# 2010 Development Agenda

*Issued: February 23, 2010*

## 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.

In making decisions on the priority of initiatives for 2010, DTCC has sought to minimize the extent to which our initiatives impose mandatory development requirements on clients, recognizing the impact of current market conditions.

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.

# Client Segment Matrix

| | Implementation Date | Broker / Dealer | Bank / Custodian | Paying Agent | Exchange / ECN | Underwriter | Mutual Funds | Hedge Fund | Investment Mgt. Co. | Transfer Agent | Insurance Carrier | Issuers |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Asset Services** | | | | | | | | | | | | |
| Corporate Actions Reengineering - Customer Enhancement | Q1 2010 | ● | ● | | | | | | | | | |
| Corporate Actions - Medium –Term Notes (MTNS) with Survivor Option Benefits | Q4 2010 | ● | ● | ● | | | | | | | | ● |
| Corporate Actions Reengineering – Announcements Enhancements | Q2 2011 | ● | ● | | | | | | | | | |
| Loan/SERV Delivery Versus Payment (DVP) | Q3 2010 | ● | ● | | | | | | | | | |
| Underwriting Systems Reengineering | Q1 2011 | ● | ● | | | ● | | | | | | |
| **Global Clearance & Settlement** | | | | | | | | | | | | |
| **Global Clearance & Settlement – US Equity** | | | | | | | | | | | | |
| Cost Basis Reporting Service (CBRS) – Cost Basis Legislation Enhancements | TBD | ● | ● | | | | ● | | | ● | | |
| European Pre-Issuance Messaging (EPIM) Service Enhancement | Q3 2010 | ● | ● | ● | | | | | | | | |
| Liquidity Efficiency Enhancements | Q3 2010 | ● | ● | ● | | | | | | | | |
| NSCC Accelerated Trade Guarantee | Q1 2010 | ● | ● | | ● | | | | | | | |
| Options Symbology Initiative (OSI) – ACATS/CBRS, Collateral Loans and Premium Payment Orders | Q1 2010 | ● | ● | | | | | | | | | |
| Obligation Warehouse | Q3 2010 | ● | | | | | | | | | | |
| Receiver Authorized Delivery (RAD) Redesign | Q3 2010 | ● | ● | | | | | | | | | |
| Settlement Collateral Pledge Redesign | TBD | ● | ● | | | | | | | | | |
| Settlement Output Enhancements | Q4 2010 | ● | ● | ● | | | | | | | | ● |
| Settlement Web Re-engineering | Q4 2010 | ● | ● | | | ● | | | | | | ● |
| Universal Trade Capture | Q1 2011 | ● | ● | | ● | | | | | | | |
| **Global Clearance & Settlement – Fixed Income** | | | | | | | | | | | | |
| FICC Portfolio Margining | Q1 2010 | ● | ● | | | | ● | | | | | |
| General Collateral Financing Repo Service® (GCF) - Service Enhancements | Q2 2010 | ● | ● | | ● | | ● | | | | | |
| Government Securities Division Member Expansion - Service Enhancements | Ongoing | ● | ● | | ● | | ● | | | | | |
| GSD Single Web Portal | TBD | ● | ● | | | | ● | | | | | |
| Mortgage-Backed Securities (MBS) Central Counterparty (CCP) Pool Netting | Q1 2010 | ● | ● | | | | ● | | | | | |
| Mortgage-Backed Securities (MBS) Central Counterparty (CCP) TBA Netting and Novation Service | TBD | ● | ● | | | | ● | | | | | |
| New York Portfolio Clearing | Q2 2010 | ● | ● | | ● | | | | | | | |
| **Global Clearance & Settlement – European** | | | | | | | | | | | | |
| EuroCCP Prime Broker Omgeo Link | Q2 2010 | ● | | | | | | ● | | | | |
| EuroCCP Interoperability | TBD | ● | | ● | | | | | | | | |

| | Implementation Date | Broker / Dealer | Bank / Custodian | Paying Agent | Exchange / ECN | Underwriter | Mutual Funds | Hedge Fund | Investment Mgt. Co. | Transfer Agent | Insurance Carrier | Issuers |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| U.S. Securities traded in Europe – Clearance and Settlement | TBD | ● | ● | | | | | | | | | |
| **Deriv/SERV** | | | | | | | | | | | | |
| Equity Cashflow Matching | TBD | ● | | | | | | | | | | |
| Equity Trade Reporting Repository | Q3 2010 | ● | | | | | | | | | | |
| Public Data Reporting | TBD | ● | | | | | | | | | | |
| Strategic Restructuring | TBD | ● | | | | | | ● | | | | |
| Universal Trade (Copper) Reporting | Q1 2010 | ● | | | | | | | | | | |
| **Insurance Services** | | | | | | | | | | | | |
| Replacements | Q1 2010 | ● | ● | | | | | | | | ● | |
| Attachments Access | Q2 2010 | ● | ● | | | | | | | | ● | |
| **Wealth Management Services** | | | | | | | | | | | | |
| Alternative Investment Products (AIP) | Q2 2010 | ● | ● | | | | | | | ● | ● | |
| Managed Accounts Service – Investment Manager Portal | Q1 2010 | ● | ● | | | | | | | | | |
| Managed Accounts Service – MMI 3.0 Standards | Q1 2010 | ● | ● | | | | | | | | | |
| Mutual Fund - Networking Enhancements | Q2 2010 | ● | | | | | ● | | | ● | | |
| **DTCC – Enterprise** | | | | | | | | | | | | |
| Common Data Transfer Service (CDTS) – Legacy Migration | Q4 2010 | ● | ● | ● | ● | ● | ● | | | ● | ● | ● |
| Common Data Transfer Services (CDTS) Output Dashboard – Phase II | Q1 2010 | ● | ● | ● | ● | ● | ● | | | ● | ● | ● |
| Customer Registration system (CRS) Management of RACF IDs | Q2 2010 | ● | ● | ● | ● | ● | | | | ● | | ● |

# Asset Services

In 2010, the Asset Services department will continue to focus on the reengineering of the core depository systems while supporting industry initiatives, standardization and regulatory compliance in a cost effective manner. The reengineering of the corporate actions platform will continue with a goal of migrating towards the industry standard ISO 20022 business model for the entire lifecycle, including automated elections. Due to its size and complexity, the Corporate Actions Reengineering project will be deployed in phases, with the focus in 2010 on announcements, followed by elections and payments for distribution events, redemption events, and finally reorganization events in subsequent years. In other areas, we will continue to expand the product line by introducing new products, enhancing existing products and services, and growing the client base globally. For example, Asset Services will look to provide enhancements to Class Actions, Underwriting and Custody.

As part of the reengineering initiative, the GCA product we will release the new ISO 20022 corporate actions announcement message formats, which will include a DTC unique event ID available to all DTC Participants for DTC-eligible data and to all GCA VS clients. Additionally, we will address the regulators need for greater transparency with the creation of an inbound XBRL interface that can be automatically loaded into DTCC's WAVES platform by the issuer, which will drive the generation of the Issuer driven unique ID at the point of dissemination, and issuer authentication.

DTCC's Loan/SERV business is in its second full year of operation, and this year we will bring multi-currency DVP settlement capabilities to the Syndicated Loan product. The focus is to build on the 2009 achievements through product expansion and to continue to work with the industry on new products and services that bring increased efficiency and reduced risk to Syndicated Loan processing.

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

<table>
<tr><td>Initiative</td><td>Corporate Actions Reengineering - Customer Enhancement</td><td>In Progress</td></tr>
<tr><td>Description</td><td colspan="2">DTCC continues to move ahead with its reengineering of the core systems for corporate actions processing, including announcements, elections and payments. This re-engineering will over time upgrade and replace more than 60 legacy systems that currently support corporate actions at DTCC and will move corporate actions to an event-based structure. Additionally, a browser-based unified user interface that allows clients to manage their entire corporate action lifecycle, from announcements through instructions to payments will be implemented replacing legacy functionality.<br>Key Customer Enhancements to be released include:<br>• Stock Loan Payment Order (SLPO) enhancements, which include moving the functionality and the incorporation of a rejection process<br>• Instruction approval process for EDS<br>• Stock loan income tracking bi-lateral Tax Rate instructions<br>• Improved Navigation Prototype</td></tr>
<tr><td>Rationale</td><td colspan="2">The following are the key drivers behind the project:<br>• Alignment with industry standard event structure and naming conventions.<br>• Support for various security numbering schemes, global events and multi-currency entitlements, and payments.<br>• Establishment of a platform for generation of single event ID for US markets.<br>• ISO and XML messages for event lifecycle.</td></tr>
<tr><td>Client Benefit</td><td colspan="2">The short term benefits are as follows:<br>• Approval process for Tax, DRIP, Dividend Foreign Currency, and Options instructions<br>• Stock loan income tracking bilateral tax rate instructions to insure income tracking adjustments are processed at the correct rates<br>• Review of the new client user interface and dashboards</td></tr>
<tr><td>Client Impact</td><td colspan="2"><u>Pre Implementation</u><br>Clients must review the published documentation to determine if their firms will take advantage of new functionality.<br><u>Post Implementation</u><br>Functionality is available for optional use.</td></tr>
<tr><td>Mandatory / Voluntary</td><td colspan="2">Voluntary</td></tr>
<tr><td>Timing</td><td colspan="2">EDS, Instruction approval process and improved navigation prototype<br>• Business Requirements — Q3 2009 — Completed<br>• Development — Q1 2010 — Rescheduled<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — N/A — N/A<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — N/A — N/A<br>• Implementation (Review Prototype) — Q1 2010 — Planned</td></tr>
<tr><td>Progress Update</td><td colspan="2">On December 30, 2009 DTCC announced the implementation timeline for each phase of the DTCC Corporate Actions Reengineering initiative (link to announcement is below.) DTCC plans to complete the Navigation Prototype in Q1 2010. At this time, DTCC will also start to conduct a series of client outreach initiatives to demonstrate the prototype. Instruction approval process for EDS is on target to be delivered in Q1 2010.</td></tr>
<tr><td>Reference Material</td><td colspan="2">Transition Plan and Related Documentation    Important Notice</td></tr>
<tr><td>Contact</td><td colspan="2">Robert Epstein    repstein@dtcc.com    212-855-2965</td></tr>
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|---|---|---|
| **Initiative** | **Corporate Actions Reengineering - Medium-Term Notes (MTNs) with Survivor Option benefits** | **In Progress** |
| **Description** | Expanding DTC's Corporate Actions system will allow Participants to process instructions and payments for MTNs with survivor option benefits. In Phase 1, Participants will continue to forward physical documentation directly to the paying agents while DTC accepts electronic instructions and allocates payments through settlement. DTC will enhance the "PUTS" function to provide Participants and agents with a centralized means to process early redemptions on MTNs with survivor option benefits. In Phase 2, DTC will eliminate hard-copy documents by allowing Participants to electronically certify that they are in possession of the required documentation. | |
| **Rationale** | Replace the current manual, costly, and labor intensive process for Participants to process instructions and receive payments on behalf of beneficial owners. | |
| **Client Benefit** | Reduce risk and cost associated with manual processing. Participants will have the capability to submit survivor option instructions and receive payment through DTC's settlement system. | |
| **Client Impact** | **Pre Implementation**<br>• Participants wishing to process instructions and receive payments through DTC must have access to DTCC's "PUTS" function.<br>• IPAs electing to receive instructions and make payments through DTC must have access to DTC's "APUT" function.<br>• Participants will continue to send physical documents directly to the paying agents in Phase 1.<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Voluntary**<br>Participants may choose this voluntary service to process survivor option puts. | |
| **Timing** | **Phase I**<br>• Business Requirements — Q3 2008 — Completed<br>• Development — Q4 2008 — Completed<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — Q1 2009 — Completed<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — Q1– Q3 2009 — Completed<br>• Implementation I — Q1 2009 — Completed<br>• Implementation II — Q1 2010 — Rescheduled<br>**Phase II**<br>• Business Requirements — Q1 2010 — Rescheduled<br>• Development — Q2 2010 — Rescheduled<br>• Rule Filing — Q2 2010 — Planned<br>• User Acceptance Testing (UAT) — Q3 2010 — Planned<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — Q4 2010 — Rescheduled<br>• Implementation — Q4 2010 — Rescheduled | |
| **Progress Update** | Phase I was implemented in Q1 2009 and several minor enhancements will continue to be implemented throughout Q1 2010. Phase II is planned for Q4 2010 release. DTCC continues to meet with the Industry Committee and various working groups to define requirements and the rule filing. | |
| **Reference Material** | None at this time | |
| **Contact** | Robert Epstein — repstein@dtcc.com — 212-855-2965 | |

<table>
<tr><td>Initiative</td><td>Corporate Actions Reengineering - Announcements Enhancements</td><td>In Progress</td></tr>
<tr><td>Description</td><td colspan="2">Announcements ISO 20022 - New ISO 20022 announcement messages will be XBRL compatible and made available to all DTC Participants for DTC-eligible data and to all GCA VS clients. This will include the XBRL pilot that will be a simple interface allowing tagged documents, which have been saved to an XBRL instance, to be uploaded. The main enhancements include:<br>• Publish North American data as ISO 20022, with extensions, with a Unique ID<br>• Deploy a new user interface for GCA VS, spanning all event types<br>• Publish events based against the firm's DTC holdings and/or the firms' SOI<br>• Publish 'confirmed' event by predefined SLA, e.g. [Ex-Date - 20 days], rather than against the current standard, by [Payment Date]<br>• Publish events intraday, e.g. 2 or 3 times per day, rather than via the overnight batch<br>• Publish events with clean 'terms and text'<br>Optional services include:<br>• Offer near real-time delivery<br>• Offer delivery over SWIFT<br>• Offer delivery of validated non-North American data<br>• Offer slices of the 'universe' by event type, region or asset class<br>Full XBRL Interface - Full connectivity to Issuer-based XBRL tools, the generation of the Unique ID at point of dissemination, and Issuer authentication.</td></tr>
<tr><td>Rationale</td><td colspan="2">These enhancements will further support all corporate action announcements from DTCC. Additionally, it will allow DTCC to drive standards within the industry for corporate action announcements.</td></tr>
<tr><td>Client Benefit</td><td colspan="2">Improved data quality and timeliness across all markets as well as supporting and driving industry standards. Clients will be able to utilize a single user interface to view all corporate action announcement types from Cash Dividends to Tender Offers. A single messaging delivery method will be available rather than relying on multiple legacy data feeds.</td></tr>
<tr><td>Client Impact</td><td colspan="2">Pre Implementation<br>All firms will have to re-sign their agreement, to encapsulate the new services.<br>Post Implementation<br>N/A</td></tr>
<tr><td>Mandatory / Voluntary</td><td colspan="2">Announcements ISO 20022 - Voluntary: Firms can choose when they want to migrate, however the cut off for all existing legacy files will be 2015.<br>Full XBRL Interface - Voluntary</td></tr>
<tr><td>Timing</td><td colspan="2">• Business Requirements<br>    - Announcements ISO 20022 — Q1 2010 — In Progress<br>    - Full XBRL Interface — Q2 2010 — In Progress<br>• Development<br>    - Announcements ISO 20022 — Q3 2010 — Planned<br>    - Full XBRL Interface — Q4 2010 — Planned<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — Q1 2011 — Planned<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — Q2 2011 — Planned<br>• Implementation — Q2 2011 — Planned</td></tr>
<tr><td>Progress Update</td><td colspan="2">DTCC will continue to work with firms, regulators and industry bodies, such as ISITC, SIFMA and ICI, to garner support for the electronic dissemination from issuers, resulting, ideally, in a regulatory mandate by the SEC.</td></tr>
<tr><td>Reference Materials</td><td colspan="2">None at this time.</td></tr>
<tr><td>Contact</td><td colspan="2">Dianna McCaffrey    dmccaffrey@dtcc.com    212-855-2331</td></tr>
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| Initiative | Loan/SERV Delivery Versus Payment (DVP) | In Progress |
|---|---|---|
| Description | Loan/SERV Delivery Versus Payment enhancement will add loan trade cash settlement capabilities to the Loan/SERV suite of services. | |
| Rationale | This service was approved by the Loan/SERV Operations and Planning Committee as a key initiative to reduce risk and improve loan trade settlement efficiency. | |
| Client Benefit | • Reduced risk through certainty that cash settles simultaneously with changes to asset ownership recorded by the agent banks.<br>• Enhanced transaction efficiency through the automation and netting of loan trade settlement. | |
| Client Impact | **Pre Implementation**<br>Loan market participants will need to ensure that CUSIPs and Market Entity Identifiers are entered to their loan reference databases, as both sets of data are required for processing trades through Loan/SERV DVP. In addition, market participants will need to adjust cash bookkeeping processes associated with net funding through DTCC rather than trade for trade settlement.<br>**Post Implementation**<br>Post implementation market participants will be settling cash through DTCC accounts rather than through the accounts of each trading counterparty. They will need to ensure compliance with industry agreed cut offs for funding.<br>Both pre and post implementation effort is significant for the loan industry. In addition to the development and process changes at each participant, trade platforms (e.g. ClearPar) will need to develop new messages to feed trades to Loan/SERV DVP and receive trade status messages. | |
| Mandatory / Voluntary | **Voluntary** | |
| Timing | • Business Requirements — Q1 2010 — In Progress<br>• Development — Q3 2010 — Planned*<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — N/A — N/A<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — Q3 2010 — Planned*<br>• Implementation — Q3 2010 — Planned*<br>*Planned dates are dependent on third party development of support applications. | |
| Progress Update | An industry wide focus group has been established to define the business requirements. | |
| Reference Material | Press Release | |
| Contact | Chris Childs — cchilds@dtcc.com — 212-855-2331 | |

| Initiative | Underwriting Reengineering - Corporate Issues | In Progress |
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| **Description** | This is the second phase of a multi-phase project to re-engineer the legacy underwriting system. This implementation will focus on the redesign of the eligibility process for corporate debt and equity securities. Due to the range of product types and requirements, this project will be rolled out in two releases. Release 1 will cover equity securities and Release 2 will address corporate debt issues. |
| **Rationale** | This project will complete the upgrade of the legacy system and eliminate the current bifurcated processing environment for DTC's Underwriting Operations. The completion of this phase also positions DTC for future initiatives, such as XBRL, data dissemination for Corporate issues, and the enhancement of the Prospectus Repository. |
| **Client Benefit** | Firms that underwrite securities will see increased transparency in the submission of data for DTC eligibility. They will also be better equipped to manage the settlement closing process as they will have real-time access to view and correct issues and monitor the status of their transaction. |
| **Client Impact** | **Pre Implementation**<br>All direct Participants that use DTC's Underwriting services, as well as any correspondent firms, will need to be pre-registered for the system and be trained on how to submit an issue.<br>**Post Implementation**<br>Once fully implemented, underwriters will no longer be able to submit an issue through PUND/WUN or the existing Questionnaire. Firms will be required to send in all information for eligibility through UWSource using one of the three available interfaces. Participants or correspondents can submit their data through an autofeed, a spreadsheet upload, or directly through the Web browser application. Specifications on the autofeed and spreadsheet upload will be available prior to the commencement of the voluntary usage period. |
| **Mandatory / Voluntary** | **Mandatory -** There will be a voluntary usage period to acclimate the clients with the system before the Mandatory period begins. (see Timing below) |

**Timing**

| | | |
|---|---|---|
| **Release 1 – Corporate Equities** | | |
| • Business Requirements | Q4 2008 | Completed |
| • Development | Q2 2009 | Completed |
| • Rule Filing | Q4 2009 | Completed |
| • User Acceptance Testing (UAT) | Q3 2009 | Completed |
| • Client Connectivity / Registration | Q3 2009 | Ongoing |
| • Implementation – Voluntary Production Rollout | Q4 2009 | Completed |
| • Implementation – Mandatory Production Usage | Q1 2010 | Planned |
| **Release 2 – Corporate Debt** | | |
| • Business Requirements | Q1 2010 | In Progress |
| • Development | Q2 2010 | Planned |
| • Rule Filing | N/A | N/A |
| • User Acceptance Testing (UAT) | Q3 2010 | Planned |
| • Client Connectivity / Registration | Q3 2010 | Planned |
| • Implementation – Voluntary Production Rollout | Q4 2010 | Planned |
| • Implementation – Mandatory Production Usage | Q1 2011 | Planned |

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|---|---|---|---|
| **Progress Update** | Release 1, Voluntary Production Rollout was implemented on October 8, 2009 and Mandatory Production Usage is on target for a Q1 2010 go live date. The business requirements for Release 2 are in progress. | | |
| **Reference Material** | Technical Specifications<br>Training Information | Important Notice<br>Implementation Guide | General Information |
| **Contact** | Ann Marie Bria | abria@dtcc.com | 212-855-4024 |

# Global Clearance & Settlement

***US Equity Clearance & Settlement***

The current market structure for US cash equities supports many trading venues and linkages, high frequency trading, certain undisplayed markets and new forms of sponsored access. Regulation is keeping pace with the evolution of this structure, and as such, the industry expects to see additional rulemaking around fair access and enhanced risk management controls.

Despite the growth of the number and type of liquidity destinations, clearance and risk management of such equities trades continues to be supported seamlessly through NSCC as the central counterparty for the US equities market. In 2010, DTCC will develop and launch new services that leverage the existing CCP infrastructure and provide our customers with the automation to reduce their own internal cost bases. Examples of such services include the Obligation Warehouse, which will standardize and automate ex-clearing processes and enhance transparency providing a repository for ex-clearing fails. Our Universal Trade Capture initiative will streamline reporting of clearing contracts to allow our customers faster and easier reconciliation to all markets.

We also aim to support our customers' compliance with new and existing regulation in the most cost effective manner. Examples of initiatives underway include support for the new IRS regulations that require the transfer of cost basis information. Our Cost Basis Reporting System (CBRS) will be ready for testing in late 2010. We will also enhance our process to support customer account transfers of CNS eligible securities (ACATS CNS Re-write) to enhance the safety associated with customer account transfers in a scenario involving a firm in distress. We will continue to work with our customers as regulation evolves to ensure that we leverage our position as the industry utility to maximize value delivered to our customers.

***Fixed Income Clearance & Settlement***

In the US Fixed Income Clearing Corporation (FICC), DTCC's overall mission is to promote risk reduction for the fixed income marketplace through the expansion of central counterparty services to new asset classes while also increasing transparency and creating capital efficiency 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 initiatives, which are focused on completing the harmonization of the Mortgage-Backed and Government Securities divisions of FICC and leveraging this harmonization to create Portfolio Margining for the broader FI Marketplace.

We will also see the completion of the MBS CCP effort. 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, FICC will introduce Portfolio Margining across FICC. 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.

As a way to extend DTCC's services into the Listed Derivative space, New York Portfolio Clearing is being created through a joint venture of DTCC and NYSE Euronext to create the industry's first "open access" clearing house for listed fixed income derivatives. NYPC's unique value proposition to the fixed income marketplace will be derived from its innovative "single pot" portfolio margining arrangement with FICC. This portfolio margining process will bring fixed income cash, repo, listed derivative and potentially OTC derivatives into the same risk management regime to create unprecedented transparency and holistic management of portfolio risk.

***European Clearance & Settlement***

DTCC's EuroCCP subsidiary will build volume through the expansion of clearing services to other MTFs with CCP interoperability with incumbent CCPs as well as additional/unique services including US Issues and Depository Receipts and Prime Broker Service in conjunction with Omgeo. ECCP's new fee schedule, effective October 1, 2009, provides our clients the lowest clearing fees in Europe. It will encourage them to concentrate their clearing with ECCP; as clients concentrate their activity with ECCP they will also realize a reduction in the technology and operations costs associated with dealing with multiple CCPs and reduce their overall Margin and Guarantee Fund requirements.

*Susan Cosgrove*
*Managing Director, Equity Clearance & Settlement*

*Murray Pozmanter*
*Managing Director, Fixed Income Clearance & Settlement*

*Neil Henderson*
*Managing Director, Global Clearance & Settlement*

# Global Clearance & Settlement - US Equity

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| **Initiative** | **Cost Basis Reporting Service (CBRS) - Cost Basis Legislation Enhancements** | **In Progress** |
| **Description** | DTCC will make enhancements in CBRS to support additional transactions (subject to regulatory approval) that trigger the need to have cost basis information passed, such as deposit/withdrawal activities. This is in response to the Emergency Economic Stabilization Act of 2008 (HR 1424 passed in October 2008), which requires financial intermediaries to report cost basis information on "covered securities" to the IRS for 1099 reporting. Securities become covered when they are purchased after the following dates:<br>• January 1, 2011 for equities.<br>• January 1 2012 for mutual funds.<br>• January 1 2013 for options and other securities. | |
| **Rationale** | Assists financial organization with compliance to the cost basis legislation. | |
| **Client Benefit** | • Reduces client cost and eliminates the need to build multiple systems/processes to transfer cost basis information.<br>• Leverages existing system capabilities participating NSCC members currently employ to pass cost basis information on ACATS transactions.<br>• Provides industry with a common hub and automated standard for passing cost basis information. | |
| **Client Impact** | **Pre Implementation**<br>Currently, only clients participating in ACATS have access to CBRS and therefore new parties will need access to the system: transfer agents, mutual fund companies, and custodians, etc.<br>**Post Implementation**<br>Member firms must be prepared to input and receive the new data elements. | |
| **Mandatory / Voluntary** | **Mandatory** - Although CBRS is a voluntary service, the record layout modifications and enhancements to comply with the IRS legislation will be required for all existing users of the service. | |
| **Timing** | • Business Requirements — Q1 2010 — In Progress<br>• Development — Q2 2010 — Planned<br>• Rule Filing — TBD — TBD<br>• User Acceptance Testing (UAT) — TBD — TBD<br>• Client Connectivity / Registration — TBD — TBD<br>• Pilot Testing — N/A — N/A<br>• Implementation — TBD — TBD | |
| **Progress Update** | A cross-functional industry group, which includes representatives from transfer agents, mutual fund companies, custodians, broker-dealers and industry organizations, has been established to define the business requirements. | |
| **Reference Material** | None at this time. | |
| **Contact** | Lydia Midwood — lmidwood@dtcc.com — 212-855-7247<br>Louis Lepore — llepore@dtcc.com — 212-855-4223 | |

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|---|---|---|
| **Initiative** | **European Pre-Issuance Messaging (EPIM) Web User Interface** | **In Progress** |
| **Description** | Clearstream International, DTCC and Euroclear Group jointly developed the European Pre-Issuance Messaging hub service to facilitate the communication of issuance data, automate the allocation and the dissemination of ISINs for European Commercial Paper, Certificates of Deposits and Medium Term Notes. This service will be enhanced to offer a web interface that will allow dealers and IPAs to access the EPIM services from an embedded URL on the Clearstream and Euroclear web sites. | |
| **Rationale** | Provide straight-through processing and efficiency to the European Money Market Instrument market via the EPIM service. | |
| **Client Benefit** | EPIM offers member firms a fast, reliable and efficient mechanism to request ISINs in support of their new issuance process. The benefits include:<br>• Standard messaging formats<br>• Straight-through processing<br>• Improved ISIN and Common Code allocation and availability<br>• User-friendly and secure infrastructure | |
| **Client Impact** | **Pre Implementation**<br>New clients will need to register with Clearstream and/or Euroclear to use this service. Additionally, Clearstream and Euroclear will distribute the details of the new EPIM Workstation solution during Q1 2010.<br>**Post Implementation**<br>Information related to EPIM participant testing should be directed to either:<br>• Clearstream - NewIssuesLondon@clearstream.com<br>• Euroclear - Benedicte.Dubernet@euroclear.com | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q4 2009 — Completed<br>• Development — Q4 2009 — Completed<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — Q2 2010 — Planned<br>• Client Connectivity / Registration — Q2 2010 — Planned<br>• Pilot Testing — Q2 2010 — Planned<br>• Implementation — Q3 2010 — Planned | |
| **Progress Update** | The EPIM Service Enhancement business requirements and development are completed and implementation is on target for Q3 2010. | |
| **Reference Material** | None at this time. | |
| **Contact** | Javette Laremont jlaremont@dtcc.com 212-855-2414 | |

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|---|---|---|
| **Initiative** | **Liquidity Efficiency Enhancements** | **In Progress** |
| **Description** | In order to promote intraday liquidity management best practices, DTCC will make the following enhancements in 2010:<br>• Increase transparency and improve tools allowing customers to determine available Settlement Progress Payments (SPP) and Principal and Interest Payments (P&I) funds<br>• Extend the cutoff for customer requests for withdrawals of SPP/P&I to 3:20 p.m. to accommodate the release of provisional credits<br>• Provide a service to "push" available excess funds to firms<br>• Create a monthly customer report card that will reflect the firm's percentage of withdrawn funds as compared to other firms in their respective tier. | |
| **Rationale** | Simplifies SPP/P&I withdrawal process and promotes industry liquidity management best practices. | |
| **Client Benefit** | Increases access to intraday excess funds and provides monitoring tools for customers to access their liquidity usage efficiency. | |
| **Client Impact** | **Pre Implementation**<br>Firms that are interested in the optional push profile should complete the attached wire instructions form and return it to their Relationship Manager<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q1 2010 — In Progress<br>• Development — Q2 2010 — Planned<br>• Rule Filing — Q2 2010 — In Progress<br>• User Acceptance Testing (UAT) — Q2 2010 — Planned<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — N/A — N/A<br>• Implementation — Q3 2010 — Planned | |
| **Progress Update** | The business requirements are being developed. The wire instructions are in the attached Important Notice # B4582-09. | |
| **Reference Material** | Important Notice | |
| **Contact** | Julie Krill — jkrill@dtcc.com — 212-855-5906<br>Jack Manuel — jmanuel@dtcc.com — 212-855-5921 | |

| Initiative | NSCC Accelerated Trade Guarantee | Rescheduled |
|---|---|---|
| Description | Currently, NSCC guarantees trades at midnight of T+1. This project applies NSCC's guarantee at the point of trade validation for trades received locked-in. Trades submitted for comparison will be guaranteed upon comparison. | |
| Rationale | Accelerating NSCC's trade guarantee provides enhanced risk management benefits to members of NSCC. | |
| Client Benefit | Benefits to NSCC members include:<br>• Mitigation of counterparty risk by having NSCC become central counterparty (CCP) earlier in the trade lifecycle<br>• Removal of uncertainty surrounding optionally guaranteed transactions in the event NSCC ceases to act for a member<br>• Promotion of safe storage of trades | |
| Client Impact | **Pre Implementation**<br>NSCC members will:<br>• Receive information explaining changes to NSCC's margining methodology related to the acceleration of the trade guarantee<br>• Receive communication regarding the associated impact on the member's clearing fund requirement (on a member by member basis)<br>• Participate in a customer parallel test, during which the member will receive its clearing fund requirement under the new margining methodology while still under the governance of the existing methodology<br>**Post Implementation**<br>N/A | |
| Mandatory / Voluntary | **Mandatory** | |
| Timing | • Business Requirements — Q1 2009 — Completed<br>• Development — Q1 2009 — Completed<br>• SEC Rule Filing — Q1 2010 — Ongoing<br>• User Acceptance Testing (UAT) — Q1 2009 — Completed<br>• Customer Notifications — Q2 2009 — Completed<br>• Customer Parallel — Q1 2010 — Rescheduled<br>• Implementation — Q1 2010 — Rescheduled | |
| Progress Update | The Rule Filing remains in draft form with the SEC, while NSCC continues to address related inquiries. While the filing date has been rescheduled to Q1 2010, there is no indication at this time when the formal submission will take place. The targeted implementation date, assuming approval by the SEC has been rescheduled to Q1 2010. A month-long parallel period for members will precede implementation. | |
| Reference Materials | None at this time | |
| Contact | Barbara Hammel    bhammel@dtcc.com    212-855-5785 | |

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|---|---|---|
| **Initiative** | **Options Symbology Initiative (OSI) – ACATS/CBRS, 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 Option Expiration Day field (as part of the Option Expiration Date) and the representation of strike prices (in decimal format only), to identify the options. These explicit data elements are expected to be implemented in February 2010 with conversion of symbols shortly thereafter. Some NSCC and 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) and Premium Payment Orders (PPOs). | |
| **Rationale** | To support the OSI industry initiative. | |
| **Client Benefit** | These changes will allow clients to continue to process customer account transfers and premium payment orders in accordance with the new options symbology key. | |
| **Client Impact** | **<u>Pre Implementation</u>**<br>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.<br>**ACATS/CBRS:** Member firms must be prepared for new formats by February 8, 2010.<br>**PPOs:** Member firms will have a migration period to use either old or new format until February 12, 2010.<br>**<u>Post Implementation</u>**<br>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. | |
| **Mandatory / Voluntary** | **Mandatory** | |
| **Timing** | • Business Requirements — Q1 2009 — Completed<br>• Development — Q3 2009 — Completed<br>• Rule Filing (DTC) — Q3 2009 — Completed<br>• User Acceptance Testing (UAT) — Q3 2009 — Completed<br>• Migration Period<br>PPOs (Accept Both New & Old formats) — Q4 2009 — Completed<br>• Client Connectivity / Registration — Q4 2009 — Completed<br>• Pilot Testing — N/A — N/A<br>• Implementation — Q1 2010 — Planned | |
| **Progress Update** | DTCC successfully completed testing with the OCC and the DTCC testing region remains available for client testing. Full client end-to-end testing with DTCC and the OCC began on November 30, 2009 and completed on December 11, 2009.<br>In order to support a seamless transition, NSCC will convert all option assets on any ACATS transfer in progress, which were originally submitted in the old option formats into the new option formats. To accomplish this, NSCC will run a conversion process on **Friday, February 5, 2010** (weekend prior to the industry scheduled implementation date of February 12, 2010)**.** This conversion will be conducted after ACATS and CBRS processing has been completed on the close of business Friday, February 5, 2010. **As a result, member firms will need to be able to submit and accept options in the new formats starting Monday, February 8, 2010.** | |
| **Reference Material** | NSCC Important Notices — Options Symbology Initiative — DTC Important Notices<br>Important Notice B5017-09 — Important Notice a6904 | |
| **Contact** | Louis Lepore – ACATS & CBRS — llepore@dtcc.com — 212-855-4223<br>Jack Manuel – PPO's — jmanuel@dtcc.com — 212-855-5921 | |

<table>
<tr><td>Initiative</td><td colspan="2">Obligation Warehouse</td><td>Rescheduled</td></tr>
<tr><td>Description</td><td colspan="3">The Obligation Warehouse (OW) will replace the legacy RECAPS service and provide additional functionality. The OW will support:<br>• Bilateral matching of ex-clearing obligations that are not otherwise submitted to NSCC.<br>• Storage and maintenance of open non-CNS obligations until settled or canceled by Members to the obligation.<br>• Reconfirmation and re-pricing on a more frequent basis than the current RECAPS.<br>Like RECAPS, the OW is a non-guaranteed service.<br>The OW will have a web-front end for participant updates and inquiries. Participants can also communicate with the application via ISO messages.</td></tr>
<tr><td>Rationale</td><td colspan="3">This service will benefit participating broker/dealers by providing automation and standardization of ex-clearing processes and provides more frequent re-netting and re-pricing of outstanding fails.</td></tr>
<tr><td>Client Benefit</td><td colspan="3">As a central repository for broker-to-broker obligations, this service will reduce client processing costs, and centralize and standardize industry practices for ex-clearing trades. The OW will offer the industry transparency and availability of information. It also reduces participant risk via a more frequent re-confirmation and re-pricing service.</td></tr>
<tr><td>Client Impact</td><td colspan="3"><u>Pre Implementation</u><br>Participants may choose to send and receive messages or use the web-front end to communicate with the OW. Messages will be ISO15022, MT509, MT515 and MT518, and are similar in format to those currently used by RTTM (Real Time Trade Matching).<br><u>Post Implementation</u><br>This improved NSCC service will replace the current RECAPS process.</td></tr>
<tr><td>Mandatory / Voluntary</td><td colspan="3">Mandatory<br>DTCC expects this service to have the same mandate as the current RECAPS service. All participants must code to the OW, as RECAPS will be retired.</td></tr>
<tr><td>Timing</td><td>• Business Requirements<br>• Development<br>• Rule Filing<br>• User Acceptance Testing (UAT)<br>• Client Connectivity / Registration<br>• Pilot Testing<br>• Implementation</td><td>Q1 2009<br>Q4 2009<br>Q1 2010<br>Q1 2010<br>Q1 2010<br>Q2 2010<br>Q3 2010</td><td>Completed<br>Completed<br>Rescheduled<br>Rescheduled<br>Rescheduled<br>Rescheduled<br>Rescheduled</td></tr>
<tr><td>Progress Update</td><td colspan="3">NSCC and DTC Important Notices were distributed on July 22, 2009, November 18, 2009 and December 18, 2009. The Web Interactive Guide (WIG) contains message specifications and user guides for the Obligation Warehouse. As new procedures, processes, and resources become available, they will be made accessible to clients through the WIG. Implementation has been rescheduled for Q3 2010 in order to provide the industry with sufficient time to test prior to the implementation.</td></tr>
<tr><td>Reference Material</td><td>Web Interactive Guide for Obligation Warehouse</td><td>NSCC Important Notice<br>NSCC Important Notice</td><td>DTC Important Notice<br>NSCC Important Notice</td></tr>
<tr><td>Contact</td><td>Vincent Mc Devitt<br>Janice DiTore</td><td>vmcdevitt@dtcc.com<br>jditore@dtcc.com</td><td>212-855-5694<br>212-855-7659</td></tr>
</table>

| Initiative | Receiver Authorized Delivery (RAD) Redesign | In Progress |
|---|---|---|
| Description | The Receiver Authorized Delivery (RAD) system allows a receiving participant to review and either approve or cancel certain incoming DTC deliveries before they are processed to avoid reclamations. In an effort to consolidate settlement processing and provide participants with more flexibility, RAD functionality is being moved into DTCC's Inventory Management System (IMS) offering. A component of the project involves a redesign of existing screen-based RAD related functionality, which participants now access via IMS.<br>RAD related business rules will generally remain the same. One planned modification to enhance participant's risk management capabilities is that applicable participant deliveries processed via Omgeo's TradeSuite system will no longer bypass RAD. | |
| Rationale | A standalone legacy system will be consolidated into the IMS delivery authorization service, which will streamline processing and provide efficiencies through an integrated offering. | |
| Client Benefit | • Enhanced risk management and increased RAD flexibility through use of RAD profiles (e.g., related to certain free transactions).<br>• More user-friendly RAD screens with improved functionality and navigation capabilities. | |
| Client Impact | **Pre Implementation**<br>N/A<br>**Post Implementation**<br>RAD will no longer be available via DTC's Participant Terminal System (PTS), but will be accessible through DTC's Participant Browser Service (PBS). | |
| Mandatory / Voluntary | **Mandatory,** in that applicable participant deliveries processed via Omgeo's TradeSuite system will no longer bypass RAD and PBS will need to be used. | |
| | • Business Requirements — Q1 2010 — Planned<br>• Development — Q3 2010 — Planned<br>• Rule Filing — Q2 2010 — Planned<br>• User Acceptance Testing (UAT) — Q3 2010 — Planned<br>• Client Connectivity / Registration — N/A — Planned<br>• Pilot Testing — N/A — Planned<br>• Implementation — Q4 2010 — Planned | |
| Progress Update | Business requirements will be scoped in Q1 2010. | |
| Reference Material | None at this time. | |
| Contact | Steve Wasserman — swasserman@dtcc.com — 212-855-3270 | |

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| **Initiative** | **Settlement Collateral Pledge Redesign** | **In Progress** |
| **Description** | DTCC plans to redesign the Collateral Loan (COLL) service, which allows users to pledge securities as collateral for a loan or for other purposes (such as Letters of Credit) to a pledgee participating in the program. The COLL service will be enhanced as a web service offering, streamlined workflow requests and navigation. | |
| **Rationale** | The COLL redesign will restructure the underlying code to improve the release versus return of securities and how the system processes OCC and the Federal Reserve pledges. It will also create a more user friendly PBS web browser interface (including the retirement of the PTS function COLL) that is more fully integrated with other DTCC settlement functions. | |
| **Client Benefit** | The COLL redesign will reduce on-going maintenance cost. The new modular design will aid in offering future functionality such as bulk pledging and enhance integration of this function across other related settlement processes.<br>• Easy to use input and inquiry screens<br>• Improved navigation for the pledgor to pledge securities as collateral for a loan or for other purposes and request the release of pledged securities<br>• Capability to submit automated input such as release and approvals via MQ and ISO 15022<br>• Download and upload functions<br>• Enhanced participant reconciliation capability | |
| **Client Impact** | **Pre Implementation**<br>More details will be distributed via Important Notices in Q2 2010.<br>**Post Implementation**<br>TBD | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q2 2010 — In Progress<br>• Development — Q4 2010 — Planned<br>• Rule Filing — TBD — TBD<br>• User Acceptance Testing (UAT) — TBD — TBD<br>• Client Connectivity / Registration — TBD — TBD<br>• Pilot Testing — TBD — TBD<br>• Implementation — TBD — TBD | |
| **Progress Update** | The business requirements are in progress and clients will be advised of more detailed plans and potential impact in Q2 2010. | |
| **Reference Material** | None at this time. | |
| **Contact** | Javette Laremont   jlaremont@dtcc.com   212-855-2414 | |

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|---|---|---|
| **Initiative** | **Settlement Output Enhancements** | **In Progress** |
| **Description** | In 2010, DTC will implement a new, consolidated and flexible output architecture for all settlement related transactions. The new output will have a single format for all Settlement transactions and will include expanded field sizes and additional data elements not currently provided. | |
| **Rationale** | <u>Reduced Cost</u> – DTC currently maintains a large number of redundant output applications; consolidating these fragmented legacy applications will simplify the settlement system and reduce its overhead.<br><u>Expanded Field Sizes</u> – DTC is in the process of upgrading its core books and records application, which will enable expanded field sizes for quantity and settlement value. To enable the use of these fields, participant input and output layouts will need to be expanded.<br><u>Faster implementation with reduced client impact</u> – DTC has developed a "Common Data Transfer Service." CDTS provides a subscription-based mechanism that simplifies the way applications interface with external customers. It allows applications, like Settlement, to produce a single standardized output message as each transaction is processed. Based on the subscription, CDTS decides who should get a copy of the transaction, in what format (proprietary fixed-column, ISO15022 or XML), and via which delivery mechanism, i.e., FTP, NDM, MQ, etc. By moving to this architecture, DTC expects to hold down the costs of application maintenance and to enable new products to be developed more quickly and with less impact on existing services. | |
| **Client Benefit** | • Message Replay – customers will have the ability to replay messages.<br>• Customer Tracking Number – firms will have the ability to submit and receive their own tracking number.<br>• Addition of IMS TID – the Inventory Management System Transaction Identifier will be included as a field in the new layout. The IMS TID is a DTC unique ID that stays with a transaction throughout its life regardless of a status change.<br>• Choice of Real-time or Batch output - the new output will be available in real-time or in batch depending on the user's preference. | |
| **Client Impact** | **<u>Pre Implementation</u>**<br>The new output will eventually replace all existing Settlement output, but customers will be able to receive both the new and old in parallel during the migration period. The timeline for the retirement of the existing output will be published in 2010, but the actual sun setting is not expected to occur before 2012.<br>**<u>Post Implementation</u>**<br>Existing outputs will be eliminated. | |
| **Mandatory / Voluntary** | **Mandatory** in 2012 for any non-ISO 15022 output, but Voluntary until 2012. | |
| **Timing** | • Business Requirements — Q1 2010 — In Progress<br>• Development — Q2 2010 — In Progress<br>• Rule Filing (DTC) — N/A — N/A<br>• User Acceptance Testing (UAT) — Q3 2010 — Planned<br>• Migration Period — TBD — TBD<br>• Client Connectivity / Registration — TBD — TBD<br>• Pilot Testing — Q3 2010 — Planned<br>• Implementation — Q4 2010 — Planned | |
| **Progress Update** | The business requirements are currently in draft. | |
| **Reference Material** | None at this time. | |
| **Contact** | Julie Krill — jkrill@dtcc.com — 212-855-5906 | |

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|---|---|---|
| **Initiative** | **Settlement Web Re-engineering** | **In Progress** |
| **Description** | The settlement web application will be upgraded to provide a simpler and more customer friendly user interface including; expanded spreadsheet download and upload capabilities, improved navigation for all settlement services, and a customizable Settlement dashboard. The dashboard will permit users to schedule queries and receive alerts (approaching debit cap limit, Settlement extensions, excess SPP/P&I funds are available, etc.). | |
| **Rationale** | Improve client satisfaction of the existing Participant Browser Service (PBS). | |
| **Client Benefit** | Easier to use, more intuitive, powerful and consistent interface. | |
| **Client Impact** | **Pre Implementation**<br>Access will be via PBS only. Participants must ensure they have connectivity to PBS.<br>**Post Implementation**<br>Re-engineered Settlement applications will be developed and implemented in phases. Potentially, participants could be users of both legacy and new settlement applications. | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements Q3 2009 Completed<br>• Development Q3 2010 In Progress<br>• Rule Filing N/A N/A<br>• User Acceptance Testing (UAT) TBD TBD<br>• Client Connectivity / Registration TBD TBD<br>• Pilot Testing Q4 2010 Planned<br>• Implementation Q4 2010 Planned | |
| **Progress Update** | Business requirements for Settlement Web Re-engineering have been completed and a prototype is being developed for review with an external working group. This initiative will be developed and implemented in multiple phases. The first release, scheduled for Q3 2010 will include the participant dashboard. | |
| **Reference Material** | None at this time. | |
| **Contact** | Julie Krill jkrill@dtcc.com 212-855-5906<br>Jack Manuel Jmanuel@dtcc.com 212-855-5921 | |

| Initiative | Universal Trade Capture | In Progress |
|---|---|---|
| Description | The Universal Trade Capture (UTC) project is a multi-year effort to combine the existing trade capture applications and create an efficient centralized process. The UTC system will make available a common input record from all marketplaces to submit transactions and provide a real-time message output to participants. Participants will be able to receive the same trade validation record for every equity trade record, regardless of the market of execution. This should allow participants to streamline their purchase and sales processes. DTCC will also continue to support the existing interfaces and formats with both markets and participants.<br>The service will validate and report trade data in real-time with an emphasis on providing participants with the most up to date information available to enable their reconciliation process to be accelerated. Once the accelerated trade guarantee is approved and implemented, the UTC real-time contract message will confirm to participants that a trade has been novated and guaranteed by NSCC. | |
| Rationale | The purpose of this complete redesign for trade capture and creation of the new UTC system is to gain trade-processing efficiencies, provide real-time capabilities, report the trade guarantee without delay and create expansion capability to meet future capacity needs. | |
| Client Benefit | Participants will have one standardized output for all trade capture data available in FIX real-time message format. Reporting transactions in real-time will confirm NSCC's trade guarantee to participants immediately upon validation. | |
| Client Impact | **Pre Implementation**<br>Users who plan to convert to real-time messages or the new MRO must develop the ability to receive trade data in the new standardized FIX format.<br>**Post Implementation**<br>N/A | |
| Mandatory / Voluntary | **Voluntary** | |
| Timing | • Business Requirements Q2 2009 Completed<br>• Development Q1 2010 In Progress<br>• Rule Filing Q2 2010 Planned<br>• User Acceptance Testing (UAT) Q3 2010 Planned<br>• Client Connectivity / Registration N/A N/A<br>• Pilot Testing Q3 2010 Planned<br>• Implementation Q1 2011 Planned | |
| Progress Update | In Q4, DTCC received additional feedback on the FIX formats and made the necessary updates. The final formats were published on the web. | |
| Reference Material | Important Notice | |
| Contact | Bill Kapogiannis bkapogiannis@dtcc.com 212-855-5667 | |

# Global Clearance & Settlement - Fixed Income

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| **Initiative** | **FICC Portfolio Margining** | **Rescheduled** |
| **Description** | Enterprise Risk Management is modifying the Value at Risk (VaR) models used for FICC's Government Securities and Mortgage-Backed Securities Divisions so organizations that are members of both FICC Divisions can receive "portfolio margining" across the divisions, recognizing the "hedging" effect of offsetting positions within a division and/or across divisions. | |
| **Rationale** | This is part of DTCC's multi-year effort to migrate the subsidiary clearing corporations to a consistent methodology for determining Clearing Fund requirements, and where possible, provide hedging benefits to a member of DTCC's clearing corporation subsidiaries in the form of reduced required clearing fund deposits on its combined portfolio. | |
| **Client Benefit** | FICC Portfolio Margin customers, where possible, will have the opportunity for a lower Clearing Fund requirement based on appropriate offsets in their MBSD and GSD positions.<br>• Effects on clients vary, depending on the structure of their combined 'portfolio'<br>• FICC Customers who are members of only one division will have the flexibility of hedging positions in a 'portfolio' within the division<br>• FICC Portfolio Margin is available to clients who are common members of both FICC Divisions: MBSD and GSD | |
| **Client Impact** | **Pre Implementation**<br>The client should:<br>• Familiarize itself with the FICC portfolio margining methodology and the associated impact on its required fund deposits.<br>• Elect portfolio margining account groupings.<br>• 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.<br>• Participate in the customer parallel test, which will be approximately four weeks, spanning a full MBSD settlement cycle, prior to implementation. The client, using elected 'portfolios' consisting of eligible accounts and/or aggregates, 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.<br>**Post Implementation**<br>• This is concurrent with the implementation of MBS CCP Pool Netting, which is described separately in this Development Agenda.<br>• To obtain the benefit, common members must post a minimum of a single deposit with each FICC Division and create 'portfolios'. | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q1 2009 — Completed<br>• Development — Q2 2009 — Completed<br>• Portfolio Margining Election Choice — Q2 2009 — Completed<br>• Rule Filing (FICC) — Q1 2010 — Ongoing<br>• User Acceptance Testing (UAT) — Q3 2009 — Completed<br>• Pilot Testing (Parallel) — Q1 2010 — Rescheduled<br>• Customer Forums — Q3 2009 — Completed<br>• Implementation — Q1 2010 — Rescheduled | |
| **Progress Update** | The Rule Filing remains in draft form with the SEC, while FICC continues to address related inquiries. While the filing date had been rescheduled to Q1 2010, there is no indication at this time when the formal submission will take place. The targeted implementation date, assuming approval by the SEC, has been rescheduled for Q1 2010. Two client forums were held in July 2009, prior to the parallel test period. The parallel testing period for our clients was expanded in Q1 2010 in order to allow clients more sufficient time to familiarize themselves with the proposed requirements. | |
| **Reference Materials** | Important Notice MBS062.09   Important Notice MBS130.09   Important Notice MBS141.09<br>Important Notice MBS148.09   Important Notice MBS155.09 | |
| **Contact** | Kevin Lewis   klewis@dtcc.com   212-855-5759 | |

<table>
<tr><td>Initiative</td><td>General Collateral Financing Repo Service® (GCF) - Service Enhancements</td><td>In Progress</td></tr>
<tr><td>Description</td><td colspan="2">The service is being updated to allow bi-lateral submission and matching of GCF trades. Complementing the expanded trading option is improved user access. New user-friendly web based screen interface and computer-to-computer trade submission capabilities will provide improved trade capture and query. This project is being implemented in two phases.<br>• Phase 1 introduces real time message input for inter-dealer brokers.<br>• Phase 2 includes bi-lateral matching to attract buy-side members and the fully implemented interactive messaging facility.</td></tr>
<tr><td>Rationale</td><td colspan="2">Bi-lateral entry and matching adds liquidity to financing markets by opening the GCF service to a larger more diverse participant base.<br><br>Easier access translates into less counterparty risk because FICC's settlement guarantee will extend to all financing settlement transactions processed through the clearing corporation.</td></tr>
<tr><td>Client Benefit</td><td colspan="2">The application changes are designed to expand and improve client access to the general collateral repo service of FICC. Expanded access and new diverse participation increases the number of trades subject to FICC's settlement guarantee.</td></tr>
<tr><td>Client Impact</td><td colspan="2"><u>Pre Implementation</u><br><br>Participants wishing to submit trades using a computer-to-computer connection have some internal development and a period of interactive testing with FICC.<br><br><u>Post Implementation</u><br><br>The application is designed to keep the existing inter-dealer broker trade entry system intact. The new features are add-ons and give users the added capability to trade dealer-to-dealer and dealer-to-investor. The expanded participation will alter client procedures used to execute non-brokered financing transactions.</td></tr>
<tr><td>Mandatory / Voluntary</td><td colspan="2">Voluntary<br><br>GCF is an optional service offered to FICC's netting members</td></tr>
<tr><td>Timing</td><td colspan="2">• Business Requirements — Q1 2009 — Completed<br>• Development — Q1 2009 — Completed<br>• Rule Filing (Phase 2) — Q1 2009 — Ongoing<br>• User Acceptance Testing (UAT) — Q3 2009 — Completed<br>• Client Connectivity / Registration — Q3 2009 — Completed<br>• Pilot Testing — N/A — N/A<br>• Implementation<br>    ○ Phase 1 — Q4 2009 — Completed<br>    ○ Phase 2 — Q2 2010 — Planned</td></tr>
<tr><td>Progress Update</td><td colspan="2">Phase 1 implementation went live on October 26, 2009. Phase 2 is on target and scheduled for a Q2 release.</td></tr>
<tr><td>Reference Material</td><td colspan="2"><u>Web Simulations</u>    <u>GCF RTTM Web Front End User Guide</u>    <u>Important Notice GOV104.09</u></td></tr>
<tr><td>Contact</td><td colspan="2">Richard Betts    <u>rbetts@dtcc.com</u>    212-855-7461</td></tr>
</table>

| Initiative | Government Securities Division Member Expansion - Service Enhancements | In Progress |
|---|---|---|
| Description | Recently, there has been substantial interest from various types of buy-side firms to join the Government Securities Division (GSD) for centralized clearing.<br>In particular, the GSD has submitted rule filings to create new membership categories for:<br>• Non-Domestic Entities (approved)<br>• Registered Investment Companies (i.e., mutual funds)<br>• Unregistered Investment Pools (i.e., hedge funds) | |
| Rationale | The risk mitigation provided by the trade guarantee, the Treasury Market Practices Group (TMPG) recent recommendations (Fail Penalties and Margining Fails), and the GSD's planned support of implementation are all driving factors of the increased interest in membership. | |
| Client Benefit | Increased liquidity and reduced counterparty risk are benefits to new and existing members. Additionally, a key benefit will be the ability to leverage GSD to comply with TMPG recommendations rather than relying on manual processes or the need to develop systems individually. | |
| Client Impact | **Pre Implementation**<br>New members will likely require internal systems work in order to process trades and manage fails via the GSD. In addition, new members are required to establish real-time access to FICC's services, which may have development implications.<br>**Post Implementation**<br>N/A | |
| Mandatory / Voluntary | **Voluntary** | |
| Timing | • Business Requirements N/A N/A<br>• Development N/A N/A<br>• Rule Filing Q1 2010 Ongoing<br>• User Acceptance Testing (UAT) N/A N/A<br>• Client Connectivity / Registration Q2 2010 Ongoing<br>• Pilot Testing N/A N/A<br>• Implementation N/A N/A | |
| Progress Update | Registered Investment Companies and Unregistered Pool membership rule filings are pending SEC approval. Several buy-side members have started the application process in anticipation of rule filing approval. | |
| Reference Material | Pre-qualification Application Survey | |
| Contact | Peter Kelly pkelly@dtcc.com 212-855-1207 | |

| Initiative | GSD Single Web Portal | In Progress |
|---|---|---|
| Description | The Single GSD Web Portal will give participants and users a unified view of the GSD business via the RTTM Web Front End by providing a single portal displaying both DVP as well as GCF activity.<br>This project will facilitate participant management of its business and minimization of risk by allowing users to obtain aggregated and separate views of their DVP and GCF repo and cash (DVP only) businesses. These views can be obtained from the home page as well as other expanded views and summary pages. The home page will also be enhanced to give participants greater access to results by providing broader drill-down capabilities. | |
| Rationale | • Implements DTCC's strategy to combine business information that was split up due to the evolution of the two products/systems.<br>• Both inter-dealer brokers as well as dealers have expressed interest in a single unified view across both GCF and DVP.<br>• The first step in a single RTTM forming the basis for a single front end- by combining data for both DVP and GCF businesses. | |
| Client Benefit | A single GSD Portal provides :<br>• Real-time views for participants of consolidated information across the entire GSD business, with flexibility to see desired cuts of data<br>• Standardized data and consistent terminology for a single unified view of the DVP and GCF businesses.<br>• Inter-dealer brokers with real-time information not available on their own systems | |
| Client Impact | **Pre Implementation**<br>A pilot test phase will provide participants the opportunity to understand how their current web views for each application will change with the implementation of a combined portal.<br>**Post Implementation**<br>N/A | |
| Mandatory / Voluntary | **Voluntary**<br>Participants that require terminal access to DVP and/or GCF will need to use the Single Portal. | |
| Timing | • Business Requirements — Q4 2009 — Completed<br>• Development — Q2 2010 — In Progress<br>• Rule Filing — N/A — Planned<br>• User Acceptance Testing (UAT) — Q4 2010 — Planned<br>• Client Connectivity / Registration — NA — NA<br>• Pilot Testing — Q4 2010 — Planned<br>• Implementation — TBD — TBD | |
| Progress Update | The business requirements are completed and development is currently in progress. | |
| Reference Materials | None at this time. | |
| Contact | Melanie Sterman   msterman@dtcc.com   212-855-7614 | |

| | | |
|---|---|---|
| **Initiative** | **Mortgage-Backed Securities (MBS) Central Counterparty (CCP) Pool Netting** | **In Progress** |
| **Description** | DTCC will introduce a CCP Pool Netting service this year to 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 project, 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. | |
| **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** | *Guaranteed Settlement* – Performance guarantee provided by FICC to TBA Trades and Specified Pool Trades upon comparison.<br><br>*Pool Netting Service* – 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.<br><br>*Expedited Return of Margin Collateral* – Due to the fact that settlement will be conducted through the clearing corporation for netted activity, collateral may be returned to firms on a timelier basis, without the need for the Notification of Settlement process for settlements occurring versus FICC as CCP.<br><br>*Cost Savings to Members* – 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.). | |
| **Client Impact** | **Pre Implementation**<br>MBS CCP Pool Netting will require extensive client testing with the clearing corporation prior to service implementation.<br>**Post Implementation**<br>Once the Pool Netting service is implemented clients will need to process new messages, interpret new reports, and access new Web Front End screens. | |
| **Mandatory / Voluntary** | **Mandatory**<br>MBS Clearing clients will be required to participate in Pool Netting services. EPN (Electronic Pool Netting)-only members will not be affected by the implementation of those services. | |
| **Timing** | **Pool Netting**<br>• Development Group 1 (Messaging, Submission, etc.) — Q2 2008 — Completed<br>• Development Group 2 (MRO, Reporting, etc.) — Q1 2009 — Completed<br>• Rule Filing (FICC) — Q1 2008 — Filed Pending Approval<br>• User Acceptance Testing — Q3 2009 — Completed<br>• Client Connectivity/Registration — Q1 2010 — Ongoing<br>• Pilot Testing — Q3 2009 — Completed<br>• Implementation — Q1 2010 — Rescheduled | |
| **Progress Update** | Eight pilot members have successfully completed certification testing. The limited pilot commenced on September 14, 2009 to net pools submitted by pilot members for two TBA CUSIPs only. Pending SEC approval, implementation is planned for Q1 2010. | |
| **Reference Material** | MBS CCP Pool Netting Interactive Messaging Specification - PART 1 | MBS CCP Pool Netting Interactive Messaging Specification - PART 2 |
| | Service Description to Support Interactive Messaging for MBS CCP Pool Netting | Service Description for Central Counterparty (CCP) Pool Netting for Mortgage-Backed Securities |
| | Important Notices MBS173.09 | |
| **Contact** | Kate Connelly — kconnelly@dtcc.com | 212-855-7611 |

| | | |
|---|---|---|
| **Initiative** | **Mortgage-Backed Securities (MBS) Central Counterparty (CCP) TBA Netting and Novation Service** | **In Progress** |
| **Description** | The TBA Netting and Novation service for MBS Clearing members establishes FICC as the central counterparty to all matched trades in its trade matching system. Along with this initiative, MBSD will introduce fail netting of both TBA trades and Pool Obligations generated from the Pool Netting service. CCP is necessary to begin fail netting and therefore fail netting is a natural expansion of the service. To accommodate trades executed by members with stipulations attached (and therefore not subject to netting) DTCC will introduce a new message/trade type, a stipulated trade. These trades will not be eligible for TBA netting but, at the discretion of the member, may be submitted to Pool Netting. DTCC will also introduce, as a natural development from this process, blind brokering into the MBSD space. | |
| **Rationale** | The above initiatives will align the mortgage processing closer to other DTCC services, particularly GSD. It will also provide improved risk management for our members. | |
| **Client Benefit** | *Central Counterparty Settlement* – With all trades reduced to single net positions versus FICC, operating efficiencies can be made through the elimination of redundant securities movements. The model will allow for the elimination of numerous processing events that will save members time and effort such as the give-up on trades (now we will have blind brokering) and important notification of settlement when a trade settles. Because FICC will know the settlement status of trades (as the CCP), FICC can more effectively risk manage the trades. In addition, as CCP we can offer fail netting which may result in reduced settlement events for members.<br><br>*Cost Savings to Members* – The implementation of full TBA Netting and Novation 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 fail netting, elimination of NOS and through the prime brokerage service.) | |
| **Client Impact** | **Pre Implementation**<br>All services offered will require extensive client testing with the clearing corporation prior to service implementation.<br>**Post Implementation**<br>Once the TBA Netting and Novation service is implemented, clients will need to process new messages, interpret new reports and access new Web Front End screens. | |
| **Mandatory / Voluntary** | **Mandatory**<br><br>MBS Clearing clients will be required to participate in all services. | |
| **Timing** | • Publish White paper — Q1 2009 — Completed<br>• Business Requirements — Q3 2010 — In Progress<br>• Development — TBD — TBD<br>• Rule Filing — TBD — TBD<br>• User Acceptance Testing (UAT) — TBD — TBD<br>• Client Connectivity / Registration — TBD — TBD<br>• Pilot Testing — TBD — TBD<br>• Implementation — TBD — TBD | |
| **Progress Update** | DTCC is currently working with the steering committee and a working group to fully scope out the business requirements. The working group is scheduled to meet in January 2010. | |
| **Reference Material** | Service Description for Central Counterparty (CCP) for Mortgaged-Backed Securities – The Next Steps<br>Simplified Post-Trade Process Recommended for Mortgage-Backed Securities Trading | |
| **Contact** | Michele Hillery — mhillery@dtcc.com — 212-855-7475 | |

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|---|---|---|
| **Initiative** | **New York Portfolio Clearing** | **In Progress** |
| **Description** | In June 2009, FICC announced the launch of a joint venture with NYSE Liffe U.S. to create a futures clearing house, New York Portfolio Clearing (NYPC). This will be the first open access clearing house for listed fixed income derivatives. This clearing house will deliver "single pot" portfolio margining methodology initially between U.S. dollar rate products cleared through FICC and their related derivatives. This new process will bring fixed income cash, repo listed derivatives, and the capacity for OTC derivatives into the same risk management regime. | |
| **Rationale** | • Create a single risk methodology to capture individual position risks and more importantly the aggregate risk of the combined portfolio.<br>• Extend risk management, streamline processing and lower post-trade costs.<br>• Allow participants to leverage FICC's tested and reliable Clearance and Settlement mechanisms across their entire fixed-income portfolio. | |
| **Client Benefit** | The benefits include:<br>• Operational and capital efficiencies for common members.<br>• Increased transparency for regulators.<br>• Mitigation of operational and systemic risks.<br>• Clearing and settlement efficiencies for U.S. fixed income securities and derivatives. | |
| **Client Impact** | **Pre Implementation**<br>Existing FICC members will not be required to do anything different from their normal trade processing activities. They may be required to alter some behavior in procedures concerning the payment of funds settlements and clearing fund contributions. However, these changes are designed to introduce efficiencies that should maximize their collateral management.<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q4 2009 — Completed<br>• Development — Q1 2010 — In Progress<br>• Rule Filing — Q1 2010 — In Progress<br>• User Acceptance Testing (UAT) — Q1 2010 — Planned<br>• Client Connectivity / Registration — Q1 2010 — Planned<br>• Pilot Testing — Q1 2010 — Planned<br>• Implementation — Q2 2010 — Planned | |
| **Progress Update** | FICC in collaboration with NYSE Liffe U.S. has begun developing the service and is drafting the rule filing. Implementation is on target for a Q2 release date. | |
| **Reference Material** | Pre-qualification Application Survey | |
| **Contact** | Peter Kelly — pkelly@dtcc.com — 212-855-1207 | |

# Global Clearance & Settlement - European

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|---|---|---|
| **Initiative** | **EuroCCP/Omgeo Prime Broker Link** | **Rescheduled** |
| **Description** | Develop a link between EuroCCP and Omgeo to accept transactions between an institution's prime broker and its executing broker. Prime broker transactions received by EuroCCP will be netted, novated, and automatically settled via EuroCCP's CSD interfaces. Later expansion of the EuroCCP/Omgeo prime broker link may include an option to extend the service to European institutional transactions. | |
| **Rationale** | The EuroCCP/Omgeo prime broker link will provide a streamlined, cost efficient process for settling transactions between prime brokers and executing brokers, and reduce the counterparty risk associated with traditional prime broker transaction processing. | |
| **Client Benefit** | The EuroCCP/Omgeo prime broker link will afford market Participants:<br>• Reduced counterparty risk as transactions will be guaranteed by EuroCCP<br>• Reduced settlement cost as prime broker transactions will be netted with buy/sell activity<br>• Streamlined and effective settlement process as EuroCCP cleared prime broker trades will automatically be settled via EuroCCP's network of direct CSD and agent connections | |
| **Client Impact** | **Pre Implementation**<br>Members must enter into an agreement with EuroCCP and/or Omgeo to ensure transactions are "locked-in" before being sent to EuroCCP. Other legal requirements are currently under review.<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q1 2009 — Completed<br>• Development — Q1 2009 — Completed<br>• Rule Filing — Q1 2010 — In Progress<br>• User Acceptance Testing (UAT) — Q1 2010 — Rescheduled<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — Q1 2010 — Planned<br>• Implementation — Q2 2010 — Rescheduled | |
| **Progress Update** | Implementation was rescheduled to Q2 2010 in order to define the required changes to the existing European Prime Broker process with a participant working group formed by Omgeo. | |
| **Reference Material** | None at this time | |
| **Contact** | John Abel — jabel@DTCC.com — 212-855-8434 | |

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|---|---|---|
| **Initiative** | **EuroCCP Interoperability** | **On Hold** |
| **Description** | Interoperability is a generic concept, and EuroCCP will determine which central counterparty to operate with, based on the trading venue to be serviced.<br>**LCH and SIX X-clear Interoperability**<br>LCH, EuroCCP, and SIX x-clear agreed on CCP interoperability for Turquoise and NYSE Arca. Interoperability will allow members at Turquoise and Arca to interact with multiple clearinghouses in order to clear and settle trades.<br>**NASDAQ OMX Nordic CCP Interoperability**<br>European Multilateral Clearing Facility (EMCF), EuroCCP and SIX x-clear agreed on CCP interoperability for NASDAQ OMX Nordic. Interoperability will allow members at NASDAQ OMX Nordic exchanges to interact with multiple clearinghouses in order to clear and settle trades. As a result of this arrangement, EuroCCP will clear a new trading platform and develop interoperability with the other two CCPs. | |
| **Rationale** | Interoperability will increase trading volumes and transparency. | |
| **Client Benefit** | CCP interoperability allows for cross netting of trades for firms that use the same CCP for transactions executed on different trading venues. This provides significant cost savings, lower margin requirements, fewer settlement transactions, and economies of scale. | |
| **Client Impact** | **Pre Implementation**<br>N/A<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q3 2009 — Completed<br>• Development — Q3 2009 — Completed<br>• Rule Filing (FSA consultation) — TBD — On Hold<br>• User Acceptance Testing (UAT) — TBD — On Hold<br>• Client Connectivity / Registration — TBD — On Hold<br>• Pilot Testing/End-to-End Testing — TBD — On Hold<br>• Implementation — TBD — On Hold | |
| **Progress Update** | LCH and SIX X-clear Interoperability is currently pending regulatory approval in Europe. | |
| **Reference Material** | Turquoise Projects    EuroCCP and SIX x-clear Break New Ground on Interoperability | |
| **Contact** | John Abel    jabel@DTCC.com    212-855-8434 | |

| | | |
|---|---|---|
| **Initiative** | **U.S. Securities traded in Europe - Clearance and Settlement** | **Rescheduled** |
| **Description** | European Central Counterparty Limited (EuroCCP) will launch a clearing and settlement service for U.S. securities including many liquid U.S. equities, Exchange Traded Funds (ETF) and American Depositary Receipts (ADRs). Turquoise will be the first multilateral trading facility (MTF) to offer trading in U.S. securities cleared through EuroCCP. All trading will take place versus U.S. dollars and will settle via a newly established EuroCCP account in DTC. | |
| **Rationale** | This process will further support the trading of ETFs and ADRs in Europe while direct settlement will reduce processing costs. | |
| **Client Benefit** | • Provides trade novation and guarantee for European members' U.S. trading activity.<br>• Members' activity will be netted to a single position versus the clearing corporation. | |
| **Client Impact** | **Pre Implementation**<br>N/A<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q3 2009 — Completed<br>• Development — Q3 2009 — Completed<br>• Rule Filing (FSA consultation) — Q4 2009 — Completed<br>• User Acceptance Testing (UAT) — Q4 2009 — Completed<br>• Client Connectivity / Registration — Q1 2010 — Rescheduled<br>• Pilot Testing/End-to-End Testing — Q1 2010 — Rescheduled<br>• Implementation — Q1 2010 — Rescheduled | |
| **Progress Update** | Implementation has been rescheduled for Q1 2010 in order to incorporate changes in scope received from member feedback. These changes do not required additional coding; they can be handled by the current automation. | |
| **Reference Material** | N/A | |
| **Contact** | John Abel jabel@DTCC.com 212-855-8434 | |

# Deriv/SERV

Deriv/SERV's Trade Information Warehouse (TIW) supports OTC credit derivative products by providing position maintenance of OTC contracts, public and regulatory trade and position reporting, credit event processing, settlement amount determination, and central settlement through CLS.

The OTC markets have been moving rapidly towards more automated processing. New regulations to address systemic risk in financial markets have and will continue to significantly change this landscape, requiring trade repositories for all asset classes, CCPs usage for interdealer transactions in eligible products and certain standard customer trades, and potentially exchange trading of standard liquid products.

The credit derivatives market has been the leader in adopting these changes amongst OTC asset classes. As a result, the TIW product has matured quickly in this asset class, and needs to adapt the offering to efficiently service CCPs.

TIW's objectives include maintaining a high quality and responsive service to the credit businesses, improving support for credit restructuring events, and developing both a trade reporting repository and a cashflow matching service for OTC equity derivatives.

*Stewart Macbeth*
*Managing Director & General Manager, Deriv/SERV*

| Initiative | Equity Cashflow Matching | In Progress |
|---|---|---|
| Description | The Equity Cashflow Matching service will allow:<br>• Two sided submission by firms of payment (and tie-breaking trade details) with matching.<br>• Affirmation on one-sided submission by calculation agent<br>• Use Equity Reporting Repository links to improve matching, and feed cashflow links back to repository. (This will be dependent on the access structure to the repository)<br>• Substantiation of payments/calculation observation reporting<br>• Robust comments process<br>• Bilateral net of matched payments per currency/counterparty | |
| Rationale | DTCC Deriv/SERV continues to support the ISDA Equity Implementation Group (EIG) Fed commitment letter to improve cashflow matching processes. | |
| Client Benefit | • Risk reduction.<br>• Bilateral netting reduces settlement costs.<br>• Standardization of payment processing: faster break resolution with greater efficiency. | |
| Client Impact | **Pre Implementation**<br>Firms wishing to use this functionality will need to code their internal system to produce csv templates and/or send/receive MQ messages.<br>**Post Implementation**<br>N/A | |
| Mandatory / Voluntary | **Voluntary** | |
| Timing | • Business Requirements — Q4 2009 — Completed<br>• Development — TBD — TBD<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — TBD — TBD<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — TBD — TBD<br>• Implementation I — TBD — TBD | |
| Progress Update | The business requirements were completed in Q4 2009. | |
| Reference Material | None at this time | |
| Contact | Yana Granovskiy tgranovskiy@dtcc.com | 212-855-1684 |

| Initiative | Equity Trade Reporting Repository | In Progress |
|---|---|---|
| Description | The Equity Trade Reporting Repository will store equity copper records, provide reporting to participants, provide reporting to regulators and provide reporting to the general public. | |
| Rationale | DTCC Deriv/SERV continues to support the ISDA Equity Implementation Group (EIG) Fed commitment letter to create an Equity Trade Reporting Repository. | |
| Client Benefit | • Supports clients' commitment to the Fed to produce Equity Derivative regulatory reporting (July 2010 reporting)<br>• Reduce the cost of producing the Regulatory reports by centralizing the process | |
| Client Impact | **Pre Implementation**<br>Firms wishing to use this functionality will need to code their internal system to produce csv templates.<br>**Post Implementation**<br>N/A | |
| Mandatory / Voluntary | **Voluntary** | |
| Timing | • Business Requirements — Q1 2010 — Completed<br>• Development — TBD — TBD<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — Q2 2010 — Planned<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — N/A — TBD<br>• Implementation — Q3 2010 — Planned | |
| Progress Update | The business requirements were completed on January 4, 2010. | |
| Reference Material | None at this time | |
| Contact | Yana Granovskiy   tgranovskiy@dtcc.com   212-855-1684 | |

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|---|---|---|
| **Initiative** | **Public Data Reporting** | **In Progress** |
| **Description** | Public data reporting, originally implemented in November 2008, continues to be expanded. For 2010, a number of initiatives are planned, including new reports for Open Interest by Currency, Settlement Projections and Credit Events Cashflows (Tables 24, 25, 26). Further expansion will include Clearing Eligibility, which will provide reporting on what is eligible for clearing, and of that population, what is actually cleared. | |
| **Rationale** | Expansion of Public Data Reporting will increase market transparency in the OTC Credit Derivatives market. | |
| **Client Benefit** | Expansion of publicly available data reporting will increase market transparency, which benefits all market participants, as well as regulators, and non-market participants such as economists, journalists, and students/educators. | |
| **Client Impact** | **Pre Implementation**<br>N/A<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Voluntary – This data is publicly available via the Deriv/SERV website.** | |
| **Timing** | **Interest by Currency, Settlement Projections, and Credit Events Cashflows (Tables 24, 25, 26)**<br>• Business Requirements — Q1 2010 — Completed<br>• Development — Q1 2010 — Completed<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — N/A — N/A<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — N/A — N/A<br>• Implementation — Q1 2010 — Planned<br>**Clearing Eligibility**<br>• Business Requirements — Q1 2010 — In Progress<br>• Development — TBD — TBD<br>• Rule Filing — TBD — TBD<br>• User Acceptance Testing (UAT) — TBD — TBD<br>• Client Connectivity / Registration — TBD — TBD<br>• Pilot Testing — TBD — TBD<br>• Implementation — TBD — TBD | |
| **Progress Update** | Tables 24, 25 and 26 (Open Aggregate By Currency, Settlement Projections and Credit Event Cashflows) are targeted for a late January/early February implementation.<br>The business requirements for Clearing Eligibility are in progress. The target dates for this phase of public data reporting have not yet been finalized. | |
| **Reference Material** | None at this time | |
| **Contact** | Macrina DiGregorio — mdigregorio@dtcc.com — 212-855-1668 | |

<table>
<tr><td>Initiative</td><td>Strategic Restructuring</td><td>In Progress</td></tr>
<tr><td>Description</td><td colspan="2">The International Swaps and Derivatives Association (ISDA) published a methodology for the auction settlement of a Restructuring Credit Event for credit derivatives products. ISDA has incorporated those terms into the ISDA documentation, as well as empowering the ISDA Determinations Committee (DC) to announce an auction for a restructuring event.<br>Market participants have requested that TIW provide support for the ISDA method for restructuring events, which was outlined in the :<br>• 2009 ISDA Credit Derivatives Determination Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions, along with a protocol for adhering to the supplement commonly referred to the "Big Bang Protocol," published on March 12, 2009.<br>• 2009 supplement to the 2003 Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring CDS Protocol – together commonly referred to as the "Small Bang," published July 14, 2009.<br>In order to provide an automated solution for the participating firms, DerivSERV will need to implement the following main requirements:<br>• Creation of a Restructuring Event Master Record<br>• Support Triggering and Movement options<br>• Audit Trail<br>• Untranched index re-versioning<br>• Automated booking of component transaction "spin-off" trade<br>• Define and determine maturity buckets<br>• Auction processing<br>• Create reports for DC</td></tr>
<tr><td>Rationale</td><td colspan="2">This strategic approach to restructuring is aimed at providing a robust and flexible approach to the processing of restructuring events in the Warehouse.</td></tr>
<tr><td>Client Benefit</td><td colspan="2">Strategic Restructuring will provide a streamlined automated solution for the users to process restructuring events, which includes the ability to provide a Notice as well as facilitate Auction Settlement.</td></tr>
<tr><td>Client Impact</td><td colspan="2"><u>Pre Implementation</u><br>Firms wishing to use this functionality will need to participate in the UAT.<br><u>Post Implementation</u><br>N/A</td></tr>
<tr><td>Mandatory / Voluntary</td><td colspan="2">Voluntary</td></tr>
<tr><td>Timing</td><td colspan="2"><table>
<tr><td>• Business Requirements</td><td>Q1 2010</td><td>In Progress</td></tr>
<tr><td>• Development</td><td>TBD</td><td>TBD</td></tr>
<tr><td>• Rule Filing</td><td>N/A</td><td>N/A</td></tr>
<tr><td>• User Acceptance Testing (UAT)</td><td>TBD</td><td>TBD</td></tr>
<tr><td>• Client Connectivity / Registration</td><td>N/A</td><td>N/A</td></tr>
<tr><td>• Pilot Testing (see UAT)</td><td>N/A</td><td>TBD</td></tr>
<tr><td>• Implementation</td><td>TBD</td><td>TBD</td></tr>
</table></td></tr>
<tr><td>Progress Update</td><td colspan="2">The following requirements were completed in Q4 2009:<br>• Creation of a Restructuring Event Master Record<br>• Triggering and Movement Options<br>• Audit Trail<br>• Define and determine maturity buckets<br>• User Interface Requirements<br>• Reporting Requirements</td></tr>
<tr><td>Reference Material</td><td colspan="2">None at this time</td></tr>
<tr><td>Contact</td><td colspan="2">Yana Granovskiy    tgranovskiy@dtcc.com    212-855-1684</td></tr>
</table>

| | | |
|---|---|---|
| **Initiative** | **Universal Trade (Copper) Reporting** | **In Progress** |
| **Description** | Copper Reporting, whereby firms submit trade records for trades that were not electronically confirmed, was implemented in 2009. The trade records contain limited information. They are used for reporting and market transparency only. The Universal Trade (Copper) Reporting project is an expansion of the existing Copper Reporting. It will support the expansion of Credit Derivative Product Type identifiers in the trade records, as well as the addition of new data fields and the associated validations and processing rules. | |
| **Rationale** | Expansion of the Copper Reporting will increase market transparency in these transactions. | |
| **Client Benefit** | Expansion of the submitted data, including Counterparty Trade Reference ID, Trade Date, Maturity Date, Fixed Rate, Reference Entity ID, Reference Entity Name, Tranche Attachment, Tranche Exhaustion, Clearing Product Code, Seniority, Restructuring Type, Cleared Trade that will be supported by this initiative should address regulators' concerns regarding the usefulness of the limited data currently required. This should lead to greater transparency in the market for non-electronically confirmed transactions.<br>Further, this effort may lay the groundwork for additional lifecycle processing for these transactions. | |
| **Client Impact** | **Pre Implementation**<br>Firms will need to revise the existing download template, populate the new data and adjust for new processing/validation rules. Additionally, existing reports will be enriched with the new additional fields.<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Mandatory** | |
| **Timing** | • Business Requirements — Q1 2010 — Completed<br>• Development — Q1 2010 — In progress<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — Q1 2010 — Planned<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing (see UAT) — N/A — N/A<br>• Implementation — Q1 2010 — Planned | |
| **Progress Update** | Business Requirements have been completed and development is underway. | |
| **Reference Material** | None at this time | |
| **Contact** | Macrina DiGregorio mdigregorio@dtcc.com 212-855-1668 | |

# Insurance & Retirement Services

DTCC Insurance and Retirement Services (I&RS) continue to represent an area of increasing volume and product expansion.  I&RS anticipates continuing and lowering fees for our clients.  In 2010, our focus is on three main objectives.

I&RS will provide a centralized, standardized web services messaging platform for industry data sourcing and transaction processing.  By leveraging existing technology and through the development of various front end "access" platforms we will provide our customers the ability to use existing DTCC products, with minimal technology costs or resource demands.

Additionally, we will develop new product to meet the needs of our existing customer, including additional in-force transaction processing solutions

I&RS will explore opportunities to broaden its customer base by expanding utilization of existing products, looking to provide additional support for life insurance and additional retirement products, and identifying ways to leverage our services in global markets.

We remain committed to finding new and innovative ways to expand customer utilization and increase our existing members' return on investment

*Adam Bryan*
*Managing Director & General Manager, Insurance & Retirement Services*

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| **Initiative** | **Replacements** | **In Progress** |
| **Description** | Develop an automated and standardized replacement processing service, including money settlement 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. 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** | • Elimination of paper exchange and lost paperwork<br>• Automation of money movement through settlement<br>• Process transparency and tracking<br>• Increased levels of service to distributors and clients through the standard replacement processing | |
| **Client Impact** | **Pre Implementation**<br>Clients need to develop and test interfaces to utilize this functionality.<br>**Post Implementation**<br>Replacement processing is a new product. Clients will need to integrate this service into their back office processing. | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q4 2007 — Completed<br>• Development — Q3 2009 — Completed<br>• Rule Filing — Q1 2010 — Planned *<br>• User Acceptance Testing (UAT) — N/A — N/A<br>• Client Connectivity / Registration — Q1 2010 — Rescheduled<br>• Pilot Testing — Q2 2010 — Rescheduled<br>• Implementation — Q1 2010 — Planned *<br>* Planned dates are based on current industry prioritization of initiative and client readiness. | |
| **Progress Update** | The application was migrated to PSE (test) environment in Q4 2009. Implementation is on target for Q1 2010. Pilot firms plan to begin testing in Q2 2010. | |
| **Reference Material** | Replacement Information | |
| **Contact** | Randi Gordon — rbgordon@dtcc.com — 212-855-5654<br>Adam Bryan — abryan@dtcc.com — 212-855-1555 | |

| Initiative | Attachments Access | In Progress |
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| Description | Develop a web-based version of the existing Attachments product for customers to transmit imaged versions of paper documents with little investment cost or knowledge of web services/ACORD XML. | |
| Rationale | The Insurance industry is faced with the challenge of automating processes and reducing paper flow without the budget for large IT projects. Web services products can have complex implementations and this service provides many of the benefits of a full solution at a fraction of the cost. | |
| Client Benefit | • Eliminate the need to mail physical documents.<br>• Process tracking and confirmed delivery.<br>• Real-time exchanges greatly reduce the completion time of document exchange.<br>• A robust service with a modest implementation. | |
| Client Impact | **Pre Implementation**<br>Clients need to validate the design and test the functionality in UAT and Pilot testing.<br>**Post Implementation**<br>Clients will need to integrate this service into their existing processes. Some customers will need to implement scanning hardware/software to utilize the service. | |
| Mandatory / Voluntary | **Voluntary** | |
| Timing | • Business Requirements — Q4 2009 — Completed<br>• Development — Q1 2010 — In Progress<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — Q1 2010 — Planned<br>• Client Connectivity / Registration — Q1 2010 — Planned<br>• Pilot Testing — Q1 2010 — Planned<br>• Implementation — Q2 2010 — Planned | |
| Progress Update | The business requirements were completed in Q4 and development is currently in progress. | |
| Reference Material | Attachments Access material will be developed in conjunction with the development. | |
| Contact | Randi Gordon — rbgordon@dtcc.com — 212-855-5654<br>Adam Bryan — abryan@dtcc.com — 212-855-1555 | |

# Wealth Management Services

Wealth Management Services (WMS) offers a suite of products and data services to the investment advisory market, including mutual funds, institutional investment managers, alternative investment product sponsors, managed account sponsors and their distribution partners. WMS provides operational stability and scale to financial markets by reducing processing risk and improving efficiencies for our clients.

We continue to engage our clients in our efforts to identify and implement functionality that will provide efficiencies to the markets, by expanding our product offerings. A trend toward the omnibus business model in the mutual funds industry will amplify the need for communication and reconciliation, affording WMS the opportunity to continue to play a central role in the distribution of funds.

The focus in our Alternative Investment Products (AIP) service at the outset of 2010 is to create a translator between AIP and DST, currently the largest REIT transfer agents. This translator will allow the non-traded REIT sponsors using DST's services to take advantage of AIP without additional development cost. Broader focus will be on the hedge funds and funds of funds markets, working with the large distributors and the funds eager for third party distribution. As in years past, we will keep a keen eye on regulatory developments to identify opportunities to enable operational compliance with new mandates.

With the second major sponsor adoption of the Managed Accounts Service (MAS) by UBS Financial Services and the implementation of the MAS-Portal for Investment Managers, MAS gained critical Industry acceptance and momentum in 2009. The DTCC's presence will bring scale and expansion opportunities to the wealth management and retirement solutions markets. Both areas are poised for accelerating growth and increased importance as the investment needs of the public continue to evolve post the 2008 crisis

*Ann Bergin*
Managing Director & General Manager, Wealth Management Services

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| **Initiative** | **Alternative Investment Products (AIP)** | **In Progress** |
| **Description** | DTCC has been working with a pilot committee of participants 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.<br>The third phase of AIP enhancements will create a REIT/DST translator. This translator will allow the non-traded REIT clients using DST's transfer agency services to take advantage of AIP without additional development cost. DST and DTCC will use some of the existing networking files to interface with the AIP service. | |
| **Rationale** | Currently, the alternative investments industry is highly manual. With increasing interest and transaction activity, many broker/dealers and funds are positioning themselves to take advantage of distribution opportunities in the alternatives space. | |
| **Client Benefit** | The benefits include centralized data exchange, straight-through processing, a central settlement process, improved reconciliation & position reporting, increased security for sensitive investor information, timely transaction & valuation reporting, automated commissions processing, elimination of physical paper exchange, reduced stale account information, improved operational efficiencies and reduced costs. | |
| **Client Impact** | **Pre Implementation**<br>Service access requires systems programming; the service is built in multiple formats (e.g., permitting XML or spreadsheet upload) to minimize coding effort.<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | **Phase III – REIT / DST Translator**<br>• Business Requirements — Q4 2009 — Completed<br>• Development — Q1 2010 — In Progress<br>• User Acceptance Testing (UAT) — Q2 2010 — Planned<br>• Client Connectivity / Registration — Q2 2010 — Planned<br>• Pilot Testing — Q2 2010 — Planned<br>• Implementation — Q3 2010 — Planned | |
| **Progress Update** | The business requirements for Phase III were completed in Q4 2009. | |
| **Reference Material** | None at this time | |
| **Contact** | Keisha Bell kbell@dtcc.com 212-855-2888 | |

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| **Initiative** | **Managed Accounts Service (MAS) Portal - Investment Manager** | **In Progress** |
| **Description** | MAS Portal is a secure website for Investment Managers (IMs) to immediately adopt and start using industry message standards. Managed Accounts will see the delivery of two key releases in the first half of 2010. The two releases are composed of a MAS Hub upgrade to handle the 3.0 MMI messaging standards and a new UI, which provides the Investment Mangers with easy and timely access to the messages sitting within the MAS hub. | |
| **Rationale** | Encourage industry adoption of open standards created by the MMI to:<br>• Standardize messages between sponsors and IMs.<br>• Eliminate barrier to entry for adoption of existing MAS service.<br>• Increase message volume. | |
| **Client Benefit** | • Create operational efficiencies for the investment managers by enabling straight through processing using high-quality and comprehensive industry message standards<br>• Offer IMs a consolidated presentation of sponsor messages received through the MAS Hub | |
| **Client Impact** | **<u>Pre Implementation</u>**<br>This service requires the client only to register with DTCC prior to use of the service.<br>**<u>Post Implementation</u>**<br>MAS Portal will provide an option to access MAS immediately without any additional development by the IM. | |
| **Mandatory / Voluntary** | **Voluntary** | |

| **Timing** | | | |
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| | • Business Requirements | Q4 2008 | Completed |
| | • Development | Q2 2009 | Completed |
| | • Rule Filing | N/A | N/A |
| | • User Acceptance Testing (UAT) | Q1 2010 | Rescheduled |
| | • Client Connectivity / Registration | Q1 2010 | Rescheduled |
| | • Pilot Testing | Q1 2010 | Rescheduled |
| | • Implementation | Q2 2010 | Planned |

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| **Progress Update** | The production version of the MAS hub will be upgraded to 3.0 on February 19th. Positive immediate impact will be felt by Citi GTS and Morgan Stanley Smith Barney, which currently use the MAS Hub to process new accounts, funding and trade authorizations. Significant streamlining and enhancements were made via the 3.0 message standards. Changes included allow for the automated processing of MSP accounts, prior accounts, and notes between Investment Managers and Sponsors. This key hub release in February paves the way for the first production implementation of the MAS UI planned for Q2 2010.<br><br>The MAS UI currently is in two concurrent phases of testing. First, industry-wide testing with UBS and 16 investment managers is underway via an ASP model (externally hosted). Second, the MAS UI is currently being integrated into the DTCC infrastructure and undergoing various testing phases (e.g. volume, quality assurance, etc). Additional requirements have been identified through these testing efforts. Industry-wide testing identified the need to handle several additional business scenarios while the DTCC integration testing highlighted new architectural requirements (e.g. Websphere MQ vs. SIBUS). Due to the new requirements, the project time-line had to be re-baselined resulting in the production date of the MAS UI shifting from Q1 to Q2 2010. |

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| **Reference Material** | Managed Account Services<br>MMI | MAS Committee<br>Press Release |
| **Contact** | Tatyana Broder | tbroder@dtcc.com | 212-855-2695 |

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| **Initiative** | **Managed Accounts Service (MAS) - MMI 3.0 Standards** | **In Progress** |
| **Description** | DTCC has been working with the Money Management Institute to promote industry standards through the use of MAS. Release 3.0 standards will enhance the 2.0 version with additional fields for multi-style portfolios, account restrictions and new status messages. | |
| **Rationale** | This service provides the managed accounts industry with standardization and increased processing efficiency, which will reduce errors, costs and operational risks while bringing scalability to support current volumes and future growth. | |
| **Client Benefit** | The benefits are a more standardized and automated process with improved data security. Firms will be able to manage the information exchange in an efficient manner by taking advantage of the standardized electronic formats. It will significantly improve the business model for all market participants and will support the growth of the Advisory market. | |
| **Client Impact** | **Pre Implementation**<br>Sponsors must develop to MAS Messaging Standards. IMs and service providers will be able to avoid development efforts by using the MAS Portal but can also develop their own interface.<br>**Post Implementation**<br>N/A | |
| **Mandatory / Voluntary** | **Voluntary** | |
| **Timing** | • Business Requirements — Q3 2008 — Completed<br>• Development — Q3 2009 — Completed<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — Q1 2010 — Rescheduled<br>• Client Connectivity / Registration — Q1 2010 — Rescheduled<br>• Pilot Testing — Q1 2010 — Rescheduled<br>• Implementation — Q1 2010 — Planned | |
| **Progress Update** | Testing and client connectivity are currently in progress and implementation is on target for Q1. The 3.0 project is planned to go live in advance of the MAS Portal deployment. | |
| **Reference Material** | Managed Account Services<br>MAS Committee<br>MMI | |
| **Contact** | Peter Braden — pbraden@dtcc.com — 804-263-4626 | |

| Initiative | Mutual Fund - Networking Enhancements | In Progress |
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| Description | The Networking Enhancements initiative includes the following components.<br>**Share Truncation** – The project is designed to enhance the Networking Record layouts that are truncating share balance fields for Omnibus accounts, allowing for accuracy of information and flexibility of existing processing modules for this business model. A new 'field name' will be added that contains a length of 16 bytes to the appropriate Networking Records. Based upon our analysis and participant feedback, it has been determined that there are four (4) Record Types that are impacted by the truncation issue:<br>• Position reporting.<br>• Account conversion/update & transfer/acknowledgement.<br>• Activity reporting.<br>• Dividend reporting.<br>**Omnibus Transparency** – This project will standardize and centralize the activity and position files to provide transparency into omnibus fund accounts. Currently, data is transmitted by the firms or its vendor to the management company and each relationship requires a direct line to transmit these files. This project will create two networking files. One will be the NSCC Omnibus Activity File and the second will be the NSCC Omnibus Position File. | |
| Rationale | Standardizes and centralizes activity, information, and files while increasing the accuracy of the information. | |
| Client Benefit | • **Share Truncation** – This enhancement will eliminate the truncation issue experienced by our clients and allow for the accurate reporting of share balances related to omnibus accounts.<br>• **Omnibus Transparency** – This enhancement provides clients with a single point of contact for the transmission of omnibus sub-account information. | |
| Client Impact | **Pre Implementation**<br>• **Share Truncation** - Clients experiencing the truncation issue are required to program and clients who are not experiencing the issue do not need to take action.<br>• **Omnibus Transparency** - Clients are required to program.<br>**Post Implementation**<br>Omnibus Transparency - Clients will be in a position to cancel direct lines between funds and firms to communicate data points and utilize DTCC for transmitting data necessary for transparency. | |
| Mandatory / Voluntary | **Voluntary** | |
| Timing | • Business Requirements — Q4 2009 — Completed<br>• Development — Q1 2010 — Planned<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — Q1 2010 — Planned<br>• Client Connectivity / Registration — N/A — N/A<br>• Pilot Testing — Q2 2010 — Planned<br>• Implementation — Q2 2010 — Planned | |
| Progress Update | The business requirements were completed in Q4 2009 and development is on target for a Q1 2010 completion date. | |
| Reference Material | None at this time. | |
| Contact | Rita Gribben — rgribben@dtcc.com — (212) 855-5677<br>Josephine Torelli — jtorelli@dtcc.com — (212) 855-5661 | |

# DTCC – Enterprise

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| **Initiative** | **Common Data Transfer Services (CDTS) - Legacy Migration** | **In Progress** |
| **Description** | DTCC has reengineered its communications facilities for the interactions between client data transmissions and the DTCC applications that process the contents of those transmissions to create a single facility, the Common Data Transfer Services (CDTS). It replaces a number of legacy systems that performed this function. | |
| **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 with 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** | **Pre Implementation**<br>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.<br>**Post Implementation**<br>Clients will have access to event monitoring functionality currently not available for many legacy applications. Clients would need to be registered for this service. | |
| **Mandatory / Voluntary** | **Mandatory (Internal to DTCC)**<br>All DTCC file and messaging systems will use CDTS. | |
| **Timing** | **Legacy Application Migration**<br>• DataTrak Migration — Q1 2010 — In Progress<br>• ICM Migration Phase I — Q4 2009 — Completed<br>• ICM Migration Phase II — Q4 2010 — Planned | |
| **Progress Update** | The migration of products that use DataTrak is in progress, and, ICM (Phase I) has been completed and ICM Migration Phase II with a tentative target completion date is set for Q4 2010. | |
| **Reference Materials** | None at this time. | |
| **Contact** | John Bautz — jbautz@dtcc.com — 212-855-1330 | |

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| **Initiative** | **Common Data Transfer Services (CDTS) Output Dashboard Phase II** | **In Progress** |
| **Description** | In 2009 DTCC implemented the CDTS Output Dashboard, a browser based application that identifies the expected time of availability for key DTCC outputs, and, status for each. This application alleviates the need of participants to contact DTCC about output status, and, provides easier and faster access to such information.<br>Based on user feedback DTCC will implement several new features to the Dashboard in order to enhance its effectiveness. These enhancements will include, but are not limited to, email notifications, favorites refresh, and Management Summary view of recent changes (e.g. new products available, updated times, etc.) | |
| **Rationale** | Leverage the new CDTS application that can provide greater clarity to participants regarding status of file output. | |
| **Client Benefit** | Provide participants one location to access documented committed delivery times of DTCC output, and, status updates if there is a delay in output and an estimated time when output would be available. Allows participants to modify their internal processes/schedules requiring DTCC output. | |
| **Client Impact** | **Pre Implementation**<br>N/A<br>**Post Implementation**<br>May require users to be registered by an Access Coordinator in order to gain access to this functionality. | |
| **Mandatory / Voluntary** | **Voluntary** | |

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| | • Business Requirements | Q4 2009 | Completed |
| | • Development | Q1 2010 | Planned |
| | • Rule Filing | N/A | N/A |
| | • User Acceptance Testing (UAT) | Q1 2010 | Planned |
| | • Client Connectivity / Registration | N/S | N/A |
| | • Pilot Testing | N/A | N/A |
| | • Implementation | Q1 2010 | Planned |

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| **Progress Update** | Business requirements have been completed and are under review. Implementation is targeted for Q1 2010 pending project prioritization and resource availability.<br>In addition, DTCC is working to add all DTCC Output events to the Dashboard by the end of Q1 2010. |
| **Reference Materials** | http://www.dtcc.com/dashboard |
| **Contact** | John Bautz jbautz@dtcc.com 212-855-1330 |

| Initiative | Customer Registration System - Management of RACF IDs | Rescheduled |
|---|---|---|
| Description | Today, the Customer Registration System (CRS) manages IDs for DTCC's distributed environment browser-based applications. The objective of this project is to enhance CRS to allow Access Coordinators to manage IDs associated with new mainframe browser based web applications and re-written PBS applications and link a user's distributed and mainframe IDs to a single user profile. | |
| Rationale | Standardize creation and management of IDs required to access DTCC browser-based applications and provide one tool for Access Coordinators to use in order to manage those IDs. | |
| Client Benefit | This project expands Access Coordinator strategy implemented in 2008 to include new mainframe browser-based applications and re-written PBS applications. In addition, it increases the customers' ability to control access to their firm's information consistent with their standards, and enables a flexible recertification capability for operators of DTCC systems. Provides easier access to individual user entitlements and an understanding of what those entitlements allow operators to do. | |
| Client Impact | **Pre Implementation**<br>Confirm existing PBS Access Coordinators and register them within CRS so that they can manage user access for new mainframe browser based applications and re-written PBS applications.<br>Capture existing RACF IDs and associated user information in order to create a single user profile for Access Coordinator review and approval.<br>**Post Implementation**<br>After DTCC creates initial Access Coordinators, customers are responsible for creating and recertifying subsequent Access Coordinators and the operators they create. | |
| Mandatory / Voluntary | **Mandatory**<br>For companies requiring access to new mainframe browser-based applications and re-written PBS applications. | |
| Timing | • Business Requirements — Q1 2009 — Completed<br>• Development — Q1 2010 — Rescheduled<br>• Rule Filing — N/A — N/A<br>• User Acceptance Testing (UAT) — N/A — N/A<br>• Client Connectivity / Registration — TBD — TBD<br>• Pilot Testing — N/A — N/A<br>• Implementation — Q2 2010 — Rescheduled | |
| Progress Update | Implementation of CRS Managing RACF IDs is dependent upon completion of other infrastructure initiatives. Due to delays encountered with those initiatives, implementation of CRS Managing RACF IDs has been rescheduled to Q2 2010 pending project prioritization and resource availability. | |
| Reference Material | DTCC User Registration AC User Guide     Please contact RM for copy | |
| Contact | John Bautz     jbautz@dtcc.com     212-855-1330 | |

# Retired Initiatives

Initiatives will remain in the Development Agenda for one quarter after they are implemented or canceled. All retired initiatives are listed in this section and can be accessed in the previous quarter's Development Agenda.

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| | **Q4 2009 Retired Initiatives:** http://www.dtcc.com/downloads/agenda/2009-Annual.pdf |
| **COMPLETED** | **Corporate Actions - Reengineering Enhancement**<br>DTCC is reengineering its core systems for corporate actions processing, including announcements, elections and payments. On October 23, 2009 the Stock Loan Payment Order (SLPO) enhancements, which include moving the functionality and the incorporation of a rejection process were implemented.<br>**Immobilization and Dematerialization**<br>DTCC completed its efforts to immobilize and dematerialize physical securities certificates. These efforts included immobilization of Non-Cede Custody Service and Destruction of Non-Transferable Securities Certificates, as well as the dematerialization of the FAST Rule Change, Withdrawal-by-Transfer and Direct Registration System.<br>**Loan/SERV Contract Reconcilement**<br>Loan/SERV reconcilement took reconciling loans to a more detailed level, which now enables reconcilement of drawn balances, unutilized balances, margin and fee calculations.<br>**Money Market Instruments (MMI) Issuing and Paying Agent (IPA) Enhancement**<br>DTC expanded the tools and controls available to Issuing and Paying Agent (IPA) banks. DTC enhanced the MMI procedures to provide the IPA with an "Issuer Maturity Presentment Pend" function to manage its liquidity exposure to high-risk issuers that have known or anticipated funding or credit issues.<br>**Office of Foreign Assets Control (OFAC) Confirmations and Regulation**<br>The OFAC Confirmation requires clients who are subject to the jurisdiction of the United States to confirm that they comply with sanctions administered and enforced by OFAC and that they have implemented a risk-based OFAC compliance program. DTCC filed rule changes, which clarified its rules related to OFAC compliance responsibilities and which requires clients to provide a Confirmation of an OFAC Program ("OFAC Confirmation") every two years.<br>**RTTM's modifications of Trade Match for Municipal Bond Trades.**<br>**RTTM's expansion of Modify Capability for Corporate, Municipal, UIT (CMU) Trades.**<br>Participants' Correspondent symbol (aka MPID) are now utilized to match Municipal bond trades processed in the Real Time Trade Matching (RTTM) system.<br>Trade Modifies of unmatched Corporate, Municipal, UIT (CMU) trades are permitted after initial submission date.<br>**Depositary Receipts – Clearance and Settlement**<br>European Central Counterparty Limited (EuroCCP) launched a clearing and settlement service for Depositary Receipts, which provides clearing and settlement for approximately 50 of the most heavily traded listed Depositary Receipts.<br>**Equities - 2009 Trade Confirmation Service Enhancements**<br>DTCC Deriv/SERV's Equity Trade Confirmation platform implemented several planned enhancements including:<br>• Additional MCA types as published by ISDA<br>• Barrier Options for Share and Index Options (knock-in/knock-out events)<br>• Support EUR Variance Option (MCA)<br>• Support U.S. Share Swap<br>• Support Observation Day frequency for Variance Swap<br>**Warehouse - ABX/CMBX Payment Correction**<br>This project further expanded the payments coverage to include ABX-CBMX payment corrections and added support for implied write-down reimbursement.<br>**IFT Access**<br>Implemented a web-based data capture facility for the BIN (Brokerage Identification Number change) and |

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| | REP (Representative of Record change) transactions within the In Force Transaction (ITF) processing service.<br>**Mutual Fund Services Enhancements – Fund/SERV**<br>Mutual Fund Services were enhanced at the request of the ICI BDAC & BTRAC committees to include modifications of Fund/SERV, Transfer of Retirement Assets (ToRA), ACATS-Fund/SERV.<br>**Mutual Fund Services Enhancements - ToRA/529**<br>The Mutual Fund services were enhanced at the request of the ICI BDAC & BTRAC committees include:<br>• Transfer of Retirement Assets (ToRA) Enhancements in Fund/SERV – This enhancement to ToRA created three new fields, "Fund Reject Code," "Delivering Fund Plan Type" and "Uncollected Share Amount."<br>• Section 529 Plans enhancements to Fund/SERV and Networking – This enhancement created fields and values to continue to support 529 business in a broker-controlled environment.<br>**Alternative Investment Products (AIP) Phase II**<br>The second phase of AIP enhancements consists of developments requested by the current systems users including a Security Profile Request and Position File Scheduler. DTCC has entered a joint initiative with SWIFT to arrange for the AIP service to accept and deliver ISO 20022-format messages.<br>**Common Data Transfer Services (CDTS) Output Dashboard**<br>DTCC has developed a browser based "output dashboard" for use by participants that identifies the expected time of availability for key DTCC outputs and status for each in order to provide easier and faster access to such information.<br>**Portal Browser Service (PBS) - Increased External Access**<br>In order to continue to provide clients with innovative and flexible capabilities, DTCC expanded Portal Browser Service (PBS) access to all firms currently not using PBS. |
| **CANCELED** | **Loan/SERV Case Management**<br>Loan/SERV case management would have enabled the tracking and rectification of issues and inquiries that arise between lenders and agents.<br>**Loan/SERV Primary and Secondary trade processing**<br>This application would have provided trade matching, confirmation, processing and settlement of primary and secondary loan trades.<br>**Novation Consent Enhancements**<br>The Novation Consent (NC) application facilitates the Assignment process. It has an interface with Deriv/SERV Trade Confirmation and access to the underlying trades. This enhancement is now owned by MarkitSERV. |