading in these securities will be able to settle the assets through DTC's settlement system.	
Client Impact	<p><u>Pre-Implementation</u></p> <p>Third-party administrators must be registered to use the IMS system to approve trades. Issuers must be prepared to provide an administrator for each issue made eligible for the service in order to link the security to the administrator in IMS. The clients trading in the security must be enabled to submit deliver orders for these issues.</p> <p><u>Post-Implementation</u></p> <p>Upon implementation, clients must become familiar with the new deliver order option for submitting transactions on these issues as well as the IMS system for viewing pending transactions. The administrator will be able to review and approve all of the transactions associated with the linked security in IMS.</p>	
Mandatory / Voluntary	<p>Voluntary</p> <p>This service applies only to those firms dealing with unregistered 144a securities.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 Completed • Development Q2 2008 In Progress • Rule Filing (DTC/NSCC) TBD TBD • User Acceptance Testing (UAT) Q2 2008 Planned • Client Connectivity / Registration Q2 2008 Planned • Pilot Testing Q2 2008 Planned • Implementation Q3 2008 Planned 	
Progress Update		
Reference Material	None at this time	
Contact	Daniel Thieke dthieke@dtcc.com	212-855-4162

Initiative	Corporate Actions Reengineering		In Progress
Description / Background	<p>DTCC is currently undertaking a major initiative to 'reengineer' how it processes corporate actions. The goal is to create an integrated, common platform based on industry standards for corporate actions through the complete asset servicing lifecycle: announcements, entitlements, instructions, payments and processing status.</p> <p>This effort will improve our service to the industry by offering increased flexibility and increased functionality. The project will replace aging legacy systems that are increasingly difficult and expensive to maintain and will also replace all of the existing publication files with new message types, in ISO 15022 format and XML format.</p>		
Rationale	<p>The following are the key drivers behind the project:</p> <ul style="list-style-type: none"> • Alignment with industry standard event structure and naming conventions • Support for various security numbering schemes, global events and multi-currency entitlements and payments • Establishment of a platform for generation of single event ID for US markets • ISO and XML messages for event lifecycle 		
Client Benefit	<p>As part of the reengineering, clients will be able to benefit from the following enhancements:</p> <ul style="list-style-type: none"> • Creation of a single announcement and processing engine, based on DTCC's Global Corporate Action (WAVES) Announcement Event Driven architecture • Unified screen view for Operations & clients, using the new event structure • Publication of outbound announcement, entitlement and payment information messages in ISO15022 and XML. Instructions can also be submitted via ISO15022 and XML • Announcements and Processing for non-CUSIP Security Identifiers • Entitlement calculation in currencies other than US or Canadian dollars • Replacement of multiple envelopes and reference numbers with one CA Event Identifier providing a holistic view of the corporate action • Expanded Corporate Action Data with less reliance on comments and increased use of defined data elements • Automated instructions for all corporate actions • Expansion of automated instructions to include Tax Relief, Optional Dividends, Dividend Reinvestment, Foreign Currency and Voluntaries • Odd-Lot round-up processing • Expanded comments maintained at the General, Options and Payout levels 		
Client Impact	<p><u>Pre-Implementation</u></p> <p>All clients must review the published Transition Plan to determine how and when the firm will be impacted by the project. DTCC will be working with all firms to identify affected users and begin the registration process leading up to the testing and migration of the new system beginning in 2009.</p> <p><u>Post-Implementation</u></p> <p>All clients that currently utilize existing CCF files or PTS/PBS functions pertaining to corporate actions will need to migrate to the new system as defined in the Transition Plan.</p>		
Mandatory / Voluntary	<p>Mandatory</p>		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • Validate Prototype of UI with Clients • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation (Phase 1) • All external client impacts (UI & message interfaces) 	<p>Q1 2008</p> <p>Q1 2008</p> <p>TBD</p> <p>Q2 2008</p> <p>Q1 2009</p> <p>Q3 2008</p> <p>Q3 2009</p> <p>Q1 2010</p> <p>Q3 2010</p>	<p>In Progress</p> <p>On Hold</p> <p>TBD</p> <p>Planned</p> <p>Planned</p> <p>Planned</p> <p>Planned</p> <p>Planned</p> <p>Planned</p>

<p>Progress Update</p>	<p>In an effort to raise awareness for the corporate actions reengineering initiative, DTCC held a series of regional seminars to provide clients, as well as their service providers, with an opportunity to receive first-hand information on the reengineering migration plan. Throughout October and November, 14 sessions were conducted in 11 cities across the United States. In total, over 300 individuals representing over 85 firms received an extensive overview of the project and the proposed migration plan. For those firms that could not attend, a DVD of the last session was produced and can be obtained through the DTCC Relationship Management Department.</p> <p>In Q1 DTCC will begin the development effort on the new system with initial focus on the announcement capture component. As part of the external communication program for the project, the following are the initiatives DTCC plans on undertaking in 2008:</p> <ul style="list-style-type: none"> • Webinar sessions – in the coming months provide clients with the opportunity to raise additional comments or questions on the project. • Client feedback on screen design – utilize a third party consultant to conduct internal and external user interviews in order to produce preliminary prototypes of the screens as well as a functioning prototype in order to review with clients over the course of 2008. • Regional sessions – conduct an additional 10 to 15 sessions in 2008 to continue the flow of information with clients on critical aspects of the project (e.g. prototype review, vendor preparedness, user registration) • Corporate Actions Technical Working Group - an industry consortium including both client and service providers, formed to address common issues pertaining to the technology implementation aspects of the reengineering initiative.
<p>Reference Material</p>	<p>Link to Transition Plan and Related Documentation</p>
<p>Contact</p>	<p>Daniel Thieke dthieke@dtcc.com 212-855-4162</p>

Initiative	Underwriting Systems Reengineering		In Progress
Description / Background	<p>DTCC is redesigning its underwriting system, leveraging modern technologies and addressing the special challenges of new-issue processing. The new system will incorporate emerging issuance and reference data standards. In addition, DTCC will be combining its legacy NSCC security master database with its legacy DTC security master file into one logical database. This consolidation will provide consistent asset servicing for eligible securities from “cradle to grave” as the field definitions and business rules engines will be the same across underwriting, corporate actions, and the enhanced security master.</p> <p>To help the industry comply with real-time trade reporting for new-issue securities and to improve the dissemination of new-issue material, the Securities Industry and Financial Markets Association, on behalf of the municipal securities industry, has worked with DTCC to develop a way of collecting and disseminating new-issue information in real-time. DTCC is incorporating a solution for this request into the reengineering of its underwriting systems. It includes information on municipal securities. This New-Issue Information Dissemination Service is scheduled for implementation in April 2008.</p> <p>Client and non-client (correspondent underwriters) will need to make changes to accommodate the new system, as underwriters will be required to provide deal announcement data and offering documents electronically. To help soften this impact, DTCC has agreements in principle to build links with the major book building/running systems used by underwriters for new offerings (across all security types). This will effectively eliminate re-keying of the data for underwriters who utilize these book building/running services and for client who link electronically with DTCC directly or through a vendor/service bureau. In addition, DTCC will offer front-end interface training to client and correspondent underwriters who elect to use the web-based input screens.</p>		
Rationale	<p>The Underwriting system will streamline procedures, incorporate straight through processing, provide more flexibility and capture more critical data.</p>		
Client Benefit	<p>The system will provide underwriters the ability to manage their deals more efficiently and effectively through an Underwriting Dashboard. In addition, the new system incorporates more flexibility in how clients can input data by introducing automated processing. The ability to submit feeds from book running systems as well as from a client’s internal systems, will allow for a more timely and accurate transmission of data.</p> <p>The redesign will incorporate NIIDS, which will centralize and automate the collection and dissemination of data needed for trade reporting, matching and confirmation creation for municipal securities.</p>		
Client Impact	<p><u>Pre-Implementation</u></p> <p>The eligibility process will change – the current methods of requesting eligibility (PUND, WUN and paper questionnaire) will no longer be accepted. Instead, a new web front-end and the ability to upload a spreadsheet or submit an automated file will be the new modes of input. Clients need to identify which method or methods they plan to use across all the asset classes they underwrite. To that end, clients should be speaking to and working with their information provider, book runner or internal IT staff if an automated solution is going to be used. If clients have identified the web front end as their mode of input they should complete the underwriting e-learning training program to ensure their understanding</p> <p>All clients who plan to submit a new or older issue to DTC for eligibility must register for access to the new underwriting system.</p> <p>Clearing firms and custodian banks will also need to register for access to the system. They will be required to systemically acknowledge that a correspondent firm submitting an issue is their client and can clear through their account in order for DTC to close the issue.</p> <p><u>Post-Implementation</u></p> <p>Clients will be using new methods to make their issues eligible. The expansion to automated input in the eligibility process will allow for a more straight-through and streamlined process. It is expected that timeliness and accuracy of CUSIP detail will increase.</p> <p>Underwriters including correspondent firms will have access to all information on their deal as well as an underwriter dashboard. The dashboard includes status, important information and critical dates. It will allow underwriters to better manage their issues through the entire process from submission to closing.</p>		

Mandatory / Voluntary	<p>Mandatory</p> <p>DTC expects to mandate the new underwriting system for municipal issues in Q2 2008. Requests for eligibility of municipal issues through the current methods – PUND, WUN and paper questionnaire – will no longer be accepted after that.</p> <p>DTC is looking to transition corporate issues including corporate debt, structured securities and equities to the new platform in Q4 2008.</p>		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development (Muni Only) • Rule Filing (NIIDS Filing with the SEC) • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • E-learning training modules • Implementation (For Internal Underwriting Staff) • Vendor Testing • Implementation 	<p>Q1 2006</p> <p>Q1 2008</p> <p>Q3 2007</p> <p>Q1 2008</p> <p>Q3 2007</p> <p>Q1 2008</p> <p>Q1 2008</p> <p>Q3 2007</p> <p>Q1 2008</p> <p>Q2 2008</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>In progress</p> <p>Complete</p> <p>Planned</p> <p>In Progress</p> <p>Complete</p> <p>In Progress</p> <p>Planned</p>
Progress Update	<p>In September 2007, DTC went into production with UW SOURCE (Underwriting Securities Origination, Underwriting & Reliable Corporate Action Environment) for its internal underwriting staff. Select deals, submitted by underwriters in hard copy form, are being uploaded to, and processed in, the new system. A number of these deals have already completed the full underwriting cycle and have been closed through DTC.</p> <p>Although the system is functionally sound, DTC has made a decision to extend the testing period for external users. This decision was made because of feedback from a group of select firms who tested the web application during July and August and requested modifications to the screen layouts. DTC is working with a third-party vendor to redesign the web screens. In order to ensure that the screens are more navigable and user friendly, and meet the needs of the underwriting users, DTC has been with a small group of underwriting firms to gather feedback on the new design. A prototype of the new screens is being reviewed and usability tests are being conducted.</p> <p>Requests have also been made to allow for the ability for spreadsheet uploads to help expedite data input and improve data quality. DTC is currently performing a proof of concept for this functionality and met with the municipal user group on January 8, 2008 to provide an update.</p> <p>The decision to extend the test period will mean that underwriting firms can continue to utilize the hard-copy questionnaires and the other current processes, PUND and WUN, to make their application for DTC eligibility during this extension.</p> <p>DTC continues the testing it began in July with the vendors who will be submitting NIIDS data to DTC (inbound) and the vendors who will be taking and disseminating data from DTC (outbound). Weekly conference calls have been on going in order to create and refine test scenarios and to review test results. DTC will be conducting end to end testing with the vendors and their clients beginning in mid February 2008.</p> <p>Clients can monitor all schedule updates and DTCC's progress against this schedule via our reengineering website http://www.dtcc.com/reengineering/underwriting.</p>		
Reference Material	<p>Reengineering Underwriting Technical Documentation NIIDS Data Elements @DTCC Article on NIIDS</p>		
Contact	<p>Denise Russo drusso@dtcc.com 212-855-3731</p>		

Initiative	Global Corporate Action @Source – Service Standards	In Progress
Description / Background	<p>Provide clients' front and back offices with a single, definitive source of high quality, accurate and timely corporate action announcement information for DTC-eligible securities</p> <p>DTCC has defined client-oriented 'service standards' for content, timing and accuracy of each event. DTCC reviewed and agreed to these service standards with an industry panel of Corporate Actions professionals in 2007.</p> <p>In addition, as part of the larger Corporate Action 'Reengineering' project, DTCC is harmonizing all of the DTC function code event types and underlying data fields. (The key impacts, deliverables and milestone dates are included in the Corporate Actions Reengineering project Description / Background.)</p>	
Rationale	"Service Standards" will provide a framework for the creation and publication of corporate action announcements and ensure key data elements are populated in a timely and consistent manner.	
Client Benefit	Clients will experience improved timeliness and completeness of corporate action key data elements.	
Client Impact	<p><u>Pre Implementation</u> Clients do not have to implement any changes.</p> <p><u>Post Implementation</u> Clients will not have to do anything different after implementation.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q3 2007 Complete • Development Q4 2007 Complete • Rule Filing N/A N/A • User Acceptance Testing (UAT) Q1 2008 In Progress • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation Q1 2008 In Progress 	
Progress Update	Development of this service enhancement is complete and full deployment of the reports is scheduled for March 2008.	
Reference Material	None at this time	
Contact	Chad Richman crichman@dtcc.com	212-855-2023

Initiative	Global Corporate Action Validation Service (GCA VS) – Browser Usability Enhancement	In Progress																																										
Description / Background	<p>GCA validates and publishes corporate action information annually on nearly two million securities from over 160 markets in accordance with committed daily Service Levels. The 'Service Level Agreement' combines numerous measures addressing coverage, timeliness and accuracy into a single, blended metric; performance on this metric consistently exceeds the overall target of 99.0%.</p> <p>GCA VS is undertaking two large initiatives in the first half of 2008. The first is in response to client requests to add customization/personalization to the GCA VS Browser. GCA VS will be implementing additional features for the GCA VS Browser to improve usability (e.g., "Saved Searches," "Watchlists," etc.). The second initiative will focus on ensuring that GCA VS has the most up-to-date GCA @Source data. In some instances, GCA @Source will receive event information throughout the business day. In Q1 of 2008, GCA VS will begin processing intra-day updates of GCA @Source information (including Dividends, Redemptions and Reorganizations). This will ensure that GCA VS clients receive these updates on a timelier basis.</p>																																											
Rationale	<ul style="list-style-type: none"> Additional features in the GCA VS Browser will make the application an even more valuable application on their desktop. Improved timeliness of GCA @Source updates will enable our clients to depend on GCA VS for all of their corporate action updates and reduce their need to monitor the related DTC terminal functions. 																																											
Client Benefit	GCA VS clients will get more useful searches within the GCA VS Browser, enabling them to use the application daily.																																											
Client Impact	<p><u>Pre Implementation</u></p> <p>Clients will not be required to make any changes for either of the two initiatives. Clients will be provided with documentation on how to use the new customization features.</p> <p><u>Post Implementation</u></p> <p>Clients will not have to do anything differently after implementation. There will be additional options/features for the client and documentation on how to use it.</p>																																											
Mandatory / Voluntary	<p>Mandatory</p> <p>All GCA VS clients will have access to the new browser functionality and will be able to view any corporate action updates resulting from intra-day GCA @Source files.</p>																																											
Timing	<p>Intra-day GCA @Source Feeds</p> <table border="0"> <tr> <td>• Business Requirements</td> <td>Q4 2007</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>Q1 2008</td> <td>In Progress</td> </tr> <tr> <td>• Rule Filing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q1 2008</td> <td>Planned</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Pilot Testing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Implementation</td> <td>Q1 2008</td> <td>Planned</td> </tr> </table> <p>GCA VS Browser Usability Enhancements</p> <table border="0"> <tr> <td>• Business Requirements</td> <td>Q4 2007</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>Q1 2008</td> <td>In Progress</td> </tr> <tr> <td>• Rule Filing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q2 2008</td> <td>Planned</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Pilot Testing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Implementation</td> <td>Q2 2008</td> <td>Planned</td> </tr> </table>		• Business Requirements	Q4 2007	Completed	• Development	Q1 2008	In Progress	• Rule Filing	N/A	N/A	• User Acceptance Testing (UAT)	Q1 2008	Planned	• Client Connectivity / Registration	N/A	N/A	• Pilot Testing	N/A	N/A	• Implementation	Q1 2008	Planned	• Business Requirements	Q4 2007	Completed	• Development	Q1 2008	In Progress	• Rule Filing	N/A	N/A	• User Acceptance Testing (UAT)	Q2 2008	Planned	• Client Connectivity / Registration	N/A	N/A	• Pilot Testing	N/A	N/A	• Implementation	Q2 2008	Planned
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Progress Update																																												
Reference Materials	None at this time																																											
Contact	Chad Richman crichman@dtcc.com	212-855-2023																																										

Initiative	Compliance with Office of Foreign Assets Control (OFAC) Regulations	In Progress
Description / Background	In 2008, DTCC will be expanding its OFAC screening and certification programs for products and services where DTCC receives ownership and/or identity information for business or financial transactions. A key focus this year will be obtaining certifications from participants in lieu of duplicative screening on DTCC's part. DTCC will provide more information to clients in an Important Notice regarding the scope and/or requirements for the OFAC certification program.	
Rationale	To comply with federal laws and regulations.	
Client Benefit	This certification approach reduces the expense of implementing duplicative and complex OFAC screening solutions that would involve system development for our customers.	
Client Impact	<p><u>Pre-Implementation</u></p> <p>No pre-implementation impact will be felt by our clients.</p> <p><u>Post-Implementation</u></p> <p>The impact should be minimal since clients are only attesting to their use of internal procedures to address existing OFAC requirements.</p>	
Mandatory / Voluntary	Mandatory	
Timing	<ul style="list-style-type: none"> • Business Requirements N/A N/A • Development N/A N/A • Rule Filing Q1 2008 Planned • User Acceptance Testing (UAT) N/A N/A • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation Q4 2008 Planned 	
Progress Update	<p>DTCC is still evaluating a broader entity-level OFAC certification in the form of a reliance letter. The reliance letter will cover all transactions and business activities introduced to DTCC by clients, and will provide DTCC with the assurance that clients are complying with OFAC's regulations with respect to their clients and any other beneficial owner information submitted to DTCC for all products and services being used at DTCC.</p> <p>More details regarding the entity-level OFAC certification program will be made available to clients in an Important Notice. DTCC will be filing a proposed rule change with the Securities and Exchange Commission to help assure DTCC's compliance with U.S. anti-money laundering laws and regulations. DTCC will also announce the SEC filing of the rule change and the implementation of the program in subsequent Important Notices.</p>	
Reference Material	None at this time	
Contact	Maria Odegbaro modegbaro@dtcc.com	212-855-3280

Equity Clearance & Settlement

Clearance and settlement for equity cash business continues to represent an area of increasing volume and reduced margins for our clients. In 2008, we will strive to expand and improve the quality of our core services through both continuation of our aggressive reductions in the fees that clients pay for DTCC services as well as the development and delivery of services helping to reduce the “all-in” processing costs that clients incur internally to clear and settle cash trades. Additionally, our 2008 strategy includes the delivery of certain processing efficiencies that reflect reinforcement of DTCC’s ability to mitigate risk.

Consistent with this strategy, DTCC will implement ID Net, which is a service that brings to buy-side trades processing efficiencies that sell-side trades have enjoyed for decades. These efficiencies include streamlined processing, netting, fee reductions and reduced likelihood of failed settlement. In 2008, we will introduce services and processing enhancements that allow our clients to streamline their own processing. Such services include leveraging ACATS processing to support mutual fund transfers, expansion of creation and redemption processing for Exchange Traded Funds, continued expansion of options to use standardized formats for interfacing with DTCC systems and enhancements to buy-in processing to reduce risk and promote standardization.

Lastly, in response to issues arising from the credit market turmoil that began in the summer of 2008, we will introduce enhancements for money market issuance and maturity processing, of particular relevance for asset-backed commercial paper. Such enhancements will serve to enhance risk management controls surrounding the extension of maturity dates as well as to provide additional tools for Issuing and Paying Agent banks with respect to funding maturity presentments.

*Susan Cosgrove
Managing Director, Equity Clearance & Settlement*

Initiative	ID Net	In Progress	
Description	The primary goal of this initiative is for DTCC, working with Omgeo, to create streamlined capabilities for processing institutional trade settlements. In this initial stage, DTCC will implement capabilities facilitating the netting of the broker/dealer side of affirmed institutional trades in CNS, while having NSCC receive and deliver to and from custodian banks as a settlement agent on these trades. In later stages, DTCC expects to further streamline interactions with the custodian banks.		
Rationale	<p>Introduce netting efficiencies and cost savings to institutional trading in cash equities.</p> <p>The proliferation of trading vehicles has led investment managers (IMs) to change how they process block trades. IMs have begun to break up block trades and route pieces of them to various executing brokers to take advantage of trading algorithms, anonymity and best execution. This change, coupled with increased trading volumes overall, have led to an increasing number of institutional deliveries.</p> <p>DTCC and Omgeo are working with industry clients to streamline the processing of block institutional trades, in the initial stage by offsetting the broker/dealer side of institutional trades with other Continuous Net Settlement (CNS) activity.</p>		
Client Benefit	ID Net will provide for reduction in settlement, system-wide, along with reduction of associated risk and cost to the firms.		
Client Impact	<p><u>Pre-Implementation (Initial Stage)</u></p> <p>Although ID Net will benefit all parties to the trade through systemic risk and cost reduction, broker/dealers wishing to use the system must do most of the development work. Custodian banks will have to make minimal updates.</p> <p><u>Post-Implementation (Initial Stage)</u></p> <p>Client will need to sign-up for ID Net and test with DTC and NSCC to ensure that processing changes do not have any adverse effects to their system.</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing (DTC and NSCC) • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing (subject to SEC approval) • Implementation 	<ul style="list-style-type: none"> Q2 2007 Q4 2007 Q4 2007 Q4 2007 Q1 2008 Q4 2007 Q1 2008 	<ul style="list-style-type: none"> Complete Complete In Progress Complete In Progress In Progress In Progress
Progress Update	In Q4 2007, two pilot broker/dealers and one pilot bank began ID Net testing with DTC/NSCC and Omgeo in the DTC client test system. Clients interested in ID Net should contact their Relationship Manager for details of the ID Net service and the systems work that may be necessary to participate in the program		
Reference Material	Important Notice An ID Net Brochure		
Contact	Steve Wasserman	swasserman@dtcc.com	212-855-3270

Initiative	Account Transaction Processor (ATP) Redesign	In Progress
Description / Background	<p>The ATP system is the core processing system for all transaction activity affecting clients' security positions held at DTC. The ATP system also checks all transactions versus systemic risk management controls and other business rules.</p> <p>The ATP redesign will involve several phases. In the first phase, the computer code for the system will be converted from the legacy Assembler code to updated code, with the updated code implemented in seven quarterly releases from Q1 2008 through Q3 2009. After the completion of this code conversion, a second phase will introduce more extensive changes in the system, introducing new functionality such as multicurrency, bulk pledge and linkage.</p>	
Rationale	<p>This multi-year ATP redesign initiative will increase the system's flexibility for existing processing and will provide support for new applications, such as bulk pledging and transaction linkage, as industry needs dictate. The new system will also enable DTCC to migrate from technology that will have limited support in the future.</p>	
Client Benefit	<p>These system enhancements will provide DTCC with the ability to support additional services domestically and internationally with increased speed to market in order to support our clients' changing business.</p>	
Client Impact	<p><u>Pre Implementation</u></p> <p>The redesign of the ATP system will ultimately require clients to make changes to their interfaces with this core application (for example, by implementing ISO messages as standard input and output formats). These mandatory changes will not occur until the second phase and DTCC expects that clients will not need to take any action on these changes before 2009 at the earliest. While the full extent of the impact has not yet been determined, it is our intent to minimize client impact wherever possible. In 2008, a communication plan will be rolled out that will inform clients of all in-bound and out-bound message specifications that will be affected.</p> <p><u>Post Implementation</u></p> <p>We do not anticipate that the seven quarterly code conversion releases will affect clients. Clients will be required to use modified input and output formats as part of the second phase of the redesign effort, planned for 2010 at the earliest.</p>	
Mandatory / Voluntary	<p>Mandatory (in the second phase)</p> <p>Although new functionality, such as linkage, multi-currency, etc. will be voluntary, clients will be required to make certain updates to handle modifications to input and output formats; for example, expanded quantity and settlement value fields.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q3 2007 Complete • Development Q3 2009 In Progress • Rule Filing (DTC) Q4 2009 In Progress • User Acceptance Testing (UAT) Various with each release In Progress • Client Connectivity / Registration N/A N/A • Communication Plan 2008 In Progress • Pilot Testing TBD TBD • Implementation 2010 In Progress 	
Progress Update	<p>A detailed communication plan will be distributed in 2008.</p>	
Reference Materials	<p>None at this time</p>	
Contact	<p>Julie Krill jkrill@dtcc.com</p>	<p>212-855-5906</p>

Initiative	Enhance SMART/Track for Buy-Ins	In progress
Description / Background	<p>SMART/Track for Buy-ins provides an automated communication vehicle for the creation, transmission, processing and tracking of CNS and non-CNS buy-in notices.</p> <p>In 2008, DTCC will enhance SMART/Track for Buy-ins to provide additional functionality that will further automate the buy-in process and support straight-through processing so that clients are better able to manage the buy-in process. Enhancements include automated accept/reject/update/cancel functionality, export capabilities and delivery extension capability.</p>	
Rationale	Further automation of the buy-in process will allow more STP processing and enable firms to manage the buy-in process more efficiently.	
Client Benefit	Changes will make data input more efficient. In addition, the automation of the accept/reject/cancel/update function, now only available through the web screens, will allow firms transmitting data to completely automate their buy-in processing. Firms will be able to send and receive data via file or messages, run the received data through their fail systems, and respond to the buy-in automatically via file or messages	
Client Impact	<p><u>Pre Implementation</u></p> <p>Firms that are currently sending buy-in data via file or messages will have to test the automated accept/reject/cancel/update functionality that will be added. Changes to the web screens to reduce the amount of key strokes will not require any preparation work or testing by clients.</p> <p><u>Post Implementation</u></p> <p>Upon implementation of the accept/reject/cancel/update enhancements, firms will be able to process all buy-in activity in an automated method via file or messages if they choose. The web application will continue to be available. Clients will no longer have to "re-accept" a buy-in notice with the delivery date extension functionality.</p>	
Mandatory / Voluntary	<p>Voluntary</p> <p>(Note: enhancements are being made at the request of Securities Industry and Financial Markets Association's (SIFMA) Ad Hoc Buy-in Committee.)</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2007 • Development Q1 2008 • Rule Filing (DTC) Q1 2008 • User Acceptance Testing (UAT) Q1 2008 • Client Connectivity / Registration N/A • Pilot Testing TBD • Implementation Q1 2008 	<ul style="list-style-type: none"> Complete In progress Planned Planned N/A TBD Rescheduled
Progress Update	Implementation of these enhancements is on schedule for the revised dates.	
Reference Materials	SMART/Track for Buy-ins User Guide (Available to registered users)	
Contact	<p>Margaret Koontz mkoontz@dtcc.com</p> <p>Ashik Ramkalawon aramkalawon@dtcc.com</p>	<p>212-855-5695</p> <p>212-855-3558</p>

Initiative	Enhance SMART/Track for Corporate Action Liability Notifications	In Progress
Description / Background	<p>SMART/Track for Corporate Action Liability Notifications provides a web-based system for the transmission of liability notices for voluntary corporate action events. The system replaces faxing. Changes to NYSE Rule 180 and NASD Rule 11810 require, among other things, that NYSE and NASD members use the automated liability notification system of a registered clearing agency when issuing liability notifications in connection with certain securities transactions; SMART/Track for Corporate Action Liability Notification Service is the only such automated liability notification service available.</p> <p>In 2008, DTCC will enhance SMART/Track for Corporate Action Liability Notifications to make the system more user-friendly and to further automate the liability notification process. Enhancements requested by the Security Industry and Financial Markets Association's (SIFMA's) Corporate Action Division include an export capability, changes to the archiving routine, enhanced e-mail notifications, supervisory workflow approval and online messaging functionality.</p>	
Rationale	Further automation of the voluntary corporate action liability notification process will allow more STP.	
Client Benefit	Changes to SMART/Track will provide additional functionality as well as streamline existing processing.	
Client Impact	<p><u>Pre Implementation</u> No action required by firms.</p> <p><u>Post Implementation</u> Firms will have increased functionality including the ability to export data from SMART/Track into their internal systems to generate various reports.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q2 2008 Planned • Development Q3 2008 Planned • Rule Filing (DTC) Q4 2008 Planned • User Acceptance Testing (UAT) Q3 2008 Planned • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation Q4 2008 Planned 	
Progress Update		
Reference Materials	SMART/Track for Corporate Action Liability Notification Service User Guide (Available for registered users)	
Contact	<p>Margaret Koontz mkoontz@dtcc.com 212-855-5695</p> <p>Ashik Ramkalawon aramkalawon@dtcc.com 212-855-3558</p>	

Initiative	Automate Mutual Fund Transfer of Assets	In Progress
Description	DTCC plans to expand ACATS and Mutual Fund Services to automate the transfer of assets with Mutual Fund companies. This expanded functionality will provide brokers, banks and mutual fund companies with a standard method to transfer positions with one another and increase processing efficiencies by eliminating the manual-intensive process and paperwork required to complete the transfer.	
Rationale	Automation of a manual process.	
Client Benefit	Cost reduction and enhanced client service.	
Client Impact	<p><u>Pre-Implementation</u></p> <p>Modifications to the existing ACATS and Transfer of Retirement Accounts (TORA) system will be required. Clients must build the new functionality and participate in industry testing prior to implementation.</p> <p><u>Post-Implementation</u></p> <p>Member firms must be prepared to submit and receive the new data elements in ACATS and Mutual Fund services.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q3 2008 Planned • Rule Filing (DTC/NSCC/DTCC) Q4 2008 Planned • User Acceptance Testing (UAT) Q3 2008 Planned • Client Connectivity / Registration Q4 2008 Planned • Pilot Testing Q4 2008 Planned • Implementation Q4 2008 Planned 	
Progress Update	DTCC has modified the workflow documents, which detailed the transfer in-kind and liquidation scenarios identified by the Investment Company Institute's transfers working group. A concept paper is being developed and is expected to be completed by January 31, 2008. Phase 1 of this initiative will only include the transfer in-kind scenarios. The liquidation scenarios will be implemented at a later date.	
Reference Material	Workflow scenarios document	Concept paper
Contact	Bill Kapogiannis	bkapogiannis@dtcc.com 212-855-5667

Initiative	Account Information Transmission (AIT) Service	In Progress	
Description	<p>DTCC developed the Account Information Transmission (AIT) Service, in February 2007, which provided member firms with a standard and secure mechanism to transport client data during conversion events.</p> <p>Although the data transport facility through AIT solved the initial issues around conversion event processing, clearing firms still faced challenges with the movement of positions during a conversion event. The position movement process is not consistent, resulting in reconciliation issues within the clearing firms. The current process requires multiple first/last trade dates depending on security types and settlement timeframes, which result in client confusion and dissatisfaction. Residual sweeps under the current process are manually intensive and create regulatory issues.</p> <p>The position movement aspect of this project will provide member firms with standard and automated means of transferring and settling assets during a conversion event. The Securities Industry and Financial Markets Association's (SIFMA's) Data Processing Working Group has requested that the ACATS service be utilized to standardize the position movement process for bulk transfers activities. DTCC plans to develop a unique transfer type in ACATS to segregate these transfers from normal ACATS activity.</p>		
Rationale	Provide a standard method of moving positions during a conversion event.		
Client Benefit	A single standard format will reduce costs, increase accuracy and speed delivery time thereby leading to an increase in client satisfaction.		
Client Impact	<p><u>Pre-Implementation</u></p> <p>Modifications to the existing ACATS functionality will be required for position movement process. Client will be required to modify their systems to comply with the updated ACATS file formats. Participant testing will be available in the participant test environment prior to implementation.</p> <p><u>Post-Implementation</u></p> <p>Member firms must be prepared to submit and receive the new data elements in ACATS.</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements (Phase 1) • Development • Rule Filing (DTC/NSCC/DTCC) • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<ul style="list-style-type: none"> Q1 2008 Q3 2008 Q4 2008 Q4 2008 N/A Q4 2008 Q4 2008 	<ul style="list-style-type: none"> In Progress Planned Planned Planned Planned Planned
Progress Update	DTCC is finalizing the asset movement proposal to move positions via the ACATS service. A concept paper has been drafted and was reviewed with Financial Industry Regulatory Authority (FINRA) on December 11, 2007.		
Reference Material	Asset movement concept paper		
Contact	Bill Kapogiannis	bkapogiannis@dtcc.com	212-855-5667

Initiative	Enhance ACATS – CNS Fixed Income Eligibility	In Progress	
Description	In today's environment, there are still a number of fixed income assets processed through the ACATS system that are not settled via the Continuous Net Settlement (CNS) system. Brokers are incurring increased exception processing and settlement costs in having to settle these transactions directly with each other. DTCC plans to introduce in 2008 certain changes to allow more of the fixed income assets to settle in a netting environment.		
Rationale	This will reduce the number of delivery obligations brokers have directly with each other and create a more efficient and seamless process by utilizing the netting functionalities in CNS.		
Client Benefit	Brokers will benefit by having reduced exception processing, reduced settlement costs and reduced manual processing errors		
Client Impact	<u>Pre-Implementation</u> These modifications are internal changes to DTCC's processing. Clients are not required to make any changes <u>Post-Implementation</u> Transaction processing through ACATS will not change due to this internal enhancement.		
Mandatory / Voluntary	N/A		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<ul style="list-style-type: none"> Q4 07 Q2 2008 N/A N/A N/A N/A Q2 2008 	<ul style="list-style-type: none"> Complete Planned N/A N/A N/A N/A Planned
Progress Update	The application development team and the cross-functional team have approved the business requirements for this project.		
Reference Material	None at this time		
Contact	Louis Lepore	llepore@dtcc.com	(212) 855-4223

Initiative	Options Symbology Initiative (OSI) – ACATS/CBRS, Collateral Loans and Premium Payment Orders		In Progress
Description	The options industry is overhauling the existing method of identifying exchange-traded options. The Options Symbology Initiative (OSI) includes a new Symbology Key, which contains explicit data elements, such as the expiring day and strike prices in decimal, to identify the options. These explicit data elements are expected to be implemented in July 2009 with conversion of symbols shortly thereafter. Several NSCC & DTC products and services will be impacted by this initiative to change the existing method of identifying exchange-listed options. The impacted applications are ACATS (Automated Customer Account Transfer Service), CBRS (Cost Basis Reporting Service), Collateral Loans (OCC Pledges and Releases) and Premium Payment Orders (PPOs). In addition, OCC has requested modifications related to sub-accounting requirements for OCC pledges and releases by October 10, 2008. DTC will make the Collateral Loan format changes for both initiatives simultaneously to reduce redundant testing and related expense; however, the new OSI fields will not need to be populated with the required data elements until July 31, 2009.		
Rationale	Support Industry Initiative		
Client Benefit	These changes will allow clients to continue to process customer account transfers, OCC pledges & releases and premium payment orders in accordance with the new option symbology key.		
Client Impact	<p><u>Pre-Implementation</u></p> <p>For all impacted applications, member firms will need to make modifications to the input and output file formats and test prior to implementation. In addition, member firms will have different timeframes to adhere for migrating to new formats.</p> <p>ACATS/CBRS: Member firms must be prepared for new formats on July 31, 2009</p> <p>PPOs: Member firms will have a migration period to use either old or new format until July 31, 2009.</p> <p>Collateral Loans: Member firms will need to make modifications to support sub-accounting requirements by October 10, 2008, which will be followed by the OSI initiative changes on July 31, 2009.</p> <p><u>Post-Implementation</u></p> <p>Member firms must be prepared to input and receive the new data elements resulting from these modifications which are also being made to screen inputs for all applications.</p>		
Mandatory / Voluntary	Mandatory		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Collateral Loans and PPOs • ACATS/CBRS • Rule Filing (DTC) • User Acceptance Testing (UAT) • Collateral Loans – Phase 1 • Phase 2 • PPOs • ACATS/CBRS • Migration Period • Collateral Loans • PPOs (Accept Both New & Old Formats) • Client Connectivity / Registration 	Q1 2008 Q2 2008 Q4 2008 Q2 2008 Q3 2008 Q3 2009 Q4 2008 Q3 2009 Q4 2008 Q3 2009 N/A	In Progress Planned Planned Planned Planned Planned Planned Planned Planned Planned N/A



2008 Development Agenda

	<ul style="list-style-type: none"> Pilot Testing Implementation 	<p>N/A</p> <p>Q4 2008 Q3 2009</p> <p>Q3 2009</p>	<p>N/A</p> <p>Planned Planned</p> <p>Planned</p>
Progress Update	<p>NSCC and DTC have identified the necessary changes to the affected input and output file formats. For ACATS, a NSCC Important Notice (A# 6532, P&S # 6102) was distributed on November 23, 2007. The CBRS important notice is being planned for distribution in March 2008. For Collateral Loans and PPOs, a DTC Important Notice (B# 2816-07) was distributed on December 24, 2007. The modified file format layouts will be updated and posted to www.dtcc.com in January 2008.</p>		
Reference Material	<p>NSCC Important Notices Options Symbology Initiative</p> <p>DTC Important Notices</p>		
Contact	<p>Edlyn Meringolo Louis Lepore</p>	<p>emeringolo@dtcc.com llepore@dtcc.com</p>	<p>(212) 855-5697 (212) 855-4223</p>

Initiative	Deliver Order Input Extensions		In Progress
Description / Background	<p>Currently, DTCC's system runs in batch mode at night and real-time submission of certain types of transactions is not possible during this timeframe. For this reason, DTCC offers two types of Deliver Orders (DOs): Day DOs, which can be submitted beginning at 3:00 a.m. ET until 6:15 p.m. and are processed upon receipt by DTCC; and Night DOs, which can be submitted between 5:00 a.m. to 8:00 p.m. and are processed in batch mode in the night cycle. The current cutoffs prevent clients from submitting deliver orders while the night cycle is running. DTCC will create a new input format with extended cutoffs that will allow clients to submit DOs for immediate processing at any time. Night DOs and Day DOs processed with existing formats will not be affected by this change.</p>		
Rationale	To provide clients with the ability to submit Deliver Orders during the night cycle.		
Client Benefit	This enhancement will allow clients to react to night cycle receives by submitting deliver orders in real time during the night cycle. This may allow a greater number of deliver orders to complete in the night cycle resulting in reduced fees.		
Client Impact	<p><u>Pre-Implementation</u> DTCC highly recommends that clients test the new formats in DTCC's Client test region (U). Clients interested in using the new formats should contact the DTCC Participant Interface Planning group at 1-888-382-2721 for additional information.</p> <p><u>Post-Implementation</u> Clients interested in using the enhanced automated input process will be required to use the new format for Deliver Orders. The format specifications are available in the "members" section of DTC's website. Clients may also contact the DTCC Participant Interface Planning group at 1-888-382-2721 for additional information.</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing (DTC) • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<ul style="list-style-type: none"> Q2 2007 Q3 2007 Q4 2007 Q4 2007 N/A Q1 2008 	<ul style="list-style-type: none"> Complete Complete Complete Complete N/A Recommended In progress
Progress Update	Technical specifications are available in the "members" section of DTC's website.		
Reference Material	<p>Important Notice B# 2574-07 Functional User Guide</p>		
Contact	Julie Krill	jkrill@dtcc.com	212-855-5906

Initiative	Memo Segregation Enhancements	In Progress
Description / Background	Existing Memo Seg rules are hard-coded in DTCC's system with limited configuration options available to clients. This project will enable clients to define their own rules for processing their Memo Seg and Turnaround positions.	
Rationale	To provide clients with the ability to establish unique Memo Segregation Profiles.	
Client Benefit	This enhancement will allow clients to establish unique Memo Segregation Profiles to increase/decrease/Ignore Memo Segregation and XMemo Segregation (Turnaround) positions for specific reason codes or contra-parties for deliveries and receives.	
Client Impact	<p><u>Pre-Implementation</u></p> <p>DTCC highly recommends that clients test the enhanced Memo Segregation profiles in DTCC's Client test region (U) before modifying their Production Memo Segregation profiles. Clients interested in using the enhanced profiles will need PBS access and should contact their Relationship Managers for additional information.</p> <p><u>Post-Implementation</u></p> <p>Clients interested in using the enhanced Memo Segregation profiles will need special eligibility updates and should contact their Relationship Managers for more information.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q3 2008 • Development Q2 2009 • Rule Filing (DTC) Q4 2008 • User Acceptance Testing (UAT) Q2 2009 • Client Connectivity / Registration N/A • Pilot Testing • Implementation Q3 2009 	<ul style="list-style-type: none"> In Progress Planned Planned Planned N/A Recommended Planned
Progress Update	Business requirements are being drafted. DTCC expects to begin building the enhancement in the third quarter.	
Reference Material	None at this time	
Contact	Julie Krill	jkrill@dtcc.com 212-855-5906

Initiative	Additional Primary Marketplace Designations		In Progress
Description	<p>DTCC is expanding its security masterfile information to reflect additional primary marketplace designations. Currently, security masterfile information provided on client output only reports marketplace designations with the values: 0=NYSE, 1=Amex and 2=OTC. These designations will be expanded to reflect additional exchange codes. DTCC will also provide on applicable output, such as the CNS Equity Security Masterfile, a new primary marketplace indicator when the equity is dually traded.</p>		
Rationale	<p>Provide clients with expanded security masterfile designations to reflect the expansion of primary listings to additional marketplaces.</p>		
Client Benefit	<p>Clients will have the current exchange information where the issue has its primary listing.</p>		
Client Impact	<p><u>Pre-Implementation</u> In Q1 2008, clients will be advised by through an NSCC Important Notices of the specific files impacted by these expanded values. Clients will need to prepare to recognize the new values. DTCC plans to provide clients with test files.</p> <p><u>Post-Implementation</u> Clients will need to be able to recognize the expanded marketplace designations on the impacted files.</p>		
Mandatory / Voluntary	<p>Mandatory</p>		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<p>Q1 2008 Q3 2008 N/A Q3 2008 N/A N/A N/A Q3 2008</p>	<p>In Progress Planned N/A Planned N/A N/A Planned</p>
Progress Update			
Reference Material	<p>NSCC Important Notices: to be issued – February 2008</p>		
Contact	<p>Edlyn Meringolo</p>	<p>emeringolo@dtcc.com</p>	<p>212-855-5697</p>

Initiative	Enhance CNS Reorg Process	In Progress	
Description	DTCC plans to enhance the CNS Reorg process to display potential liabilities, final liabilities, preliminary protects, and final protects on SMART/Track. Today information on potential liability and final liability is only available via print image reports. All CNS Reorg information, including final liability, will be available to clients in real time. Final liability reporting will be available immediately after the CNS day cycle completes. Currently CNS clients receive final liability information the day after the protect period ends.		
Rationale	Clients will receive final protect information at the end of the protect period instead of the following business day. Print Image reporting will be discontinued for all CNS Reorg processes.		
Client Benefit	All CNS Reorg information will be available on SMART/Track. This will provide clients with one unified source for all corporate action liability information. Clients will receive final protect information at the end of the protect period instead of the following business day.		
Client Impact	<u>Pre-Implementation</u> All CNS users are required to use SMART/Track for non-CNS corporate action information, therefore all users should already have access to the system. No client development work is required. <u>Post-Implementation</u> Clients will receive their potential and final liability information via SMART/Track and can begin disregarding the current print image reports. Print Image reports will be retired six months after implementation.		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q3 2008 In Progress • Rule Filing (NSCC) Q4 2008 In Progress • User Acceptance Testing (UAT) N/A N/A • Client Connectivity / Registration Q4 2008 In Progress • Pilot Testing N/A N/A • Implementation Q4 2008 In Progress 		
Progress Update	This project was originally scheduled for 2007, but was re-prioritized to begin in 2008.		
Reference Material	None at this time		
Contact	Peter Smith Vincent McDevitt	peterjsmith@tcc.com vmcdevitt@dtcc.com	212-855-7621 212-855-5694

Initiative	Enhance CNS Buy-in process	In Progress
Description	DTCC will replace the current CNS buy-in reports and provide all CNS buy-in activity information through SMART/Track. In addition, Clients will be informed whether or not their CNS buy-in order(s) were accepted real-time via SMART/Track.	
Rationale	To reduce multiple sources of information on buy-in activity and improve the timeliness for reporting.	
Client Benefit	Streamlined and more timely reporting to clients in a consolidated form.	
Client Impact	<u>Pre-Implementation</u> All CNS users are required to use SMART/Track for buy-ins. No client development work is required. <u>Post-Implementation</u> Current AutoRoute print image reports will be retired prior to year-end.	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q1 2008 In Progress • Rule Filing N/A N/A • User Acceptance Testing (UAT) N/A N/A • Client Connectivity / Registration Q3 2008 Planned • Pilot Testing N/A N/A • Implementation Q3 2008 Planned 	
Progress Update	This project was originally scheduled for 2007, but was re-prioritized to begin in 2008.	
Reference Material	None at this time	
Contact	Peter Smith peterjsmith@tcc.com Vincent Mc Devitt VmcDevitt@dtcc.com	212-855-7621 212-855-5694

Initiative	Enhance Exchange Traded Fund (ETF) Processes	In Progress
Description	DTCC will enhance the current ETF process to include T+1 settlement for create and redeem processing and cash only ETFs. T +1 settlement for creates and redeems will allow clients to create and redeem ETFs through CNS on a shortened settlement cycle. Cash-only ETFs will support the creation and redemption of actively managed ETFs and ETFs that are not equity-based.	
Rationale	Provide new services for the rapidly growing ETF market.	
Client Benefit	Automate manual processes, which are not currently serviced by DTCC.	
Client Impact	<u>Pre-Implementation</u> None <u>Post-Implementation</u> To be determined	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q2 2008 On Schedule • Rule Filing (NSCC) Q3 2008 On Schedule • User Acceptance Testing (UAT) Q3 2008 On Schedule • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation Q3 2008 On Schedule 	
Progress Update	An ETF working group consisting of Authorized Participants and ETF Agents was formed in Q3 2007 in order to prioritize enhancements. The Business Requirements are in progress.	
Reference Material	None at this time	
Contact	Elena Staloff estaloff@dtcc.com	212-855-5699

Initiative	Money Market Instruments (MMI) Hybrids Processing Automation	In Progress
Description / Background	<p>The first phase of automation for MMI hybrids focused on “exchangeable” and asset-backed MMIs, and enabled Issuing and Paying Agents (IPAs) to detail selected MMI features during the issuance process. The second phase of this initiative will streamline the payment process for tendering exchangeable MMIs.</p> <p>The handling of MMI “hybrid” securities requires significant manual intervention both internally at DTC and externally for the IPA banks and money market broker/dealers. This initiative is part of a multi-phased project to reduce the risk and streamline processing associated with “hybrid” MMIs.</p>	
Rationale	Provide greater automation and efficiency.	
Client Benefit	Clients will have lower financial exposure associated with late or incorrect payments on the more than 2,500 non-standard or “hybrid” MMIs	
Client Impact	<p><u>Pre Implementation</u> Clients will be required to make technical changes to use this enhancement. Information on these changes will be distributed in Q1 2008.</p> <p><u>Post Implementation</u> Information on these changes will be distributed in Q1 2008.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q3 2008 In Progress • Rule Filing (DTC) Q2 2008 In Progress • User Acceptance Testing (UAT) Q3 2008 N/A • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation <ul style="list-style-type: none"> ○ Phase 1 Q2 2007 Complete ○ Phase 2 Q3 2008 In Progress 	
Progress Update	DTCC is finalizing industry requirements for MMIs with features that provide for extensions, prepayments, calls, and puts for development in 2008. The DTC MMI Working Group met for the first time on January 10, 2008 to review the proposed enhancements. Subsequent meetings will occur throughout the year. Those firms interested in participating should contact Javette Laremont, Product Management at jlaremont@dtcc.com or (212) 855-2414	
Reference Material	Important Notice : MMI Support for Exchangeable and Extendable Issuance Important Notice : Procedures for Processing MMI Extendible Right to Retain events	
Contact	Javette Laremont jlaremont@dtcc.com	212-855-2414

Initiative	Money Market Instruments (MMI) Issuing and Paying Agent (IPA) Enhancements	In Progress
Description / Background	In response to the recent market environment DTC is proactively providing tools and controls to Issuing and Paying Agent (IPA) banks. The first modification will enhance the MMI procedures to provide the IPA with a "Issuer Maturity Presentment Pend" function to manage its liquidity exposure to high-risk issuers that have known or anticipated "funding/credit issues." Lastly, DTC will reinforce the timely submission of variable rates on MMIs with this feature by assessing a disincentive fee on IPAs' not meeting the requisite timetable.	
Rationale	The enhancements are in response to the current credit market environment and address the challenges for key market clients.	
Client Benefit	Benefits include enhanced controls for IPAs and reduction in late day reversals for refusals to pay. The other revisions will mitigate the risk that a delay in submission of variable rate information could inadvertently result in a "default" on an MMI issue.	
Client Impact	<p><u>Pre Implementation</u></p> <p>The changes will affect IPA banks primarily and subsequent Important Notices will provide more detail on the proposed changes. Information on these changes will be distributed in Q1 2008.</p> <p><u>Post Implementation</u></p> <p>Information on these changes will be distributed by Q2 2008.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q3 2008 In Progress • Rule Filing (DTC) Q2 2008 In Progress • User Acceptance Testing (UAT) Q3 2008 TBD • Client Connectivity / Registration N/A N/A • Pilot Testing TBD TBD • Implementation TBD TBD 	
Progress Update	DTCC is currently finalizing industry requirements for these MMI revisions.	
Reference Material	Important Notice : MMI Support for Exchangeable and Extendable Issuance Important Notice : Procedures for Processing MMI Extendible Right to Retain events	
Contact	Javette Laremont jlaremont@dtcc.com	212-855-2414

Initiative	European Pre-Issuance Messaging (EPIM) Service	In Progress
Description / Background	<p>EPIM, a service offering of DTCC, Clearstream Banking and Euroclear, will be expanded to support ISIN allocation of European Medium Term Notes (EMTN).</p> <p>The European Pre-Issuance Messaging service is a central messaging hub that links the parties involved in the issuance of European commercial paper and certificates of deposit, including banks, dealers, issuing and paying agents, securities depositories and numbering agencies.</p> <p>Based on DTC's Pre-Issuance Messaging system (PIM), and adapted to the particularities of the European market, EPIM is a standardized messaging link that allows dealers, Issuing and Paying Agents (IPAs) and National Numbering Agencies to quickly exchange issuance information, improving the associated new issuance and code allocation functionalities. The link uses the MQSeries commercial messaging software. DTCC operates the central messaging hub required for EPIM on behalf of Clearstream Banking and Euroclear.</p>	
Rationale	Provide straight-through processing and efficiency to the EMTN market via the EPIM service by Q3 2008	
Client Benefit	<p>EPIM offers member firms a fast, reliable and efficient mechanism to request ISINs in support of their new issuance process.</p> <p>The benefits include:</p> <ul style="list-style-type: none"> ○ standard messaging formats ○ straight-through processing ○ improved ISIN and Common Code allocation and availability ○ a user-friendly and secure infrastructure 	
Client Impact	<p><u>Pre Implementation</u></p> <p>Clients will be required to make technical changes to use this enhancement. Information on these changes will be distributed by Q2 2008.</p> <p><u>Post Implementation</u></p> <p>Information on these changes will be distributed by Q2 2008.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q2 2008 In Progress • Rule Filing N/A N/A • User Acceptance Testing (UAT) Q3 2008 TBD • Client Connectivity / Registration Q3 2008 TBD • Pilot Testing TBD TBD • Implementation Q3 2008 Pending Client Readiness 	
Progress Update	<p>DTCC, working with Clearstream and Euroclear, will deploy enhanced capabilities to EPIM to support European Medium Term Notes by Q3 2008.</p> <p>The industry requirements are finalized and more information will be disseminated in Q2 2008.</p>	
Reference Material	Not available at this time	
Contact	Javette Laremont	jlaremont@dtcc.com 212-855-2414

Fixed Income Clearance & Settlement

The overall mission of the FI C&S group is to continue to promote STP for the fixed income marketplace through the expansion of central counterparty services to new asset classes while also increasing liquidity across all FI product types. We are also committed to finding ways to bring these services to a broader segment of market clients to increase efficiencies and reduce settlement risks in the marketplace.

These goals are being addressed through various projects, which are focused around the harmonization of the Mortgage-Backed and Government Securities divisions of FICC.

The primary client-facing project for the MBSD this year is the MBS CCP effort. We plan to roll out the pilot for Pool Netting and Guaranteed services in the 4th quarter of this year. This project will bring guaranteed settlement and clearance against FICC as central counterparty to the Agency MBS market. This project will also introduce several categories of new buy-side membership to CCP services in FICC. As part of this effort, Common Margining across the divisions of FICC will be introduced. This will give member firms the ability to have portfolio margining across their MBS and GSD positions as we move towards the consolidation of FICC services.

A central focus on the GSD side of the business will be the introduction of Interbank settlement for GCF Repo. This will expand liquidity for member firms as well as promote more efficient pricing for GCF trading. This change will allow one GCF market to be traded across clearing banks. Later in the year, FICC will begin making new products eligible for GCF trading. This will expand the efficiencies afforded by GCF to a greater segment of the Repo market.

Murray Pozmanter
Managing Director, Fixed Income Clearance & Settlement

Initiative	Mortgage-Backed Securities (MBS) Central Counterparty (CCP) Initiatives			In Progress
Description	<p>Pursuant to the plans described in its 2006 paper entitled "A Central Counterparty for Mortgage-Backed Securities: Paving the Way," DTCC is proceeding with a multi-phased approach for the introduction of CCP services to the mortgage-backed securities marketplace.</p> <p>The first phase of this project, completed in 2007, provides matching services for Specified Pool Trades to enable MBS clearing members to submit specified pool trades for matching at the time of execution.</p> <p>The second phase of this project allows for Pool Substitutions via the Electronic Pool Notification (EPN) system using a single message.</p> <p>The third phase of this project will provide for the introduction of a CCP Pool Netting service, which will allow MBS clearing members to net pool allocations stemming from TBA Netting and TBA Trade-for-Trade activity that meet certain trading velocity and netting criteria to arrive at a single net position in a particular pool. It will further provide for a multilateral pair-off capability based on exact par value, settlement month and delivery date for pools that are not eligible for single net position netting. Upon the implementation of this phase, FICC will be the settlement counterparty for all netted and paired-off pool obligations. Pool allocations that do not meet netting or pair-off criteria will settle directly between members outside the clearing corporation.</p>			
Rationale	To make the services offered for mortgage-backed securities more consistent with those services offered by DTCC for other products, whereby the clearing corporation acts as central counterparty to our members' trades and guarantees their settlement.			
Client Benefit	<p>Phase 2 – EPN Pool Substitution: Provides clients with a time-stamped methodology of executing allocation substitutions in a single, streamlined message, and replaces the current practice of sending two unrelated messages, or using telephones and faxes to effect substitutions. It further provides an audit trail for substitutions.</p> <p>Phase 3 – MBS CCP Pool Netting:</p> <p><u>Guaranteed Settlement</u> – FICC will provide members with a performance guaranty upon comparison.</p> <p><u>Pool Netting Service</u> – Elimination of redundant securities movements while facilitating existing MBS trading strategies whereby firms need to see collateral flow. The "smart" netting algorithm will minimize the number of securities movements while at the same time limiting the cost of carry associated with building up the number of securities required to settle larger net settlement positions.</p> <p><u>Expedited Return of Margin Collateral</u> – Because settlement will be conducted through the clearing corporation, collateral will be returned to firms on a timelier basis, without the need for the Notification of Settlement process for settlements occurring versus FICC as CCP.</p> <p><u>Cost Savings to Members</u> – The implementation of the new pool netting services will result in cost savings for clients stemming from eliminated transaction processing fees and operational costs. Further savings will be derived from reductions in fail costs and collateral costs (due to common margining, quicker return of margin collateral, etc.).</p>			
Client Impact	<p><u>Pre-Implementation</u></p> <p>All project phases require extensive client testing with the clearing corporation prior to service implementation.</p> <p><u>Post-Implementation</u></p> <p>Once the Pool Netting service is implemented, clients will need to process new messages, interpret new reports and access new Web Front End screens.</p>			
Mandatory / Voluntary	<p>Mandatory</p> <p>MBS Clearing clients will be required to participate in Specified Pool Trade and Pool Netting services. EPN-only members will not be affected by the implementation of those services, but will be required to participate in EPN Substitution services.</p>			
Timing	Specified Pool Trades - Implementation (Phase 1)	Q2 2007	Complete	
	EPN Subs - Implementation (Phase 2)	Q1 2008	In Progress	
	Pool Netting – (Phase 3)			

	<ul style="list-style-type: none"> • Development Group 1 (Messaging, Settlement, NOS, Q1 2008 In Progress • Development Group 2 (MRO, Reporting, etc.) Q2 2008 In progress • Rule Filing (FICC) Q1 2008 Planned • User Acceptance Testing Q3 2008 Planned • Client Connectivity/Registration TBD TBD • Pilot Testing Q4 2008 Planned • Implementation Q4 2008 Planned
<p>Progress Update</p>	<p>Phase one, Specified Pool Trades, was implemented in June 2007 (and will no longer be reported on in 2008).</p> <p>Client testing of phase two, EPN Pool Substitutions using a single message, has been completed. At the end of Q4, approximately 99% of clients have completed testing the Pool Substitution message. Implementation of the service has been rescheduled for January 2008.</p> <p>For phase three, Pool Netting, DTCC has continued to work in close cooperation with the MBS CCP Steering Committee and has decided to adopt a two-pronged approach to implementing the MBS CCP Pool Netting services. First, members will be able to begin testing messages with the clearing corporation in Q1 2008 by submitting pool input to, and receiving output from, DTCC using interactive messaging and the web front end. To support this testing, Interactive Messaging Specifications were distributed to members in Q4 2007. A detailed service description will be issued in Q1 2008 describing all service features (i.e., end-to-end processing). A client pilot of full Pool Netting functionality, including the settlement of netted pools versus FICC as CCP, is scheduled for Q4 2008.</p>
<p>Reference Material</p>	<p>MBS CCP Pool Netting Interactive Messaging Specification - PART 1 MBS CCP Pool Netting Interactive Messaging Specification - PART 2</p> <p>Service Description to Support Interactive Messaging for MBS CCP Pool Netting</p>
<p>Contact</p>	<p>Kate Connelly kconnelly@dtcc.com 212-855-7611</p>

Initiative	Restoration of the Interbank General Collateral Financing GCF Repo Service	In Progress
Description	The GCF Repo service allows Government Securities Division dealer members to trade general collateral repurchase agreements (“repos”) throughout the day without requiring intra-day, trade-for-trade settlement on a delivery-versus-payment basis. The service allows the dealers to trade such general collateral repos, based on rate and term, throughout the day with inter-dealer broker netting members (“brokers”) on a blind basis. For the past several years, however, GCF repo participants have been limited to trading with counterparties using the same clearing bank.	
Rationale	Restoring interbank settlement eliminates the need for netting members to trade GCF Repos exclusively with members that use the same clearing bank. Increasing the number of eligible trading partners improves market liquidity by eliminating this settlement restriction.	
Client Benefit	Increase liquidity better reflects current market conditions benefiting all clients.	
Client Impact	<u>Pre-Implementation</u> Clients are not required to make any changes <u>Post-Implementation</u> The implementation will be transparent to our clients.	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q3 2007 Complete • Development Q4 2007 Complete • Rule Filing (FICC) Q1 2008 In Progress • User Acceptance Testing (UAT) Q2 2008 Planned • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation Q2 2008 Planned 	
Progress Update		
Reference Material	Restoration of the Interbank GCF Repo Service	
Contact	Bart Schiavo bschiavo@dtcc.com	212-855-7590

Initiative	RTTM Web for the Government Securities Division	In Progress																					
Description / Background	Implement the final phase of the RTTM Web project, which will support real-time submission and full trade management capabilities for GSD. GSD's new RTTM Web will provide clients with a more user-friendly and intuitive trade management tool, which is consistent across all fixed income products. In addition, clients will access RTTM Web through an enhanced security layer, enabling users to access all RTTM products (including Mortgage-Backed Securities and Corporates, Municipals and UITs) with a single user ID and password.																						
Rationale	Improved client service and satisfaction.																						
Client Benefit	Provide clients with a more user-friendly and intuitive trade management tool.																						
Client Impact	<p>Expansion of existing screen access service will have little impact on client workflows and systems.</p> <p><u>Pre-Implementation</u></p> <p>This is an expansion of an existing facility to full access in real-time. All connections are in place.</p> <p><u>Post-Implementation</u></p> <p>All client screen access will be through the RTTM – Web screens. Previously real-time entry and queries used a direct terminal emulation portal to the application screens. The client will have to make limited adjustments to a set of new web screens. Real-time CTCL input and output is unchanged. Batch input and output is unchanged.</p>																						
Mandatory / Voluntary	<p>Mandatory</p> <p>Completes conversion to web-based screens. The legacy application is being retired.</p>																						
Timing	<table border="0"> <tr> <td>• Business Requirements</td> <td>Q2/2006</td> <td>Complete</td> </tr> <tr> <td>• Development</td> <td>Q4 2007</td> <td>Complete</td> </tr> <tr> <td>• Rule Filing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q1 2008</td> <td>Pending</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>Q3 2007</td> <td>Complete</td> </tr> <tr> <td>• Pilot Testing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Implementation</td> <td>Q3 2008</td> <td>Rescheduled (Q3 2008)</td> </tr> </table>		• Business Requirements	Q2/2006	Complete	• Development	Q4 2007	Complete	• Rule Filing	N/A	N/A	• User Acceptance Testing (UAT)	Q1 2008	Pending	• Client Connectivity / Registration	Q3 2007	Complete	• Pilot Testing	N/A	N/A	• Implementation	Q3 2008	Rescheduled (Q3 2008)
• Business Requirements	Q2/2006	Complete																					
• Development	Q4 2007	Complete																					
• Rule Filing	N/A	N/A																					
• User Acceptance Testing (UAT)	Q1 2008	Pending																					
• Client Connectivity / Registration	Q3 2007	Complete																					
• Pilot Testing	N/A	N/A																					
• Implementation	Q3 2008	Rescheduled (Q3 2008)																					
Progress Update	The implementation date has been rescheduled to accommodate changes in scope. Screens have been added to support Prime Broker transactions and the Oracle database has been replatformed to AIX from Windows/VMS.																						
Reference Material	Advanced Query Function/Clearance and Settlement	Remote Access Coordinator User Guide / Clearance and Settlement																					
Contact	Bart Schiavo bschiavo@dtcc.com	212-855-7590																					

Global Clearance & Settlement

DTCC is committed to support the global expansion of its constituent markets and exchanges and its members. The major US broker/dealers and banks have built global franchises with a significant part of their revenues and headcount based outside the US. In 2007 NYSE completed the first transatlantic exchange merger to form NYSE Euronext and in 2008 Nasdaq is set to merge with OMX and its Nordic exchanges. Underlying these trends is a shift to global investing as evidenced by two-thirds of US investors having holdings in non-US companies, largely via mutual fund investments.

These investment trends are supported by changes in the European regulatory environment where the EU's Markets in Financial Instruments Directive (MiFID) has fostered competition in financial services to include the establishment of Multilateral Trading Facilities (MTFs) in competition with the established, largely national, exchanges and the Code of Conduct, which seeks to promote competition in post-trade functions such as clearing and settlement. Other regions are also seeking to move towards a more open global investment model but are proceeding at a measured pace via Memorandums of Understanding between local exchanges and infrastructures and their counterparts overseas.

In 2008, DTCC will focus on supporting its markets' and members' activities in Europe, where change is most rapid. We will lever our scale in clearing and risk expertise to launch EuroCCP to clear equities traded on Turquoise, a European MTF, and aggressively pursue clearing and settlement mandates with other MTFs and exchanges. As necessary, EuroCCP will establish interoperability arrangements with established European CCPs to allow it to win clearing mandates with exchanges and MTFs where other CCPs currently clear trades. We will expand the geographic reach of EuroCCP with the addition of other European markets beyond the initial fourteen at launch and build out core functionality to include the completion of corporate actions automation.

*Neil Henderson
Managing Director, Global Clearance & Settlement*

Initiative	EuroCCP	In Progress	
Description	DTCC is developing a European Central Counterparty (EuroCCP) to clear and settle trades executed on European trading platforms. EuroCCP will accept trade input from the European trading platforms, net and novate the trades and settle the netted obligations in the local European Central Securities Depositories (CSDs). The phase 1 launch deliverable was built in 2007 and is being tested for live launch in Q2/Q3 2008. During 2008 we will build out functionality to include further automation of corporate actions processing, expansion to additional markets/instruments and trading venues and, as needed, build interoperability with established European CCPs.		
Rationale	EuroCCP will allow DTCC to provide a single pan-European clearing solution at a significantly reduced cost to existing alternatives.		
Client Benefit	Members get the benefit of a low cost simplified pan-European clearing solution.		
Client Impact	<p><u>Pre-Implementation</u></p> <p>EuroCCP is targeted at large European banks and brokers and European subsidiaries of US banks and brokers. Those firms that want to clear trades directly with EuroCCP will need to carefully review EuroCCP's documentation and determine what, if any, internal system changes need to be made. The initial clients will conduct full integration testing from the trading platform through to settlement over an eight to ten week period and later clients will conduct more limited testing. Potential clearing clients will also need to complete a EuroCCP membership package, which will be made available upon request.</p> <p><u>Post-Implementation</u></p> <p>EuroCCP will be a separate operating subsidiary of DTCC and will operate very similarly to DTCC's existing CCP services. New members will need to meet established membership criteria, receive transaction output from EuroCCP, make margin and guarantee fund contributions to manage CCP risk, and settle any cash obligations resulting EuroCCP's service.</p>		
Mandatory / Voluntary	<p>Voluntary</p> <p>This is a new voluntary service and only applicable to European banks and brokers and European subsidiaries of US banks and brokers.</p>		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • FSA Recognition for EuroCCP • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<ul style="list-style-type: none"> Q2 2007 Q4 2007 Q1 2008 Q1 2008 Q1 2008 Q2 2008 Q2 2008 	<ul style="list-style-type: none"> Complete Complete In Progress In Progress In Progress In Progress In Progress
Progress Update			
Reference Material	EuroCCP Service Description		EuroCCP Draft Rules
Contact	John Abel	Jabel@DTCC.com	212 855 8434

Initiative	Support of Canadian and Dually Listed European issues	In Progress	
Description	<p>In response to market interest in holding non-US issues at DTC, a rule change was filed by DTC and approved by the SEC on August 17, 2007. As a result, and subject to certain conditions, DTC can custody and service foreign issues to include Canadian and dually listed European issues. DTC has embarked on two initiatives:</p> <ul style="list-style-type: none"> (i) Make eligible Canadian issues as requested by members and provide settlements and asset servicing in either US or Canadian dollars (ii) Make eligible dually listed European issues and support free of payment position re-balancing between USA and Europe via a DTC custody account at Euroclear Bank 		
Rationale	Meet member need to settle and service Canadian issues via DTC and allow exchanges to dually list and trade European issues in the USA		
Client Benefit	Makes DTC servicing of Canadian issues in US or Canadian dollars available to members. Supports exchange alliances, such as NYCS Euronext, by facilitating dual listing of European issues on US exchanges		
Client Impact	<p><u>Pre-Implementation</u></p> <p>Canada:</p> <ul style="list-style-type: none"> (i) Members wishing to settle and service Canadian issues in Canadian dollars must sign up for DTC's Canadian Dollar Service (ii) Member certification required regarding Canadian issues: certification that transfers within DTC will not be used for "distributions" to include IPOs <p>Dually listed European issues:</p> <p>None</p> <p><u>Post-Implementation</u></p> <p>Members can settle and receive asset servicing for Canadian issues in US or Canadian dollars</p> <p>Free of payment position re-balancing of dually listed European issues via DTC's account at Euroclear Bank will be made available to members</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<p>Q1 2008</p> <p>Q1*</p> <p>In Progress **</p> <p>Q2 2008</p> <p>N/A</p> <p>Q2 2008</p> <p>Q2 2008</p>	<p>Complete</p> <p>In progress</p> <p>Complete</p> <p>In Progress</p> <p>In progress</p> <p>N/A</p> <p>In Progress</p> <p>In Progress</p>
	*Complete for Canadian, ** In Progress for European		
Progress Update			
Reference Material	None at this time		
Contact	Neil Henderson	nhenderson@dtcc.com	212-855-7572

Enterprise Risk Management

DTCC Enterprise Risk Management (ERM) represents a combination of Operational Risk, Credit & Market Risk, Securities Valuation, Quantitative Analysis and Risk Project Management. We take a different view from traditional risk management. Rather than being inwardly focused, we believe we offer a product to our clients that provides liquidity, assists with market stability and protects them against mutualized loss. Our mission is to focus upon short duration risk management with emphasis on margin and collateral sufficiency, robust liquidity and crisis management. ERM has a number of objectives and challenges before it. We anticipate 2008 will be a time during which DTCC will face many opportunities and a few crises. ERM will be prepared for both.

ERM currently does a good job of anticipating issues and of providing the protection our clients require. Times are changing -- volatilities and financial instrument complexities are at historic levels and financial products not in existence ten years ago exert tremendous influence on the economy. Going forward, we will need to:

- strengthen short duration risk management and improve harmonization of rules and procedures;
- continue to migrate our risk management methodologies to Value at Risk (VaR) and further harmonize our selection of confidence levels and liquidation periods;
- incorporate a number of forward looking implied volatility measures (*i.e.*, VIX, ABX, Credit default pricing and credit spreads) into our calculation of required margin or collateral; and
- greatly improve the collective understanding of what DTCC does and does not do so that our clients and regulators have an accurate understanding of what we offer.

To address these challenges, ERM's initiatives include:

- strengthening our Quantitative group and its methodologies;
- making our systems more responsive to the demands of an ever-changing financial landscape;
- providing timely and more robust Risk Management reporting that not only identifies issues before they become problems, but provides an improved view of risks on a portfolio basis, across the firm; and
- harmonizing our Risk Management rules and supporting systems.

*Douglas George
Managing Director & Chief Risk Officer*

Initiative	Standardizing Clearing Fund Collateral	In Progress		
Description / Background	DTCC has developed a standard set of rules governing the forms of collateral that will be accepted for the clearing funds of its clearing corporation subsidiaries. The SEC approved the rule filing for this change; please refer to Important Notice #A6312 for NSCC and Important Notice #GOV115.06 for FICC for further details of the new rules.			
Rationale	<p>This project will diversify and standardize clearing fund collateral across DTCC's clearing corporations while improving liquidity (by putting limits on certain types of collateral), and minimizing risk (by clearly identifying instruments that are eligible for Clearing Fund).</p> <p>The standardization of acceptable collateral guidelines, composition of clearing fund assets and haircut schedules across the clearing corporations (where possible) also represents a first step towards common margining across clearing corporations.</p>			
Client Benefit	<p>This project will simplify operations for DTCC clients who are joint members of different clearing corporations by following a similar rule for each clearing corporation. In addition, DTCC is rolling out Clearing Fund Management (CFM) system to FICC clients. The benefits of the CFM system are:</p> <ul style="list-style-type: none"> o Real-time access to the Required Funds Deposit and Funds on Deposit o Ability to calculate the value of funds on deposit based on different combinations of eligible securities o Ability to initiate and submit on-line requests to change clearing fund composition (e.g., deposit / withdrawal / substitution), which eliminates the need to fax composition change requests. 			
Client Impact	<p><u>Pre Implementation</u></p> <ul style="list-style-type: none"> o Clients will need to modify the composition of their collateral on deposit in one or more clearing corporation clearing funds. This change will be effective January 28, 2008 (a rule filing was approved in January 2007 for this initiative). o FICC clients need to set up connectivity and register for the CFM system. An FICC Important Notice explaining the registration process will be issued prior to implementation. <p><u>Post-Implementation</u></p> <ul style="list-style-type: none"> o NSCC clients who are already registered for CFM will have access to the new screen, Clearing Fund Management Substitution Screen. This will replace current Excess Withdrawal screen. o In the FICC Report Center, MBSD clients will also be provided with a new report, the MBSD Requirement Letter, which will display both the Required Fund Deposit and collateral on Deposit. 			
Mandatory / Voluntary	Rule Changes: Mandatory CFM: Voluntary , however strongly recommended.			
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2007 Complete • Development Q4 2007 Complete • Rule Filing (NSCC/FICC) Q1 2007 Complete • User Acceptance Testing (UAT) Q4 2007 Complete • Client Connectivity / Registration Q1 2008 In Progress (on going) • Parallel (FICC only) Q1 2008 In Progress • Implementation Q1 2008 In Progress 			
Progress Update	An Important Notice explaining the registration process and new rules have been issued. Parallel period for FICC clients began on December 24, 2007 and will continue until January 24, 2008.			
Reference Materials	CFM Quick Reference Rule Filing Important Notice - A#6386 Important Notice - A#6543	Rule Filing Important Notice - GOV002.07 Important Notice - GOV129.07 Important Notice - GOV136.07	CFM Help Files Important Notice - A# 6312 Important Notice - A#6535 Important Notice - A#6548	Important Notice - GOV115.06 Important Notice - GOV123.07 Important Notice - GOV130.07
Contact	Jisun Burton	jburton@dtcc.com 212-855-5760		

Initiative	MBSD VaR	In Progress
Description / Background	<p>MBSD will be applying an industry-standard Value at Risk (VaR) model using "state of the art" techniques compliant with the International Organization of Securities Commissions recommendations and other regulatory requirements. DTCC's Quantitative Risk Team is developing a MBSD full evaluation VaR using modified Hull-White interest rate and in-house constructed prepayment models.</p>	
Rationale	<p>DTCC has committed to the SEC that it would implement a VaR for MBSD.</p>	
Client Benefit	<p>The use of a risk margining methodology offering a better assessment of the risk associated with clients' net open positions with MBSD provides stronger risk mitigation for the industry, with the appropriate amount of collateral being collected for the MBSD service. This improvement to the MBSD risk margining process prepares for MBSD becoming a CCP (central counterparty).</p>	
Client Impact	<p><u>Pre-Implementation</u></p> <ul style="list-style-type: none"> o Clients need to familiarize themselves with the MBSD VaR margining methodology and the associated impact on the client's required fund deposit. o Client Forums will be held prior to implementation to review the new methodology and the suite of new reports, which will be provided. o Clients should also participate in the Client Parallel, which will span a full settlement cycle prior to implementation. The client will be able to gauge the methodology impact while still under the governance of the existing methodology. The new suite of reports will also be available for review during this time. <p><u>Post-Implementation</u></p> <ul style="list-style-type: none"> o Earlier submission of MBSD Clients Fund deficits to 9:30 am ET from today's 2:00 pm ET deadline. o Clients will have a 'Requirement Choice', adding the option to net all aggregate positions to one per CUSIP for an expected lower requirement, if the client posts a single deposit with MBSD. (There are approximately 20 of the 80 MBSD settling clients who can benefit from this 'net' option.) o Overall, the total MBSD Clients Fund on Deposit increases. Effects on clients vary, depending on their mix of business. o Clients must also be prepared to receive new client reports to support the VaR component details. 	
Mandatory / Voluntary	Mandatory	
Timing	<ul style="list-style-type: none"> • Business Requirements Q3 2007 • Development Q1 2008 • Rule Filing (FICC) Q4 2007 • User Acceptance Testing (UAT) Q1 2008 • Client Connectivity / Registration Q1 2008 • Client Notifications Q4 2007 • Client Education Forums Q1 2008 • Parallel Testing Q1 2008 • Implementation Q2 2008 	<ul style="list-style-type: none"> Complete In Progress Complete/Pending Approval In Progress In Progress Complete Planned Planned In Progress
Progress Update	<p>DTCC is on target to apply a VaR methodology in the daily calculation of FICC's MBSD clients required fund deposit. All MBSD clearing members have been contacted by DTCC, with Client Forums and a parallel period of testing planned prior to implementation.</p>	
Reference Material	<p>Rule Filing Important Notice - MBS137.07</p>	
Contact	<p>Kevin Lewis klewis@dtcc.com</p>	<p>212.855.5759</p>

Initiative	DTC Collateral	In Progress														
Description / Background	Currently, no collateral value is assigned to a DTC participant's Collateral Monitor for positions in any Money Market Instruments (MMI's) issued by that participant. This project expands the restriction to cover all of the participant's issues beyond MMI's. In addition, the new system will block not only the securities issued by that client but also the securities issued by the client's affiliates.															
Rationale	The securities issued by the client (or by its affiliates) should not be eligible as collateral, since the market value of these instruments could potentially be significantly diminished in the event of an insolvency.															
Client Benefit	Reduce the potential size of mutual loss to DTC clients.															
Client Impact	<u>Pre Implementation</u> <ul style="list-style-type: none"> o No DTC client actions are required o An important notice will inform DTC clients of this change to their collateral calculations. <u>Post-Implementation</u> <ul style="list-style-type: none"> o DTC clients cannot submit the securities that they (or their affiliates) issued as collateral. 															
Mandatory / Voluntary	Mandatory															
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table border="0"> <tr> <td>Q3 2007</td> <td>Complete</td> </tr> <tr> <td>TBD 2008</td> <td>TBD</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>TBD 2008</td> <td>TBD</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q3 2008</td> <td>Planned</td> </tr> </table>	Q3 2007	Complete	TBD 2008	TBD	N/A	N/A	TBD 2008	TBD	N/A	N/A	N/A	N/A	Q3 2008	Planned
Q3 2007	Complete															
TBD 2008	TBD															
N/A	N/A															
TBD 2008	TBD															
N/A	N/A															
N/A	N/A															
Q3 2008	Planned															
Progress Update	An Important Notice will be issued prior to the implementation.															
Reference Materials	None at this time															
Contact	Eve Cohen	ecohen@dtcc.com (212) 855-5080														

Initiative	NSCC Clearing Fund Enhancements	In Progress	
Description	Enhance VaR by increasing liquidation period from 2 to 3 days; increase required coverage of liquid stocks from 98% to 99%.		
Rationale	Rules harmonization and strengthen collateral and liquidity sufficiency.		
Client Benefit	Increase coverage level and confidence, reducing risk for all clients.		
Client Impact	<u>Pre-Implementation</u> Clients in parallel test and evaluate results. <u>Post-Implementation</u> Overall, the total NSCC Clearing Fund will increase. Effects on clients vary, depending upon their mix of business.		
Mandatory / Voluntary	Mandatory Changes in VaR calculations apply to all customers.		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Parallel Testing • Implementation 	Q3 2007 Q1 2008 N/A Q1 2008 N/A Q1 2008 Q1 2008	Complete In Progress N/A Planned N/A Planned Planned
Progress Update			
Reference Material	Important Notice A#6546		
Contact	Jiping Guo	jguo@dtcc.com	212-855-5755

Initiative	FICC Common Margin	In Progress												
Description / Background	DTCC plans to implement a VaR model to accommodate offsetting activities in organizations that are members of both FICC Divisions.													
Rationale	This is part of DTCC's multi-year effort to migrate subsidiary clearing corporations to a consistent methodology for determining Clearing Fund requirements, and where possible, provide a common member of both FICC Divisions hedging benefits in the form of reduced required clearing fund deposits on its combined 'portfolio'.													
Client Benefit	<p>FICC Common Margin customers, where possible, will have the opportunity for a lower Clearing Fund requirement.</p> <ul style="list-style-type: none"> ○ Effects on clients vary, depending on the structure of their combined 'portfolio'. ○ FICC Common Margin is available to clients who are common members of both FICC Divisions: MBSD and GSD. 													
Client Impact	<p><u>Pre-Implementation</u></p> <p>The client should:</p> <ul style="list-style-type: none"> ○ Familiarize itself with the FICC Common margining methodology and the associated impact on its required fund deposits. ○ Participate in Customer Forums, which will be held prior to implementation. The focus of the forums will be to review the new methodology and the suite of new reports, which will be provided. ○ Participate in the Customer Parallel Test, which will be approximately four weeks, spanning a full MBSD settlement cycle, prior to implementation. The client will be able to gauge the methodology impact while still under the governance of the existing methodology. The new suite of reports will also be available for review during this time. <p><u>Post-Implementation</u></p> <ul style="list-style-type: none"> ○ This is concurrent with the implementation of MBS CCP Pool Netting, which is described separately in this Development Agenda. ○ To obtain the benefit, common members may only post a single deposit with each FICC Division. Today, common members may have multiple deposits posted. 													
Mandatory / Voluntary	Voluntary													
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing (NSCC/FICC) • User Acceptance Testing (UAT) • Pilot Testing (Parallel) • Implementation 	<table border="0"> <tr> <td>Q1 - Q2 2008</td> <td>In Progress</td> </tr> <tr> <td>Q3 - Q4 2008</td> <td>Planned</td> </tr> <tr> <td>Q2 2008</td> <td>Planned</td> </tr> <tr> <td>Q4 2008</td> <td>Planned</td> </tr> <tr> <td>Q4 2008</td> <td>Planned</td> </tr> <tr> <td>Q4 2008</td> <td>Planned</td> </tr> </table>	Q1 - Q2 2008	In Progress	Q3 - Q4 2008	Planned	Q2 2008	Planned	Q4 2008	Planned	Q4 2008	Planned	Q4 2008	Planned
Q1 - Q2 2008	In Progress													
Q3 - Q4 2008	Planned													
Q2 2008	Planned													
Q4 2008	Planned													
Q4 2008	Planned													
Q4 2008	Planned													
Progress Update	Internal meetings on business requirements.													
Reference Materials														
Contact	Jiping Guo	jguo@dtcc.com 212-855-5755												

Deriv/SERV

In 2008, Deriv/SERV will continue to work closely with the industry to further the goals of the Trade Information Warehouse initially brought to market in late 2006 and to reduce operating risk and cost in the trade confirmation area for OTC derivatives. With over 1000 active users of the Deriv/SERV service, DTCC offers the industry a common platform to confirm virtually all types of over-the-counter credit, equity and interest rate derivatives. Deriv/SERV is the only automated platform that all major global dealers use to confirm all three types of OTC derivatives. In 2008, DTCC will implement enhancements to the platform to improve STP in confirmation workflows including automated support for novations. In addition, in response to market demand new templates for electronic matching will be implemented for credit, equity and interest rate derivatives.

In 2008, settlement will be expanded to include all major dealers live with all other major dealers, as well as a capability to centrally settle matched, as contrasted with calculated, payments. Additionally, DTCC is committed to further expanding the universe of direct and agent users of the Deriv/SERV services in 2008. Plans for buy-side firms' and buy-side service providers' participation in central settlement will be developed.

Major initiatives for Deriv/SERV will target the extension of value-added services for the Warehouse including the implementation of central processing for successor events and other corporate actions for credit derivatives. Additionally, the Warehouse will be enhanced to provide for central reconciliation of payments for products other than credit derivatives. Alternative communication links to Deriv/SERV will be implemented for the convenience of users outside the US and for users with different volume requirements.

*Janet Wynn
Managing Director & General Manager, Deriv/SERV*

Initiative	Central Settlement Expansion (Dealers)	In Progress														
Description	The Central Settlement through CLS of bilateral nets among dealers on a daily basis was launched on a selected basis in November 2007. Fourteen dealers went live in four clusters. The expansion of the service to include all dealers netting on a bilateral basis with all dealers requires several report enhancements and a process change for the handling of potential duplicates. This initiative addresses these needs by creating a filtering mechanism for all cashflow payments that would duplicate payments previously settled outside of CLS. This filtering mechanism will be controlled by a relationship table managed by DTCC Operations.															
Rationale	The current platform provides a report on potential duplicates and requires firms to manually reverse duplicate payments. This approach has proved cumbersome to firms, and they have requested a more automated approach that can be applied selectively, as individual firms begin settling with additional firms.															
Client Benefit	Central Settlement of bilateral nets increases certainty of payment, reduces risk, and streamlines settlement and reconciliation operations among users. Expansion to more dealers increases the benefit to each dealer participating.															
Client Impact	<p><u>Pre-Implementation</u></p> <p>The service is being designed to utilize existing payment and settlement messages so that changes within firms will be limited to operational changes.</p> <p><u>Post-Implementation</u></p> <p>Firms will need to reconcile their payment streams to the Warehouse nets and the filtered out cashflows.</p>															
Mandatory / Voluntary	Dealers will initiate bilateral netting and settlement with other dealers on the basis of mutual agreement and readiness.															
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table border="0"> <tr> <td>Q1 2008</td> <td>Complete</td> </tr> <tr> <td>Q1 2008</td> <td>In Process</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q1 2008</td> <td>In Progress</td> </tr> <tr> <td>Q4 2007</td> <td>Complete</td> </tr> <tr> <td>Q1 2008</td> <td>Ongoing</td> </tr> <tr> <td>Q1 2008</td> <td>Planned</td> </tr> </table>	Q1 2008	Complete	Q1 2008	In Process	N/A	N/A	Q1 2008	In Progress	Q4 2007	Complete	Q1 2008	Ongoing	Q1 2008	Planned
Q1 2008	Complete															
Q1 2008	In Process															
N/A	N/A															
Q1 2008	In Progress															
Q4 2007	Complete															
Q1 2008	Ongoing															
Q1 2008	Planned															
Progress Update																
Reference Material	None at this time															
Contact	Macrina Digregorio	mdigregorio@dtcc.com 212-855-1668														

Initiative	Expand Equities – Corporate Actions	In Progress
Description / Background	DTCC Deriv/SERV's Equity Trade Confirmation platform, will offer corporate action information for underlying share transactions by leveraging DTC's GCA (Global Corporate Actions) product/services. Corporate Actions play a significant role in the equity confirmations life cycle as they may require adjustment to the underlying confirmation. Deriv/SERV will provide system users the ability to search and view corporate actions related to their current and existing D/S transaction records.	
Rationale	Support for additional functionality within the Deriv/SERV Equity confirmation platform is consistent with recent industry discussions and directives, including decreasing operational and legal risk, increasing efficiencies, providing STP, and facilitating automation for the clients as they respond to regulatory mandates.	
Client Benefit	By leveraging the data input provided by the DTC Global Corporate Action service, D/S will provide the single, enriched and confirmed event to all of its D/S Trade Confirmation Equity members. Each D/S member will receive the same quality of service, as each member will always receive the same, common, composite record at the same time, as it relates to their underlying record(s).	
Client Impact	<u>Pre Implementation</u> No impact to the firms is expected, as this functionality will be made available through the Deriv/SERV user interface. <u>Post-Implementation</u> These enhancements will be available to all firms.	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q1 2008 Pending • Rule Filing N/A N/A • User Acceptance Testing (UAT) Q1 2008 Planned • Client Connectivity / Registration Q1 2008 Planned • Pilot Testing Q1 2008 Planned • Implementation Q1 2008 Planned 	
Progress Update	The overall goal of this initiative is to expand the D/S Equity product line to support a corporate actions notification process. This project is on target to be deployed March 2008. DTCC continues to look towards expanding the Deriv/SERV Equity product. Future development of this product line includes several initiatives currently under assessment -- creating a template in support of Portfolio Swaps, support of the Equity products in the Trade Information Warehouse and expanding post-trade event processing such as assignments	
Reference Material	None at this time	
Contact	Macrina DiGregorio mdigregorio@dtcc.com	212-855-1668

Initiative	Equities: MCA-Xpress Phase 2 Enhancements	In Progress
Description / Background	The equity derivatives market is regional with multiple documentation combinations required as Master Confirmation Agreements (MCAs) are segregated by product, sub-product, and trading region. The industry is now undergoing regulatory challenges on contract backlogs and general contract inefficiencies. The focus is on the standardization and timely negotiation/execution of MCAs. MCAs are bilaterally negotiated contracts that should exist between counterparties as pre-requisites to equity derivatives trading. MCAs are currently negotiated between trading firms (and/or their respective external legal teams) via email or fax.	
Rationale	An automated MCA service, allowing both security dealers as well as buy-side clients to electronically create, store, negotiate and execute MCAs in a real-time environment via the web, will lower the legal and operational risks associated with equity derivative trades.	
Client Benefit	The product will provide the client a means to negotiate, execute and store the MCAs via an electronic platform.	
Client Impact	<p><u>Pre-Implementation</u></p> <p>Clients need to submit a registration package to Deriv/SERV Implementation as this product was built in the CRE environment utilizing UMG registration. The RSG group will provision the Access Coordinators (ACs) of these firms and allocate/issue the ACs access and issuance of Geotrust certificates.</p> <p>The clients will also be provided on-site training by the D/S Business Development team and related training materials/webinars as they will need to understand the new process entailed in both provisioning of additional users at the firm and product usage.</p> <p><u>Post-Implementation</u></p> <p>Log on will be different for the firms that utilize the D/S Equity service as our Trade Confirmation platforms utilize Verisign certificates and MCA-Xpress utilizes Geotrust certificates. Dual access will be needed until the migration of Deriv/SERV's full suite of services to DTCC standard registration is completed.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q3 2007 Complete • Development Q1 2008 In Progress • Rule Filing N/A N/A • User Acceptance Testing (UAT) Ongoing • Client Connectivity / Registration Ongoing • Pilot Testing Q4 2007 In Progress • Implementation Q1 2008 In Progress 	
Progress Update	MCA-Xpress was delivered December 2007 in pilot mode in the test environment only with minimal pilot firms involved. The product was migrated to the Production environment January 18, 2008. Additional functionality, expansion of user roles, and other identified user necessities will be developed throughout Q1 2008. One major dealer has joined as the first pilot firm and we have the commitment of three others.	
Reference Material	MCA-Xpress Webinar/Demo MCA-Xpress Help Files MCA-Xpress Important Notice – public announcement	To be released Q1 2008 To be released Q1 2008 To be released Q1 2008
Contact	Macrina DiGregorio mdigregorio@dtcc.com	212-855-1668

Initiative	Novation Consent	In Progress
Description / Background	Novation Consent is new functionality that enables the Transferor to obtain the required consent from the Remaining Party and will replace firms' existing manual method of requesting/granting Novation Consents through email.	
Rationale	Novation Consent was introduced to assist client firms with automating the existing Novation Consent process.	
Client Benefit	Under the 2005 ISDA (International Swaps and Derivatives Association, Inc) Novation Protocol and its associated best practices documentation, the Transferor is required to obtain the consent of the Remaining Party before actually entering into a Novation (or Assignment) agreement with the Transferee. The Protocol calls for an email, Bloomberg, or other electronic message, from the Transferor to the Remaining Party requesting consent for the proposed novation, and a similar message from the Remaining Party to the Transferor and Transferee granting consent.	
Client Impact	<p><u>Pre Implementation</u></p> <p>In order to successfully use this tool, firms are required to install the latest version of Sun JRE, have a Trade Warehouse digital certificate and be enabled by Deriv/SERV Operations for Novation Consent in both Test and Production environments.</p> <p><u>Post-Implementation</u></p> <p>Starting on the go-live date, firms will be using the Novation Consent tool to Submit and Approve/Refuse Novation Consent requests. This tool will replace their existing process which utilizes email as the preferred Novation Consent tool.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q4 2007 Complete • Development 3 releases in Q1 – Q2 In Progress • Rule Filing N/A N/A • User Acceptance Testing (UAT) 3 releases in Q1 – Q2 In Progress • Client Connectivity / Registration Ongoing • Pilot Testing 3 releases in Q1 – Q2 In Progress • Implementation 3 releases in Q1 – Q2 Planned 	
Progress Update	Novation Consent Phase 1 was implemented in September. Four firms are currently live in Production.	
Reference Material	<p>All Novation Consent documents are located in the Participants section of the D/S website:</p> <ul style="list-style-type: none"> • Training Guide • Product Overview PowerPoint • Installation Guide • Test Scripts • Test Data / Upload CSV Template • MQ Messaging Spec <p style="text-align: center;">http://derivserv.dtcc.com/members/novation/index36202.html</p>	
Contact	Macrina DiGregorio mdigregorio@dtcc.com	212-855-1668

Initiative	Credit Default	In Progress
Description / Background	Deriv/SERV introduced a number of updates to enhance the existing Trade Confirmations and Matching process for the Credit transactions and to improve the processing of the credit-related Post Trade events.	
Rationale	Since the inception of Trade Information Warehouse (TIW), Credit clients have requested a number of enhancements to the existing Trade Confirmation Service and the top priority items were packaged into this release.	
Client Benefit	Release 1 enhancements will further improve the existing TIW service and will allow users to submit transactions that would previously reject or break with their counterparties.	
Client Impact	<u>Pre Implementation</u> Credit enhancements will be available to all D/S TIW users and will not require client changes. <u>Post-Implementation</u> Clients will continue to use D/S TIW to submit and confirm their transactions.	
Mandatory / Voluntary	Voluntary These enhancements are inclusive in the Trade Confirmation system and are available through the use of the GUI.	
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation - Enhancement Release 1 	Complete In Progress N/A In Progress N/A Complete In Progress
Progress Update	The Release 1 2008 enhancements are scheduled for migration into Production on February 1, 2008. This release will implement a number of improvements to the existing Credit service including the following: <ul style="list-style-type: none"> ○ Enhancement to allow the submission of partial assignments out of order after a full termination has confirmed (if the partial assignment is effective prior to the full termination) ○ Various fixes to ensure the consistent application of the matching threshold of 1 currency unit on fees ○ Fix to allow TRI swap submissions on transactions which have pre-warehouse activity on the confirmations database ○ Fix to allow clients to accept allege on inside assignments where the fixed rate differs only by the inclusion of additional decimal places after the last material decimal place (i.e. 0.0015 against 0.0015000) ○ Add Emerging European Corporate LPN as a valid value for matrix transactions ○ Expansion of the number of decimal places allowed for the Fixed Rate field, from 5 decimal places to eight decimal places These components will aid in the matching process and improve the Trade Confirmation workflow.	
Reference Materials	None at this time	
Contact	Macrina DiGregorio mdigregorio@dtcc.com	212-855-1668

Initiative	Successor Events – Reorganizations	In Progress
Description / Background	This project will provide automation of reorganization event processing for single name credit derivatives transactions in the Trade Information Warehouse. These are reorganization events covered automatically under ISDA documentation.	
Rationale	Reorganization processing is currently a manually intensive, time-consuming process. As TIW maintains the official transaction records, it is logical to utilize this centralized source for automation and streamlining of the process. This process will be similar in many ways to the credit event processing that was implemented in August 2007.	
Client Benefit	Building upon the TIW functionality, automation of the reorganization processing will reduce manual, labor-intensive efforts associated with reorganization processing.	
Client Impact	<p><u>Pre Implementation:</u> Members will be required to develop and test, as well as modify existing operational procedures.</p> <p><u>Post-Implementation</u> The first time members will use this will be in the event of a reorganization (which could occur any time post the implementation). They will then have to follow the outlined procedures, consume the messages/reports and update records accordingly.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q2 2008 Planned • Rule Filing N/A N/A • User Acceptance Testing (UAT) Q2 2008 Planned • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation Q2 2008 Planned 	
Progress Update	Requirements review is in progress with Deriv/SERV working groups (Credit Events Working Group, Legal Working Group and Payments Working Group).	
Reference Material	None at this time	
Contact	Macrina DiGregorio mdigregorio@dtcc.com	212-855-1668

Initiative	Interest Rates	In Progress
Description / Background	Expand the scope of the over-the-counter derivatives service to include additional asset coverage and enhanced functionality for the Interest Rate product line.	
Rationale	Support for Interest Rates Derivatives in the Deriv/SERV confirmation platform is consistent with recent industry discussions and objectives, including decreasing operational and legal risk, increasing efficiencies, providing STP, and facilitating automation for the clients.	
Client Benefit	Clients will be able to leverage the Deriv/SERV confirmation service for a broader group of transactions	
Client Impact	<u>Pre Implementation</u> Clients who want to use these features will be able (but are not required) to perform User Acceptance Testing. <u>Post-Implementation</u> The IRS template will be expanded to incorporate callables and cancellables. New fields will also support linked collateral and workflow fields.	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 In Progress • Development Q1 2008 In Progress • Rule Filing (DTC/NSCC/DTCC) N/A N/A • User Acceptance Testing (UAT) Q1 2008 Planned • Client Connectivity / Registration N/A N/A • Pilot Testing Q1 2008 Planned • Implementation Q1 2008 Planned 	
Progress Update	Discussions have been initiated with industry user groups. Internal design sessions have commenced.	
Reference Material	None at this time	
Contact	Macrina DiGregorio mdigregorio@dtcc.com	212-855-1668

Initiative	Trade Information Warehouse-PayRec Integration	In Progress
Description / Background	The Payment Reconciliation (PayRec) system will be enhanced to act as a gateway for trades to enter the Trade Information Warehouse. The PayRec system will both create new Warehouse records and create payments for Warehouse records. These payments will ultimately feed into Central settlement.	
Rationale	This integration will provide a streamlined process for cash netting and settlement at CLS.	
Client Benefit	Participants will be afforded a single path for settling cash settlement on all credit derivative products. This will reduce the amount of 'non-Warehouse' cash settling outside of CLS. These 'PayRec' sourced trades can also be centrally referred and reconciled under one platform via the Trade Warehouse.	
Client Impact	<p><u>Pre Implementation</u></p> <p>This will be a major re-engineering of the PayRec application. As a result, there will be substantial external user acceptance in both the PayRec and Trade Information Warehouse (TIW) application.</p> <p><u>Post-Implementation</u></p> <p>The payments associated with PayRec sourced trades will be included in the firm's bilateral net settlement via CLS.</p>	
Mandatory / Voluntary	<p>Voluntary</p> <p>The initial settlement release is limited to major dealers with trusted counterparty relationships.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 • Development Q1 2008 • Rule Filing N/A • User Acceptance Testing (UAT) Q2 2008 • Client Connectivity / Registration N/A • Pilot Testing Q3 2008 • Implementation Q3 2008 	<ul style="list-style-type: none"> In Progress Planned N/A Planned N/A Planned Planned
Progress Update	Discussions have been on-going with the industry working groups.	
Reference Material	None at this time.	
Contact	Macrina DiGregorio mdigregorio@dtcc.com	212-855-1668

Insurance Services

Following another double-digit growth year, and as it enters its second decade, Insurance Services is well positioned to continue to grow in 2008 and beyond. The primary objective this year will be the continued facilitation of annuity STP by building, piloting and launching key functionality (*Application Attachments* and *Replacements*) that should further solidify our role as the industry's core messaging hub for annuity processing. Concurrently, and as part of our continuing effort to mitigate vendor dependencies, Insurance Services will launch *L&A Access*, a web-based distributor front-end for its Licensing & Appointment service.

In addition to the regular, targeted expansion of product usage by existing clients, another key objective will be the continued expansion of our client base into the regional, independent and bank broker/dealer markets primarily through clearing firm, vendor and industry association partnerships. Furthermore, we will work with clients to define requirements to support additional annuity post-trade transaction processing as well as the servicing and compliance needs for the rapidly expanding retirement income market, as it pertains to insurance products. Finally, Insurance Services will produce, and seek key client validation of, a strategic, multi-year plan to become the US annuity industry core infrastructure organization across distribution channels.

John Ziambras
Managing Director & General Manager, Insurance Services

Initiative	Fund Transfers	In Progress														
Description	Create a standardized, automated process for distributors to capture, request, track, supervise re-initiated fund transfer transactions within variable insurance products and enable compliance with state and federal regulatory requirements.															
Rationale	Over the past several years, broker/dealers have come under increased scrutiny by regulators to oversee activity by their registered representatives relating to reallocation of funds within a variable annuity contract. By creating a facility that delivers a standard approach for the industry, distributors will have the ability to monitor and limit actions of the reps before the transaction is submitted, and report after the trade is completed. In addition, the rep experience should improve by utilizing one method for all fund transfers across all insurance carriers, with immediate response if the transfer is accepted for overnight processing. Insurance carriers should increase the number of fund transfers received "in good order."															
Client Benefit	<ul style="list-style-type: none"> Distributors will have better ability to monitor rep-initiated fund transfers for suitability and other regulatory considerations Carriers will process more "in good order" transactions due to upfront rule checks Improved rep experience from using a single front-end to process fund transfers for multiple carriers. Real-time system creates capability of instant response to rep providing fund transfer status Establishes a standard industry practice 															
Client Impact	<u>Pre-Implementation</u> Clients need to develop and test interfaces to utilize this functionality. <u>Post-Implementation</u> This product is a new service. Clients will need to integrate service into their back office procedures.															
Mandatory / Voluntary	Voluntary															
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing (NSCC) User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation 	<table border="0"> <tr> <td>Q1 2007</td> <td>Complete</td> </tr> <tr> <td>Q2 2007</td> <td>Complete</td> </tr> <tr> <td>Q1 2008</td> <td>In Progress</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q4 2007</td> <td>Complete</td> </tr> <tr> <td>Q4 2007</td> <td>In Progress</td> </tr> <tr> <td>Q1 2008</td> <td>In Progress</td> </tr> </table>	Q1 2007	Complete	Q2 2007	Complete	Q1 2008	In Progress	N/A	N/A	Q4 2007	Complete	Q4 2007	In Progress	Q1 2008	In Progress
Q1 2007	Complete															
Q2 2007	Complete															
Q1 2008	In Progress															
N/A	N/A															
Q4 2007	Complete															
Q4 2007	In Progress															
Q1 2008	In Progress															
Progress Update	Additional changes (e.g., Message Level Security) will be implemented in Q1 2008 as pilot testing continues. Pilot firms are expected to migrate into production in Q2 and additional insurance carriers will begin pilot testing.															
Reference Material	None at this time.															
Contact	Randi Gordon rbgordon@dtcc.com John Ziambras jziambras@dtcc.com	212-855-5654 212-855-5651														

Initiative	Attachments	In Progress	
Description	Build a facility to establish an electronic exchange of imaged documents, signatures and forms during the pre-sale, new business and post issue process for an insurance transaction.		
Rationale	Recent regulatory developments have established a need for the annuity industry to have the capability of an electronic exchange of imaged documents, signatures and forms during the pre-sale, new business and post-issue process. The industry has asked DTCC to build a stand-alone process for handling these items as attachments to the core messaging. This process will leverage the infrastructure that has been developed for the Fund Transfers project and allow for the linkage of attachments to existing data messages as well as some manual processes. The development of an attachment handling process is one of the key deliverables of the National Association for Variable Annuities (NAVA) STP initiative. This project will be built using an ACORD XML messaging standard.		
Client Benefit	<ul style="list-style-type: none"> • Elimination of paper exchange • Enables STP when signatures or original documentation are required for otherwise automated processes • Savings from reduced mailing costs • Elimination of lost paperwork • Increased levels of service to distributors, carriers and client through the expedited document processing. • Automation of this process will create an audit trail and enable supervisory monitoring 		
Client Impact	<u>Pre-Implementation</u> Clients need to develop and test interfaces to utilize this functionality. <u>Post-Implementation</u> Attachment processing is a new product. Clients will need to integrate this service into their back office processing.		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing (NSCC) • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	Q1 2008 Q2 - Q3 2008 Q4 2008 N/A Q4 2008 Q4 2008 Q4 2008	In Progress Planned * Planned * N/A Planned* Planned* Planned*
* Planned dates are based on current industry prioritization of initiative and client readiness.			
Progress Update	Beginning in Q1 2008, DTCC will reconvene the working group to finalize the business requirements including documentation of the workflows, use cases and implementation guide. Following completion and approval of these documents, a pilot group will be assembled and development implementation dates will be finalized.		
Reference Material	None at this time		
Contact	Randi Gordon	rbgordon@dtcc.com	212-855-5654
	John Ziambras	jziambras@dtcc.com	212-855-5651

Initiative	Replacements	In Progress																					
Description	Develop an automated and standardized replacement processing service, including a money settlement component and attachment processing to reduce operating overhead for insurance carriers and increase end-user client satisfaction																						
Rationale	Transferring the cash value of an insurance contract from one carrier to another for the purchase of life insurance or annuities is a manual and time-consuming process. The implementation of an automated and standardized replacement processing service, including a money settlement and attachment processing component, will reduce operating overhead for insurance carriers and increase end-user client satisfaction. Distributors will also have access to a pending case status report so that they may automatically track progress on replacement requests, therefore reducing the need for follow-up activities.																						
Client Benefit	<ul style="list-style-type: none"> Elimination of paper exchange Elimination of lost paperwork Automation of money movement through settlement Process transparency and tracking Increased levels of service to distributors and clients through the standard replacement processing. 																						
Client Impact	<p><u>Pre-Implementation</u> Clients need to develop and test interfaces to utilize this functionality.</p> <p><u>Post-Implementation</u> Replacement processing is a new product. Clients will need to integrate this service into their back office processing</p>																						
Mandatory / Voluntary	Voluntary																						
Timing	<table border="0"> <tbody> <tr> <td>• Business Requirements</td> <td>Q4 2007</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>Q3 2008</td> <td>Planned *</td> </tr> <tr> <td>• Rule Filing (NSCC)</td> <td>Q4 2008</td> <td>Planned *</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>Q4 2008</td> <td>Planned *</td> </tr> <tr> <td>• Pilot Testing</td> <td>Q4 2008</td> <td>Planned *</td> </tr> <tr> <td>• Implementation</td> <td>Q1 2009</td> <td>Planned *</td> </tr> </tbody> </table> <p>* Planned dates are based on current industry prioritization of initiative and client readiness. This project is currently scheduled to follow the Attachment project dates will be adjusted according.</p>		• Business Requirements	Q4 2007	Completed	• Development	Q3 2008	Planned *	• Rule Filing (NSCC)	Q4 2008	Planned *	• User Acceptance Testing (UAT)	N/A	N/A	• Client Connectivity / Registration	Q4 2008	Planned *	• Pilot Testing	Q4 2008	Planned *	• Implementation	Q1 2009	Planned *
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• Pilot Testing	Q4 2008	Planned *																					
• Implementation	Q1 2009	Planned *																					
Progress Update	<p>A technical guide was written in 2007 and will be reviewed and approved during 2008.</p> <p>Beginning in Q1 2008, DTCC will finalize pilot participation. This group will complete review of business requirements and processing requirements.</p>																						
Reference Material	None at this time																						
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Initiative	L&A Access	In Progress	
Description	Implement a web-based data capture facility for the IPS License and Appointment service.		
Rationale	Launched in 2001, the IPS license and appointment service standardizes the two-way flow of information needed to manage agent information between insurance carriers and distributors, eliminating paper and simplifying data exchange. L&A Access brings this service to distributors who have chosen not to develop a fully integrated system.		
Client Benefit	<ul style="list-style-type: none"> • Additional distributors can implement the service without utilizing development resources or requiring front end vendor services • Insurance carriers may extend their service to additional distributor partners. • Standard L&A benefits extended to this service 		
Client Impact	<p><u>Pre-Implementation</u> Clients will validate the functionality of the system perform both UAT and Pilot testing.</p> <p><u>Post-Implementation</u> Distributor clients will need to conduct due diligence testing with their carrier partners. Carriers will be required to update the L&A Access control tables to indicate they are prepared to receive transactions from their distributor partners.</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<p>Q4 2007</p> <p>Q1 2008</p> <p>N/A</p> <p>Q1 2008</p> <p>Q1 2008</p> <p>Q1 2008</p> <p>Q1 2008</p> <p>Q2 2008</p>	<p>Complete</p> <p>In Progress</p> <p>N/A</p> <p>Planned</p> <p>Planned</p> <p>Planned</p> <p>Planned</p>
Progress Update	Interested distributor clients have been identified and pilot firms will be finalized in Q1 2008. During Q1 2008, DTCC will host periodic client informational and demonstration sessions.		
Reference Material	None at this time		
Contact	Randi Gordon	rbgordon@dtcc.com	212-855-5654
	John Ziambras	jziambras@dtcc.com	212-855-5651

Wealth Management Services

Wealth Management Services (WMS) includes products related, broadly, to Mutual Fund, Managed Account and Alternative Investment products. Our efforts in 2008 will focus on expansion into new markets and new geographies.

The well-established mutual funds products continue to expand based on market change and evolution. Since the introduction into this market in 1986, the product has grown to cover virtually all US mutual fund market clients – with nearly 1,000 clients, 700,000 daily trades and over 95 million mutual fund accounts. Our 2008 focus will be on response to client needs, regulatory mandates and continued improvement in the operational environment. Specifically, Mutual Fund Profile, our database service redesigned in 2007, will be rolled out with a continuing campaign to achieve full data population and integration into the back office.

Managed Accounts Services will be implemented initially with certain pilot users and expanded to additional product sponsors and their corresponding investment managers, a new client base for WMS. Additional message categories have been identified and will be introduced for production in 2008.

Alternative Investment Products will be supported on our service in the first half of 2008 with an initial focus on the distribution of REIT and Fund of Fund products. This service represents an introduction into a new client base, that is, the global fund administrators. Both MAS and AIP present an opportunity to bring products to global providers in markets new to WMS.

Ann Bergin
Managing Director & General Manager, Wealth Management Services

Initiative	Alternative Investment Products (AIP)	In Progress																					
Description / Background	<p>Currently, processing in the alternative investments industry is highly manual. With increasing retail interest and transaction activity, many firms and funds are having difficulty managing the growing volume. DTCC has been working with a pilot committee of leading firms and funds in the alternative investments marketplace to build an automated and standardized service for the industry. The AIP platform facilitates transaction and paper workflow automation in standardized data layouts.</p> <p>Development for the first phase was completed in June 2007. Functionality in this phase includes security profile and announcements, purchases, subscriptions, redemptions, tender offers and exchanges, paper workflow process, position reporting, account maintenance, commissions, billing, activity, distributions and settlement</p> <p>The second phase business requirements are being finalized and will be completed Q1 2008.</p>																						
Rationale	<p>Currently, the alternative investments industry is highly manual. With increasing interest and transaction activity, many firms and funds are positioning themselves to take advantage of distribution opportunities in the alternative space.</p>																						
Client Benefit	<p>The benefits include centralized data exchange, straight-through processing, a central settlement process, improved reconciliation and position reporting, increased security for sensitive investor information, timely transaction and valuation reporting, automated commissions processing, elimination of physical paper exchange and reduced stale account information.</p>																						
Client Impact	<p><u>Pre Implementation</u> Service access requires systems programming; the service is built in multiple formats to minimize coding effort (COBOL, XML and spreadsheet upload).</p> <p><u>Post Implementation</u> AIP will automate many of the manual processes currently employed.</p>																						
Mandatory / Voluntary	<p>Voluntary</p>																						
Timing	<table border="0"> <tr> <td>• Business Requirements</td> <td>Q4 2006</td> <td>Complete</td> </tr> <tr> <td>• Development</td> <td>Q2 2007</td> <td>Complete</td> </tr> <tr> <td>• Rule Filing (NSCC)</td> <td>Q4 2007</td> <td>Pending Approval</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q1 2008</td> <td>Planned</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>Q1 2008</td> <td>Planned</td> </tr> <tr> <td>• Pilot Testing</td> <td>Q1 2008</td> <td>In Progress</td> </tr> <tr> <td>• Implementation</td> <td>Q2 2008</td> <td>Planned</td> </tr> </table>		• Business Requirements	Q4 2006	Complete	• Development	Q2 2007	Complete	• Rule Filing (NSCC)	Q4 2007	Pending Approval	• User Acceptance Testing (UAT)	Q1 2008	Planned	• Client Connectivity / Registration	Q1 2008	Planned	• Pilot Testing	Q1 2008	In Progress	• Implementation	Q2 2008	Planned
• Business Requirements	Q4 2006	Complete																					
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• Client Connectivity / Registration	Q1 2008	Planned																					
• Pilot Testing	Q1 2008	In Progress																					
• Implementation	Q2 2008	Planned																					
Progress Update	<p>All efforts on target.</p>																						
Reference Material	<p>None at this time</p>																						
Contact	<p>Keisha Bell kbell@dtcc.com 212-855-2888</p>																						

Initiative	Mutual Fund Profile Service	In Progress														
Description / Background	<p>The Mutual Fund Profile Service (MFPS) automates the flow of non-transactional data between fund companies and distributors of funds in a centralized system using standardized formats. Funds use the service to provide prospectus data for use in rules-based applications by brokerage firms and other intermediaries. In 2007, to improve usability for fund companies, the Security Profile database was redesigned using a relational hierarchy database structure.</p> <p>The Security Profile Issue Database redesign was completed in September 2007 and it facilitates data entry and retrieval of mutual fund security information. The following enhancements were made to the Security Profile database: new web screens to support a new relational hierarchal database for input by funds; new record layouts for mainframe users; enhanced reporting capabilities for funds and firms; new web reports of future effective data; and help feature on web screens with access to the Data Dictionary. The new Security Issue database has enhanced the usability of Profile as an operational utility for rules based processing and regulatory compliance for firms and funds.</p> <p>There are regulatory and compliance pressures from the SEC and other regulatory agencies for mutual fund prospectus information to be clear, concise and accessible by brokers and their clients in a summary format. The Security issue database may be expanded to include Summary Prospectus information and a Prospectus Warehouse for funds and firms to access.</p> <p>With increased usability by funds and firms of Security Profile, there is also increased knowledge and potential need for funds and firms to utilize Participant and Distribution Declaration databases of MFPS also. Funds and firms have expressed interest in exchanging contact information, processing capabilities, capital gains and dividend information routinely.</p>															
Rationale	The industry needs an automated and centralized system to exchange information between funds and firms to comply with their auditing and compliance areas and to allow for more transparency of information to distributors.															
Client Benefit	The benefits include centralized data exchange, improved compliance and audit reporting, timely and current prospectus and security issue information, and elimination of physical paper exchange.															
Client Impact	<p><u>Pre-Implementation</u></p> <p>Service access requires systems programming or data input / retrieval via the web to minimize coding effort.</p> <p><u>Post-Implementation</u></p> <p>The funds will have new web screens available for input of more relevant data, additional reports and easier access to download and audit data. Firms will see changes to web screens and will have a more robust database of information to query.</p>															
Mandatory / Voluntary	Voluntary															
Timing	<ul style="list-style-type: none"> • Business Requirements – First Release of Enhancements • Development • Rule Filing (DTC/NSCC) • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table border="0"> <tr> <td>Q1 2008</td> <td>In Progress</td> </tr> <tr> <td>Q1 2008</td> <td>In Progress</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q1 – Q2 2008</td> <td>Planned</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q2 - Q3 2008</td> <td>Planned</td> </tr> </table>	Q1 2008	In Progress	Q1 2008	In Progress	N/A	N/A	Q1 – Q2 2008	Planned	N/A	N/A	N/A	N/A	Q2 - Q3 2008	Planned
Q1 2008	In Progress															
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N/A	N/A															
Q1 – Q2 2008	Planned															
N/A	N/A															
N/A	N/A															
Q2 - Q3 2008	Planned															
Progress Update	All efforts on target.															
Reference Material	None at this time															
Contact	Rita A. Gribben rgribben@dtcc.com	212-855-5677														

Initiative	Managed Accounts Service	In Progress																					
Description	<p>The objective for 2008 is to generate increased utilization of the service by continuing to work with primary sponsors, investment managers, service providers and industry focus groups. DTCC has completed pilot test phase I with Citigroup (Smith Barney's Consulting Group and Global Transaction Services) who is targeted to utilize the service in Q1 2008. DTCC has also been working with the Money Management Institute to promote industry standards through the use of MAS.</p>																						
Rationale	<p>The managed accounts process is highly manual today. This service provides the managed accounts industry with standardization and increased processing efficiency, which will reduce errors, costs and operational risks and bring scalability to support current volumes and future growth.</p>																						
Client Benefit	<p>The benefits are a more standardized and automated process with more data security. Turn-around time for account set up will be greatly reduced and less error-prone. Firms will be able to manage the process and information more efficiently.</p>																						
Client Impact	<p><u>Pre-Implementation</u> This service requires client IT development.</p> <p><u>Post-Implementation</u> The client's MAS account set-up information will be automated and transmitted through DTCC to be received by the client's counterparty. The client can eliminate the manual processing of MAS information.</p>																						
Mandatory / Voluntary	<p>Voluntary</p>																						
Timing	<table border="0"> <tr> <td>• Business Requirements</td> <td>2003</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>2004</td> <td>Completed</td> </tr> <tr> <td>• Rule Filing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q4 2007</td> <td>Completed</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>Q1 2008</td> <td>SMART line installed; testing to be scheduled</td> </tr> <tr> <td>• Pilot Testing</td> <td>Q4 2007</td> <td>Completed</td> </tr> <tr> <td>• Implementation</td> <td>Q2 2008</td> <td>In Progress</td> </tr> </table>		• Business Requirements	2003	Completed	• Development	2004	Completed	• Rule Filing	N/A	N/A	• User Acceptance Testing (UAT)	Q4 2007	Completed	• Client Connectivity / Registration	Q1 2008	SMART line installed; testing to be scheduled	• Pilot Testing	Q4 2007	Completed	• Implementation	Q2 2008	In Progress
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• Rule Filing	N/A	N/A																					
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• Client Connectivity / Registration	Q1 2008	SMART line installed; testing to be scheduled																					
• Pilot Testing	Q4 2007	Completed																					
• Implementation	Q2 2008	In Progress																					
Progress Update	<p>In Q4 2007, pilot testing with Citigroup has been completed successfully. Some minor enhancements were made to conform to MMI standards and as a result of client UAT testing. Internal DTCC testing has been completed. The launch of the service is expected to occur in June 2008.</p> <p>DTCC will continue to pursue MAS business opportunities with other primary sponsors, along with independent and regional broker dealers, as well as investment managers, directly or through major service providers. DTCC will also continue to participate in the Money Management Institute's industry committees to establish data and processing standards for the managed accounts industry.</p> <p>2008 scheduled releases of MAS include MMI 3.0 standards, Fund/SERV interoperability and expansion to Dual contract products.</p>																						
Reference Material	<p>Managed Account Services</p>																						
Contact	<p>Linda Yee</p>	<p>lyee@dtcc.com</p> <p>212-855-5612</p>																					

DTCC – Enterprise

Initiative	Participant Browser Services (PBS) – Ticket Printing	In Progress
Description / Background	<p>DTC's SMART/Messages service provides users the ability to view and print selected messages involving events or client requests. It facilitates the secure delivery of messages between DTC and our clients, including messages such as deliver and payment orders, and it provides all of the information and functionality currently available via the RPNA function on DTC's Participant Terminal System (PTS).</p> <p>In 2008, DTCC will explore alternative solutions to be used in conjunction with SMART/Messages in order to provide users a better way to manage PTS tickets without relying on obsolete 3270 printers and IBM SNA connectivity.</p>	
Rationale	Provide an easier to use functionality that allows client to obtain the tickets they need to support their day-to-day operations and reduce reliance on obsolete 3270 components and SNA connectivity.	
Client Benefit	<p>Provides clients access to required PTS tickets in a more efficient manner without relying on obsolete 3270 printers and SNA connectivity.</p> <p>Allows clients to receive just the tickets that they need to support their day-to-day operations.</p>	
Client Impact	<p><u>Pre Implementation</u> There is no impact</p> <p><u>Post Implementation</u> Users will need a valid RACF ID and password in order to access the new functionality.</p>	
Mandatory / Voluntary	<p>Voluntary</p> <p>Clients can continue to receive tickets that way they do today and use either PTS or PBS for external PTS functions.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2008 • Development Q2 2008 • Rule Filing NA • User Acceptance Testing (UAT) Q2 2008 • Client Connectivity / Registration NA • Pilot Testing Q2 2008 • Implementation Q4 2008 	<p>In Progress</p> <p>Planned</p> <p>N/A</p> <p>Planned</p> <p>N/A</p> <p>Planned</p> <p>Planned</p>
Progress Update	A ticket printing prototype is being developed and will be reviewed with a user group. Pending user group feedback DTCC will announce plans for next steps.	
Reference Material	None at this time	
Contact	Joe Winkhart jwinkhart@dtcc.com	212-855-4178

Initiative	Common Data Transfer Services (CDTS)	In Progress																																	
Description / Background	<p>In 2007, DTCC completed the reengineering of its communications facilities for the interactions between client data transmissions and the DTCC applications that process the contents of those transmissions. The result is a more reliable and more easily manageable facility, with improved cost-effectiveness and maintainability.</p> <p>In 2008, DTCC will sunset DataTrak, AutoRoute and MCC I and MCC II legacy communications applications and their associated support burdens, and extend file and event monitoring functionality to external users.</p>																																		
Rationale	Consolidate legacy file and messaging applications into one service that is a more reliable and more easily manageable facility, with improved cost-effectiveness and maintainability.																																		
Client Benefit	Through this implementation, DTCC can reduce the costs of maintaining computer-to-computer transmission applications. DTCC can also provide clients event monitoring tools that will support better management of interactions between client data transmissions and the DTCC applications that process the contents of those transmissions.																																		
Client Impact	<p><u>Pre Implementation</u></p> <p>Implementation is planned to be seamless to the client. Extensive analysis will be conducted for each legacy application migrated onto CDTS to ensure that there are no client impacts.</p> <p><u>Post Implementation</u></p> <p>Clients will have access to event monitoring functionality currently not available for many legacy applications. Clients would need to be registered for this service.</p>																																		
Mandatory / Voluntary	<p>Mandatory (Internal to DTCC)</p> <p>All DTCC file and messaging systems will use CDTS.</p>																																		
Timing	<p><i>Event Monitoring</i></p> <table border="0"> <tr> <td>• Business Requirements</td> <td>Q4 2007</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>Q1 2008</td> <td>In Progress</td> </tr> <tr> <td>• Rule Filing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q1 2008</td> <td>Planned</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td></td> <td>Ongoing for new user</td> </tr> <tr> <td>• Pilot Testing</td> <td>Q1 2008</td> <td>Planned</td> </tr> <tr> <td>• Implementation</td> <td>Q2 2008</td> <td>Planned</td> </tr> <tr> <td>• General Migration</td> <td>Q3 2008</td> <td>Planned</td> </tr> </table> <p><i>Legacy Application Migration</i></p> <table border="0"> <tr> <td>• MCC I & II Migration</td> <td>Q3 2008</td> <td>In Progress</td> </tr> <tr> <td>• AutoRoute Migration</td> <td>Q3 2008</td> <td>In Progress</td> </tr> <tr> <td>• DataTrak</td> <td>Q4 2008</td> <td>In Progress</td> </tr> </table>		• Business Requirements	Q4 2007	Completed	• Development	Q1 2008	In Progress	• Rule Filing	N/A	N/A	• User Acceptance Testing (UAT)	Q1 2008	Planned	• Client Connectivity / Registration		Ongoing for new user	• Pilot Testing	Q1 2008	Planned	• Implementation	Q2 2008	Planned	• General Migration	Q3 2008	Planned	• MCC I & II Migration	Q3 2008	In Progress	• AutoRoute Migration	Q3 2008	In Progress	• DataTrak	Q4 2008	In Progress
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• MCC I & II Migration	Q3 2008	In Progress																																	
• AutoRoute Migration	Q3 2008	In Progress																																	
• DataTrak	Q4 2008	In Progress																																	
Progress Update	<p>Migration of legacy applications DataTrak, AutoRoute and MCC I and II functionality onto CDTS is in progress.</p> <p>DTCC is developing a prototype of event monitoring capabilities and currently reviewing with external working group for feature and functionality fit. Pending feedback from the group and subsequent application updates DTCC will announce formal plans to extend functionality to other DTCC clients.</p>																																		
Reference Materials	Event Monitoring Guide	To be produced and available with application rollout.																																	
Contact	Joe Winkhart	jwinkhart@dtcc.com 212-855-4178																																	

Initiative	Access Coordinator Strategy	In Progress
Description / Background	<p>In 2007, DTCC launched improvements to its user registration process that makes it a more secure, reliable and easy-to-use client registration process. The new improvements make available the delegated registration model that allows external Access Coordinators to submit registration requests on behalf of their operators. However, the setup and maintenance of client Access Coordinators (ACs) is a manual, time-consuming process that requires significant DTCC support.</p> <p>In order to provide DTCC clients better control and transparency of their ACs and the Operators they register, DTCC is defining a strategy that will look to leverage its recently released Client Registration System (CRS) and allow client Access Coordinators to better manage and support their operator credentials.</p>	
Rationale	Reduce paperwork, time, risk and costs associated with AC and Operator setup and maintenance by defining DTCC as a facilitator of data and provider of tools for external access and certification	
Client Benefit	<p>Enable clients to control access to a firm's information consistent with their standards, and enable a flexible recertification capability for operators of DTCC systems.</p> <p>Reduced Paperwork and time required to approve and create ACs and Operators. DTCC will create the initial AC with Clients creating additional ACs as required.</p>	
Client Impact	<p><u>Pre Implementation</u> There is no impact.</p> <p><u>Post Implementation</u> After DTCC creates initial Access Coordinator, client is responsible for creating and recertifying subsequent ACs and the operators they create.</p>	
Mandatory / Voluntary	<p>Mandatory</p> <p>DTCC will establish a set of Best Practices for clients to follow regarding the creation and maintenance of ACs and Operators.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q4 2007 Complete • Development Q1 2007 In Progress • Rule Filing N/A N/A • User Acceptance Testing (UAT) Q1 2008 In Progress • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation Q1 2008 Planned 	
Progress Update	<p>Business requirements for Phase I have been completed and DTCC is targeting a Q1 implementation date. Client notification highlighting features and functionality will be distributed in advance of its release.</p> <p>Business requirements for Phase II are in progress with a late Q2 target delivery date.</p>	
Reference Material	DTCC User Registration AC User Guide	Please contact RM for copy
Contact	John Bautz jbautz@dtcc.com	212-855-1330

Initiative	External AC and User Recertification	In Progress
Description / Background	The purpose of this project is to automate recertifying external users registered by DTCC's new Customer Registration System (CRS). By "recertifying," we mean periodically checking that users only have access to the products, permissions, and accounts they need to perform their responsibilities.	
Rationale	The Recertification process will help our clients demonstrate that they are in compliance with the requirements of the Sarbanes-Oxley Act with respect to required oversight of their employees' access rights and entitlements into systems that effect transactions or affect the company's books and records.	
Client Benefit	Automated notification and reminders to recertify their operators and Access Coordinators, which provide clients insight as to the products and permissions that each is entitled to. Single location provided to client to review and recertify their operators' products, permissions, and accounts they need to perform their responsibilities.	
Client Impact	<u>Pre Implementation</u> There is no impact. <u>Post Implementation</u> Individuals identified to recertify a firm's users will receive systematic notification and reminders to review and recertify their operators.	
Mandatory / Voluntary	Voluntary If a firm does not recertify its users those users will not have their access to DTCC systems impacted; however, escalation procedures will be implemented to notify senior management both at the client and DTCC that recertification has not been completed	
Timing	<ul style="list-style-type: none"> • Business Requirements Q4 2007 Completed • Development Q1 2008 In Progress • Rule Filing (DTC/NSCC/DTCC) N/A N/A • User Acceptance Testing (UAT) Q1 2008 In Progress • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation Q1 2008 In Progress 	
Progress Update	Business requirements have been completed and development is underway with a Q1 2008 targeted implementation date. Client notification highlighting features and functionality will be distributed in advance of its release.	
Reference Material	None at this time	
Contact	John Bautz jbautz@dtcc.com	212-855-1330