



2011 Development Agenda

Issued: January 28, 2011

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Introduction

At the end of 2010, in response to DTCC's experiences in the financial crisis of 2007-08 and the "lessons learned" from those events, DTCC's Board and management adopted new "mission" and "vision" statements for the organization, expressing DTCC's mission as:

We protect our clients and financial markets and systems as a whole. We leverage our scale and expertise to perfect a more robust, unified infrastructure and promote solutions that systematically reduce risks, amplify operating efficiency and minimize cost.

and its post-crisis vision as:

We are unwavering in our commitment to drive out risks and costs. To achieve this, we partner with clients to bring stability to the global financial markets and create efficiencies for an ever-expanding industry.

Both statements emphasize DTCC's critical role in mitigating and managing risk for market participants and the financial markets as a whole – a primary objective over DTCC's more than four decades of existence. Maximizing the impact DTCC's initiatives will have on risks – ensuring substantial benefits in reduced risks for the industry and the markets, and safeguarding against creating undue "costs" for DTCC itself in terms of risks for DTCC that it must control and reduce – is a key guiding objective in creating each year's portfolio of initiatives that the organization is committing resources to.

* * *

This year, as in the past, DTCC is setting forth its portfolio of initiatives in its Development Agenda for 2011, 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.

The initiatives highlighted in this year's Development Agenda exemplify DTCC's continued emphasis on risk issues, and represent our commitment to carry out the mission and vision statements described above.

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 - Medium –Term Notes (MTNS) with Survivor Option Benefits	TBD	●	●	●								●
Corporate Actions Reengineering – Announcements Enhancements	Q2 2011	●	●									
Loan/SERV Cash on Transfer	Q1 2011	●	●									
Underwriting Systems Reengineering	Q1 2011	●	●			●						
Global Clearance & Settlement												
Global Clearance & Settlement – US Equity												
Cost Basis Reporting Service (CBRS) – Cost Basis Legislation Enhancements	Q4 2010	●	●				●			●		
NSCC Accelerated Trade Guarantee	Q3 2011	●	●		●							
Obligation Warehouse	Q1 2011	●										
Receiver Authorized Delivery (RAD) Redesign	Q3 2011	●	●									
Settlement Collateral Pledge Redesign	Q4 2011	●	●									
Settlement Output Enhancements	On Hold	●	●	●								●
Settlement Web Re-engineering	Q1 2011	●	●			●						●
Universal Trade Capture	Q1 2011	●	●		●							
NSCC Clearing Fund Margin Changes – Wave 1	Q3 2011	●	●		●							
NSCC Clearing Fund Margin Changes – Wave 2	Q4 2011	●	●		●							
Incorporate back and stress test results into NSCC Clearing Fund and DTC Participant Fund requirements	Q1 2011	●	●		●							
NSCC Intraday Surveillance	Q2 2011	●	●		●							
Global Clearance & Settlement – Fixed Income												
FICC Portfolio Margining	Q2 2011	●	●				●					
DTCC GCF Repo Index*	Q4 2010	●	●				●	●	●			
General Collateral Financing Repo Service® (GCF)	Q4 2010	●	●		●		●					
Government Securities Division Member Expansion - Service Enhancements	Ongoing	●	●		●		●					
Mortgage-Backed Securities (MBS) Central Counterparty (CCP) Pool Netting	TBD	●	●				●					
Mortgage-Backed Securities (MBS) Central Counterparty (CCP) TBA Netting and Novation Service	TBD	●	●				●					
New York Portfolio Clearing	Q1 2011	●	●		●							

	Implementation Date	Broker / Dealer	Bank / Custodian	Paying Agent	Exchange / ECN	Underwriter	Mutual Funds	Hedge Fund	Investment Mgt. Co.	Transfer Agent	Insurance Carrier	Issuers
Adjustments to Assumed Liquidation Period and Revisions to Charges for Concentrated Positions	Q4 2011	●	●									
Incorporate back and stress test results into Clearing Fund requirements	Q1 2011	●	●									
FICC Intraday Surveillance	Q4 2011	●	●									
Global Clearance & Settlement – European												
EuroCCP Interoperability	TBD	●		●								
Deriv/SERV												
Credit Line Expansion	Q1 2011	●	●					●				
Equity Cashflow Matching	Q4 2010	●										
Strategic Reporting	Q3 2011	●										
Insurance Services												
Analytics Reporting	Q1 2011	●	●				●				●	
Data Solutions	Q4 2010	●									●	
Replacements	Q4 2011	●	●								●	
Wealth Management Services												
Alternative Investment Products (AIP) Enhancements	Q4 2010	●	●							●	●	
Cost Basis and Sharelot Transfer Maintenance	Q2 2011	●	●				●			●		
FA (Financial Advisor) Onboarding*	Q2 2011	●	●				●			●		
Fund/SERV – Multi-currency Settlement	Q4 2010	●					●	●	●	●		
Managed Accounts Services (MAS) Portal - Model Messages	Q1 2011	●							●			
Managed Accounts Service (MAS) Enhancement – Tax Harvesting	Q1 2011	●							●			
MFPSII Profile Security Enhancements	Q3 2011	●					●	●	●	●	●	
Mutual Fund Price and Rate Enhancement	Q2 2011	●					●	●	●	●		
Mutual Fund - 529 Phase II	Q4 2010	●	●				●		●			
Mutual Fund - 529 Aggregation Files	Q1 2011	●	●				●			●		
Mutual Fund - Capital Gain Description Change	Q4 2010	●	●				●		●			
Networking Omnibus Reconciliation	Q3 2011	●	●				●			●		
NSCC – New Membership Type – Third Party provider (TTP)	Q4 2010	●					●		●			
DTCC – Enterprise												
Common Data Transfer Service (CDTS) – Legacy Migration	Q3 2011	●	●	●	●	●	●			●	●	●
Common Data Transfer Services (CDTS) Output Dashboard – Phase II	Q4 2010	●	●	●	●	●	●			●	●	●
Customer Registration system (CRS) Management of RACF IDs	Q1 2011	●	●	●	●	●				●		●

Asset Services

In 2011, the Asset Services business unit will continue the modernization of DTC's core systems while supporting standardization and regulatory compliance in a cost effective manner. In other areas, we will look to address industry risk and inefficient processes through the introduction of new products and services, while expanding the client base of new and existing products globally.

We continue to take a leadership role in the industry through the elimination of systemic risk and assisting our clients in adapting to new regulation. The decision to refine our P&I payment policy, starting in February 2011, so that we will only allocate funds actually received by the allocation cut-off in identifiable form will eliminate the need to credit funds in advance of receipt, and thereby reduce the need for certain post-payable adjustments. We continue to stay ahead of the curve on new regulation in our Tax Services and Proxy businesses to ensure that we can provide the most efficient services to our clients. Our involvement in the initiative to promote the use of XBRL to ensure accurate identification of corporate action information is another example of our efforts to improve transparency for the end investors.

In 2011, we look to achieve targeted milestones for the modernization of our core systems. The final phase of development of our new Underwriting system (UW SOURCE) will complete the new front-end to our clients for all new issuances through DTC. Our Corporate Actions Re-engineering project will reach its first major milestone with the start of the pilot test for the announcement component of the new system. Clients will be able to test our new ISO 20022 messages, a new browser-based client interface, and a unique corporate actions event ID beginning in Q2 2011. This first step will begin the migration to an industry standard event structure and prepare clients for future phases that will ultimately retire all of DTC's legacy corporate actions files and user-interfaces.

DTCC's Loan/SERV business will enter its third full year of operation. The focus will be to build on prior year successes by increasing revenues from existing products and to continue to work with the industry on new products and services that bring increased efficiency and reduced risk to Syndicated Loan processing. An example of this product innovation that will launch in 2011 – a major step forward for the Syndicated Loan industry – is Cash on Transfer (CoT). CoT will reduce risk and increase operating efficiency by bringing a delivery versus payment process to loan settlement.

In July 2010, DTCC acquired Avox, a leader in the validation and cleansing of legal entity data. With the acquisition, Asset Services now has the ability to provide three key pieces of reference information used throughout the industry: entity, security, and corporate actions data. A strong platform of reference data will serve as the cornerstone in reducing risk and enhancing efficient processing for DTCC and the industry as a whole. In 2011, the focus will be on introducing this new offering to participants, and integrating Avox data into DTCC systems. Ancillary services that rely on a strong core of legal entity information are also being explored, including an enhanced issue-to-issuer linking service, client on-boarding support, and a repository for legal entity documentation. All of these services are focused on reducing risk for our clients by centralizing, standardizing, and accurately identifying common data used throughout the DTCC participant base.

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

Initiative	Corporate Actions Reengineering - Medium-Term Notes (MTNs) with Survivor Option benefits	On Hold																					
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	<p>Pre Implementation</p> <ul style="list-style-type: none"> Participants wishing to process instructions and receive payments through DTC must have access to DTCC's "PUTS" function. IPAs electing to receive instructions and make payments through DTC must have access to DTC's "APUT" function. Participants will continue to send physical documents directly to the paying agents in Phase 1. <p>Post Implementation</p> <p>N/A</p>																						
Mandatory / Voluntary	<p>Voluntary</p> <p>Participants may choose this voluntary service to process survivor option puts.</p>																						
Timing	<p>Phase II</p> <table border="0"> <tr> <td>• Business Requirements</td> <td>TBD</td> <td>On hold</td> </tr> <tr> <td>• Development</td> <td>TBD</td> <td>On hold</td> </tr> <tr> <td>• Rule Filing</td> <td>TBD</td> <td>On hold</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>TBD</td> <td>On hold</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>TBD</td> <td>On hold</td> </tr> <tr> <td>• Pilot Testing</td> <td>TBD</td> <td>On hold</td> </tr> <tr> <td>• Implementation</td> <td>TBD</td> <td>On hold</td> </tr> </table>		• Business Requirements	TBD	On hold	• Development	TBD	On hold	• Rule Filing	TBD	On hold	• User Acceptance Testing (UAT)	TBD	On hold	• Client Connectivity / Registration	TBD	On hold	• Pilot Testing	TBD	On hold	• Implementation	TBD	On hold
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• Client Connectivity / Registration	TBD	On hold																					
• Pilot Testing	TBD	On hold																					
• Implementation	TBD	On hold																					
Progress Update	Phase I of this project was implemented January 3, 2010 and DTCC continues to work with the Issuing Paying Agents (IPA's) to make all of their MTNs with survivor options benefits eligible for electronic instructions. Phase II of this initiative has been put on hold while we work with the IPA's to increase the number of issues eligible for the service. Once the number of issues reaches critical mass, we will further evaluate the paperless concept.																						
Reference Material	None at this time																						
Contact	Robert Epstein	repstein@dtcc.com 212-855-2965																					

Initiative	Corporate Actions Reengineering - Announcements Enhancements	In Progress																																																
Description	<p>Announcements ISO 20022 - New ISO 20022 announcement messages will be made available to all DTC Participants for DTC-eligible data and to all GCA VS clients. The main enhancements include:</p> <ul style="list-style-type: none"> • Publish North American data as ISO 20022, with extensions, with a Unique ID • Non-ISO data will be published within 'extensions' available in ISO 20022 corporate action messages • Publish events by predefined SLA, e.g. [Ex-Date - 20 days], rather than against the current standard, by [Payment Date] • Publish events intraday, rather than via the overnight batch • Publish events with clean 'terms and text' <p>Optional services include:</p> <ul style="list-style-type: none"> • Offer intraday delivery • Offer delivery over SWIFT • Offer delivery of validated non-North American data • Option to receive the DTC Eligible Security Announcements. The DTC Eligible Securities will also be available by Event Type groups to replicate the coverage of the legacy CCF Files <p>XBRL Interface - Build connectivity through Issuer-based XBRL tools and Issuer authentication. 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.</p>																																																	
Rationale	Enhancements will further support all corporate action announcements from DTCC.																																																	
Client Benefit	This project will provide 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.																																																	
Client Impact	<p>Pre Implementation DTCC has published the new ISO 20022 message specifications.</p> <p>Post Implementation N/A</p>																																																	
Mandatory / Voluntary	<p>Announcements ISO 20022 - Voluntary: Firms can choose when they want to migrate, however the cut off for all existing legacy files will be 2015.</p> <p>XBRL Interface - Not applicable as DTCC interface</p>																																																	
Timing	<table border="0"> <tr> <td>• Business Requirements</td> <td></td> <td></td> <td></td> </tr> <tr> <td>- ISO 20022 Announcements</td> <td></td> <td>Q1 2010</td> <td>Completed</td> </tr> <tr> <td>- Full XBRL Interface</td> <td></td> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td></td> <td></td> <td></td> </tr> <tr> <td>- ISO 20022 Announcements</td> <td></td> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>- Full XBRL Interface</td> <td></td> <td>Q2 2011</td> <td>Planned</td> </tr> <tr> <td>- New Client Interface for Announcements</td> <td></td> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>• Rule Filing</td> <td></td> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td></td> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td></td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Pilot Testing</td> <td></td> <td>Q2 2011</td> <td>Planned</td> </tr> <tr> <td>• Implementation</td> <td></td> <td>Q2 2011</td> <td>Planned</td> </tr> </table>		• Business Requirements				- ISO 20022 Announcements		Q1 2010	Completed	- Full XBRL Interface		Q4 2010	Completed	• Development				- ISO 20022 Announcements		Q1 2011	Planned	- Full XBRL Interface		Q2 2011	Planned	- New Client Interface for Announcements		Q4 2010	Completed	• Rule Filing		Q1 2011	Planned	• User Acceptance Testing (UAT)		Q1 2011	Planned	• Client Connectivity / Registration		N/A	N/A	• Pilot Testing		Q2 2011	Planned	• Implementation		Q2 2011	Planned
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• Client Connectivity / Registration		N/A	N/A																																															
• Pilot Testing		Q2 2011	Planned																																															
• Implementation		Q2 2011	Planned																																															
Progress Update	Business requirements for the ISO 20022 message based announcements were completed on target in Q1 2010. Additionally, the business requirements for the XBRL interface have been completed. Pilot testing of both ISO 20022 and the new client interface for Corporate Action announcements is planned to start in Q2 2011. 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. Information updates and technical documentation will be published throughout the life of the project. DTCC's Reengineering Technical and Business document has been attached to the Reference Materials.																																																	
Reference Materials	DTCC's Reengineering Project Press Release	DTCC's Reengineering Technical and Business Document																																																
Contact	Dianna McCaffrey dmccaffrey@dtcc.com	212-855-5216																																																

Initiative	Loan/SERV Cash On Transfer¹	In Progress														
Description	Loan/SERV Cash on Transfer reduces settlement risk associated with loan trading by ensuring that the loan asset is legally transferred by the agent bank when cash settlement occurs at DTCC.															
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	<ul style="list-style-type: none"> • Reduced risk through certainty that cash settles simultaneously with changes to asset ownership recorded by the agent banks. • Enhanced transaction efficiency through the automation and netting of loan trade settlement. 															
Client Impact	<p>Pre Implementation</p> <p>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 Cash On Transfer. In addition, market participants will need to adjust cash bookkeeping processes associated with net funding through DTCC rather than trade for trade settlement.</p> <p>Post Implementation</p> <p>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.</p> <p>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 Cash On Transfer and receive trade status messages.</p>															
Mandatory / Voluntary	Voluntary															
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table> <tr> <td>Q1 2010</td> <td>Completed</td> </tr> <tr> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>Q1 2011</td> <td>Planned</td> </tr> </table>	Q1 2010	Completed	Q4 2010	Completed	N/A	N/A	Q1 2011	Planned	Q1 2011	Planned	Q1 2011	Planned	Q1 2011	Planned
Q1 2010	Completed															
Q4 2010	Completed															
N/A	N/A															
Q1 2011	Planned															
Q1 2011	Planned															
Q1 2011	Planned															
Q1 2011	Planned															
Progress Update	<p>Development was completed in Q4 2010. We are currently establishing system-to-system connection between DTCC and ClearPar for system testing.</p> <p>Implementation is on target for Q1 2011.</p>															
Reference Material	Press Release															
Contact	Chris Childs cchilds@dtcc.com	212-855-2331														

¹ Initiative was previously called "LoanSERV Delivery Versus Payment (DVP)."

Initiative	Underwriting Reengineering - Corporate Issues	Completed																					
Description	This was the second phase of a multi-phase project to re-engineer the legacy underwriting system. This implementation focused on the redesign of the eligibility process for corporate debt and equity securities. Due to the range of product types and requirements, this project was rolled out in two releases. Release 1, which was completed in Q1 2010, covered equity securities and Release 2, which addressed corporate debt issues, was completed in Q1 2011.																						
Rationale	This project completed the upgrade of the legacy system and eliminates 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	<p>Pre Implementation</p> <p>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.</p> <p>Post Implementation</p> <p>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 auto feed, a spreadsheet upload, or directly through the Web browser application. Specifications on the auto feed and spreadsheet upload will be available prior to the commencement of the voluntary usage period.</p>																						
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	<p>Release 2 – Corporate Debt</p> <table border="0"> <tr> <td>• Business Requirements</td> <td>Q1 2010</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>Q2 2010</td> <td>Completed</td> </tr> <tr> <td>• Rule Filing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>• Implementation – Voluntary Production Rollout</td> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>• Implementation – Mandatory Production Usage</td> <td>Q1 2011</td> <td>Completed</td> </tr> </table>		• Business Requirements	Q1 2010	Completed	• Development	Q2 2010	Completed	• Rule Filing	N/A	N/A	• User Acceptance Testing (UAT)	Q4 2010	Completed	• Client Connectivity / Registration	Q3 2010	Completed	• Implementation – Voluntary Production Rollout	Q4 2010	Completed	• Implementation – Mandatory Production Usage	Q1 2011	Completed
• Business Requirements	Q1 2010	Completed																					
• Development	Q2 2010	Completed																					
• Rule Filing	N/A	N/A																					
• User Acceptance Testing (UAT)	Q4 2010	Completed																					
• Client Connectivity / Registration	Q3 2010	Completed																					
• Implementation – Voluntary Production Rollout	Q4 2010	Completed																					
• Implementation – Mandatory Production Usage	Q1 2011	Completed																					
Progress Update	Release 2 went live on January 3 rd 2011.																						
Reference Material	Technical Specifications Training Information	Important Notice Implementation Guide																					
Contact	Ann Marie Bria abria@dtcc.com	212-855-4024																					

Global Clearance & Settlement

US Equity Clearance & Settlement

The current US cash equities market structure includes various types of trading venues and linkages. In recent years, we have seen the proliferation of high frequency trading, dark pool trading, market co-location and sponsored access. Regulation is keeping pace with the evolution of this structure, and as such, the industry expects to see additional rulemaking and will be expected to support enhanced risk management. For 2011, DTCC initiatives prioritized to meet these industry needs are – Post Trade Risk Management (PTRM), Accelerating the Trade Guarantee (ATG), further enhancing the processing of customer account transfers through the ACAT system, and analyzing a system that would support the settlement of CNS transactions “for value”. Additionally, we will work with the MMI industry participants to analyze the current rules and processes with regard to the cut off time for valued issuances and valued MMI deliver orders, RAD approvals and reclaims. We will implement the Obligation Warehouse and begin analysis for expansion of such to other asset classes and / or different types of customers. In support of cost effective compliance for our customers, we will roll-out the second phase of our Cost Basis Reporting Service.

We will also continue the multi year effort to enhance our core processing systems. Initiatives underway include the rewrite and enhanced design of a number of key legacy systems that support Trade Capture (UTC), Settlement (ATP) and User Interfaces. 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

The overall mission of the FIC&S group 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, both for guaranteed and non-guaranteed services, which are focused around completing the harmonization of the Mortgage-Backed and Government Securities divisions of FICC and leveraging this harmonization to reduce systemic risk and promote STP for the broader FI Marketplace.

We continue to progress towards 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. This introduction of a CCP to this asset class will help to reduce systemic risk through the reduction of fails as a result of pool netting. The Institutional Trade Processing (ITP) project will allow us to extend non-guaranteed services to a broader segment of the MBS market with the goal of minimizing potential systemic disruptions that can be worsened by manual processes outside of the CCP.

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, and listed FI 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 reduce risk and improve efficiency in European clearing. We will accomplish this by increasing the number of venues cleared. In order to attract and retain new participants EuroCCP will maintain focus on our service quality, pursue operational efficiencies for our participants, develop product suite aimed at high-volume participants, maintain and improve level of participant satisfaction and communicate effectively and provide thought leadership. Additionally, EuroCCP will extend its risk management and operational efficiency to additional markets and transactions as well as advocate improvements in market practices and influence regulators to adopt policies that reduce industry risk.

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

Initiative	Cost Basis Reporting Service (CBRS) - Cost Basis Legislation Enhancements	Completed														
Description	<p>DTCC made 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 was 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:</p> <ul style="list-style-type: none"> • January 1, 2011 for equities • January 1, 2012 for mutual funds • January 1, 2013 for options and other securities 															
Rationale	Assists financial organization with compliance to the cost basis legislation.															
Client Benefit	<ul style="list-style-type: none"> • Reduces client cost and eliminates the need to build multiple systems/processes to transfer cost basis information • Leverages existing capabilities participating NSCC members currently employ to pass cost basis information on ACATS transactions • Provides industry with a common hub and automated standard for passing cost basis information 															
Client Impact	<p>Pre Implementation Currently, only clients participating in ACATS have access to CBRS and therefore new parties will need access to the system (e.g. transfer agents, mutual fund companies and custodians.)</p> <p>Post Implementation Member firms must be prepared to input and receive the new data elements.</p>															
Mandatory / Voluntary	<p>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. All firms interested in subscribing to CBRS for use in complying with the upcoming legislative changes must complete new applications and fulfill new testing requirements to participate in January 2011. See below for related links.</p>															
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table> <tr><td>Q1 2010</td><td>Completed</td></tr> <tr><td>Q3 2010</td><td>Completed</td></tr> <tr><td>Q4 2010</td><td>Completed</td></tr> <tr><td>Q3 2010</td><td>Completed</td></tr> <tr><td>Q4 2010</td><td>On going</td></tr> <tr><td>N/A</td><td>N/A</td></tr> <tr><td>Q4 2010</td><td>Completed</td></tr> </table>	Q1 2010	Completed	Q3 2010	Completed	Q4 2010	Completed	Q3 2010	Completed	Q4 2010	On going	N/A	N/A	Q4 2010	Completed
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Q3 2010	Completed															
Q4 2010	Completed															
Q3 2010	Completed															
Q4 2010	On going															
N/A	N/A															
Q4 2010	Completed															
Progress Update	This initiative was released on December 10 th , 2010 as scheduled.															
Reference Material	<p>Important Notice Important Notice Important Notice (Webcast)</p> <p>Important Notice (New account) Important Notice (Testing)</p>															
Contact	<p>Lydia Midwood lmidwood@dtcc.com</p> <p>Louis Lepore llepore@dtcc.com</p>	<p>212-855-7247</p> <p>212-855-4223</p>														

Initiative	NSCC Accelerated Trade Guarantee	Rescheduled																					
Description	<p>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.</p> <p>In order to extend Clearing Fund coverage to these additional trades, and to mitigate risk due to the enhanced trade guarantee, NSCC will add two new components to its Clearing Fund formula - the Margin Requirement Differential (MRD) and the Coverage component. NSCC will also enhance its current intraday monitoring process to include intraday calculations of mark-to-market and volatility exposures.</p>																						
Rationale	Accelerating NSCC's trade guarantee provides enhanced risk management benefits to members of NSCC.																						
Client Benefit	Benefits to NSCC members include: <ul style="list-style-type: none"> Mitigation of counterparty risk by having NSCC become central counterparty (CCP) earlier in the trade lifecycle Removal of uncertainty surrounding optionally guaranteed transactions in the event NSCC ceases to act for a member Promotion of safe storage of trades 																						
Client Impact	<p>Pre Implementation</p> <p>NSCC members will:</p> <ul style="list-style-type: none"> Receive information explaining changes to NSCC's margining methodology related to the acceleration of the trade guarantee Receive communication regarding the associated impact on the member's clearing fund requirement (on a member by member basis) 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 <p>Post Implementation</p> <p>N/A</p>																						
Mandatory / Voluntary	Mandatory																						
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• Customer Notifications	Q2 2009	Completed																					
• Customer Parallel	Q2 2011	Rescheduled																					
• Implementation	Q3 2011	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 2011, 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 Q2 2011. A month-long parallel period for members will precede implementation.																						
Reference Materials	Important Notice																						
Contact	Barbara Hammel	bhammel@dtcc.com 212-855-5785																					

Initiative	Obligation Warehouse	In Progress																																											
Description	<p>The Obligation Warehouse (OW) will replace the legacy RECAPS service and provide additional functionality. The OW will support:</p> <ul style="list-style-type: none"> • Bilateral matching of ex-clearing obligations that are not otherwise submitted to NSCC • Storage and maintenance of open non-CNS obligations until settled or canceled by Members • Reconfirmation and re-pricing on a more frequent basis than the current RECAPS service <p>Like RECAPS, the OW is a non-guaranteed service. The OW will have a web-front end for participant updates and inquiries. Participants can also communicate with the application via ISO messages.</p>																																												
Rationale	This service will benefit participants by providing automation and standardization of ex-clearing processes and provides more frequent re-netting and re-pricing of outstanding fails.																																												
Client Benefit	As a central repository for these 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.																																												
Client Impact	<p><u>Pre Implementation</u></p> <p>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).</p> <p><u>Post Implementation</u></p> <p>This improved NSCC service will replace the current RECAPS process.</p>																																												
Mandatory / Voluntary	<p>Mandatory</p> <p>The OW service has the same mandate as the current RECAPS service. All participants must code to the OW, as RECAPS will be retired.</p>																																												
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Progress Update	DTCC gathered feedback from SIFMA on best practices and client needs. UAT of these changes was completed in Q4 2010. Implementation is on schedule for Q1 2011.																																												
Reference Material	Clearance Learning Center NSCC Important Notice NSCC Important Notice NSCC Important Notice NSCC Important Notice - Rule Filing	NSCC Important Notice NSCC Important Notice NSCC Important Notice NSCC Important Notice NSCC Important Notice	DTC Important Notice NSCC Important Notice NSCC Important Notice NSCC Important Notice																																										
Contact	Vincent Mc Devitt Janice DiTore	vmcdevitt@dtcc.com jditore@dtcc.com	212-855-5694 212-855-7659																																										

Initiative	Receiver Authorized Delivery (RAD) Redesign	In Progress																					
Description	<p>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.</p> <p>RAD related business rules will generally remain the same. One planned modification to enhance participants risk management capabilities is that applicable participant deliveries processed via Omgeo's TradeSuite system will no longer bypass RAD.</p>																						
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	<ul style="list-style-type: none"> Enhanced risk management and increased RAD flexibility through use of RAD profiles (e.g., related to certain free transactions). More user-friendly RAD screens with improved functionality and navigation capabilities. 																						
Client Impact	<p>Pre Implementation N/A</p> <p>Post Implementation RAD will no longer be available via DTC's Participant Terminal System (PTS) or Participant Browser Service (PBS), but will be accessible through DTC's Settlement Web Re-engineering framework. Phased implementation plan includes Institutional Delivery transactions to be implemented in IMS first, followed by Payment Orders, Deliver Orders and Pledges.</p>																						
Mandatory / Voluntary	<p>Mandatory</p> <p>Applicable participant deliveries processed via Omgeo's TradeSuite system will no longer bypass RAD. Functionality will need to be accessed via DTC's Settlement Web Re-engineering framework.</p>																						
Progress Update	<table border="0"> <tr> <td>• Business Requirements</td> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>Q2 2011</td> <td>Planned</td> </tr> <tr> <td>• Rule Filing</td> <td>Q2 2011</td> <td>Planned</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q3 2011</td> <td>Planned</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Pilot Testing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Implementation</td> <td>Q3 2011</td> <td>Planned</td> </tr> </table>		• Business Requirements	Q4 2010	Completed	• Development	Q2 2011	Planned	• Rule Filing	Q2 2011	Planned	• User Acceptance Testing (UAT)	Q3 2011	Planned	• Client Connectivity / Registration	N/A	N/A	• Pilot Testing	N/A	N/A	• Implementation	Q3 2011	Planned
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• Client Connectivity / Registration	N/A	N/A																					
• Pilot Testing	N/A	N/A																					
• Implementation	Q3 2011	Planned																					
Reference Material	None at this time.																						
Contact	Steve Wasserman swasserman@dtcc.com	212-855-3270																					

Initiative	Settlement Collateral Pledge Redesign	On Hold
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 including streamlined workflow requests and navigation.	
Rationale	The COLL redesign will restructure the underlying code to improve the release versus return of securities. It will also create a more user-friendly PBS web browser interface (including the retirement of the PTS function COLL) that integrates with other DTCC settlement functions.	
Client Benefit	<p>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.</p> <ul style="list-style-type: none"> • Easy to use input and inquiry screens • Improved navigation for the pledgor to pledge securities as collateral for a loan or for other purposes and request the release of pledged securities • Capability to submit automated input such as release and approvals via MQ and ISO 15022 • Download and upload functions • Enhanced participant reconciliation capability 	
Client Impact	<p><u>Pre Implementation</u> More details will be distributed via Important Notices.</p> <p><u>Post Implementation</u> TBD</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q2 2011 On Hold • Development TBD On Hold • Rule Filing TBD On Hold • User Acceptance Testing (UAT) TBD On Hold • Client Connectivity / Registration N/A N/A • Pilot Testing N/A N/A • Implementation TBD On Hold 	
Progress Update	Completion of the business requirements has been put on hold to 2012 due to initiative prioritization and resource availability. Clients will be advised of more detailed plans and potential impact via important notices.	
Reference Material	None at this time.	
Contact	Javette Laremont jlaremont@dtcc.com	212-855-2414

Initiative	Settlement Output Enhancements	Completed																								
Description	In 2010, DTC implemented new, consolidated and flexible output architecture for all settlement related transactions. The new output has a single format for all Settlement transactions and includes expanded field sizes and additional data elements.																									
Rationale	<p><u>Reduced Cost</u> – Consolidated fragmented legacy applications to simplify the settlement system and reduce overhead.</p> <p><u>Expanded Field Sizes</u> – DTC upgraded its core books and records application to enable expanded field sizes for quantity and settlement value.</p> <p><u>Faster implementation with reduced client impact</u> – DTC 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.</p>																									
Client Benefit	<ul style="list-style-type: none"> • Message Replay – customers have the ability to replay messages. • Customer Tracking Number – firms have the ability to submit and receive their own tracking number. • Addition of IMS TID – the Inventory Management System Transaction Identifier is 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. • 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	<p><u>Pre Implementation</u></p> <p>The new output will eventually replace all existing proprietary settlement outputs, but customers will be able to receive both the new and old in parallel through the sunset date. The timeline for the retirement of the existing output has been postponed because the expansion of the ATP fields mentioned above will not be completed in 2012 as previously expected due to resource availability.</p> <p><u>Post Implementation</u></p> <p>Participants interested in realizing the benefits outlined in the Client Benefit section above can choose to subscribe to the new output specifications beginning Q1 2011.</p>																									
Mandatory / Voluntary	Voluntary																									
Timing	<table border="0"> <tr> <td>• Business Requirements</td> <td>Q1 2010</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>• Rule Filing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>• Migration Period</td> <td>TBD</td> <td>TBD</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>TBD</td> <td>TBD</td> </tr> <tr> <td>• Pilot Testing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Implementation</td> <td>Q4 2010</td> <td>Completed</td> </tr> </table>		• Business Requirements	Q1 2010	Completed	• Development	Q3 2010	Completed	• Rule Filing	N/A	N/A	• User Acceptance Testing (UAT)	Q3 2010	Completed	• Migration Period	TBD	TBD	• Client Connectivity / Registration	TBD	TBD	• Pilot Testing	N/A	N/A	• Implementation	Q4 2010	Completed
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• Client Connectivity / Registration	TBD	TBD																								
• Pilot Testing	N/A	N/A																								
• Implementation	Q4 2010	Completed																								
Progress Update	This project has been completed.																									
Reference Material	Participants interested in the new settlement output should contact Jack Manuel.																									
Contact	Jack Manuel	jmanuel@dtcc.com 212-855-5921																								

Initiative	Settlement Web Re-engineering	Rescheduled
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 with the existing Participant Browser Service (PBS).	
Client Benefit	Easier to use, more intuitive, powerful and consistent interface.	
Client Impact	<p>Pre Implementation Access will be via PBS only. Participants must ensure they have connectivity to PBS.</p> <p>Post Implementation Re-engineered Settlement applications will be developed and implemented in phases. Potentially, participants could be users of both legacy and new settlement applications.</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q3 2009 • Development Q3 2010 • Rule Filing N/A • User Acceptance Testing (UAT) Q4 2010 • Client Connectivity / Registration TBD • Pilot Testing Q4 2010 • Implementation Q1 2011 	<ul style="list-style-type: none"> Completed Completed N/A Completed TBD Ongoing Rescheduled
Progress Update	A prototype was developed and reviewed with select participants. All other interested participants should call or email for a schedule of future webinar demonstrations. The first release, scheduled for Q1 2011, will include the participant dashboard.	
Reference Material	None at this time.	
Contact	Jack Manuel	jmanuel@dtcc.com 212-855-5921

Initiative	Universal Trade Capture	In Progress	
Description	<p>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 establish a common input record from all marketplaces to submit transactions and provide 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.</p> <p>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.</p>		
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	<p><u>Pre Implementation</u></p> <p>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.</p> <p><u>Post Implementation</u></p> <p>N/A</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<ul style="list-style-type: none"> Q2 2009 Q1 2010 Q3 2010 Q4 2010 N/A Q4 2010 Q1 2011 	<ul style="list-style-type: none"> Completed Completed Ongoing Completed N/A Ongoing In Progress
Progress Update	The rule filing was submitted on 8/30 and published on the Federal Registry on 9/16. First migration occurred on November 19, 2010 with the transition of the Correspondent Clearing (CORR) application to UTC. Additional phases of this implementation are on target for Q1 2011.		
Reference Material	Important Notice Clearance Learning Center		
Contact	Bill Kapogiannis	bkapogiannis@dtcc.com	212-855-5667

Initiative	Clearing Fund Margin Changes – Wave 1	In Progress																					
Description	<p>As explained in Important Notice a7136 published on January 7th, 2011 NSCC is changing its risk management policies, practices and procedures in 2011 and these changes will impact the clearing fund margin requirements for members. The changes will be implemented in two waves during 2011. Wave 1 will include:</p> <p>NSCC Accelerated Trade Guarantee: Refer to page 14</p> <p>Elimination of Margin Offsets Associated with Offsetting CNS and Institutional Trades: ID Offsets, currently provided by NSCC to firms that have open obligations with CNS and offsetting pending institutional trades, will be eliminated.</p> <p>Increased Charge for Illiquid Equity Positions: The haircut on positions in OTC Bulletin Board and Pink Sheet Stocks and stocks with insufficient pricing history, currently at 10%, will be increased to 20%, in order to achieve 99% coverage levels.</p> <p>Revisions to the NSCC/OCC Accord: NSCC is currently party to an agreement with The Options Clearing Corporation (OCC) which provides for the efficient hand-off of margining responsibilities between the two entities and the settlement of exercised and assigned option contracts (E&A activity) on securities that are cleared and settled through NSCC. The Accord provides a two-way guaranty between OCC and NSCC on certain margin amounts applying to E&A activity for which NSCC has guaranteed settlement in the event of a mutual participant's failure. NSCC and OCC are in the process of negotiating certain additional changes to the Accord, which are expected to include the following:</p> <ul style="list-style-type: none"> - Removing the Offset Provision from the Accord, which eliminates the mark-to-market offset between E&A activity and non-option activity. - Changing the point at which OCC is released from its obligation under the Accord from trade date +4 to trade date +3, after NSCC settlement, which will allow OCC to release excess margin a day earlier. 																						
Rationale	The above listed changes provide enhanced risk management benefits to members of NSCC.																						
Client Benefit	The benefits include: <ul style="list-style-type: none"> • Enhanced risk management 																						
Client Impact	<p><u>Pre Implementation</u></p> <p>NSCC members will:</p> <ul style="list-style-type: none"> • Receive information explaining changes to NSCC's margining methodology • Receive communication regarding the associated impact on the member's clearing fund requirement (on a member by member basis) • 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 <p><u>Post Implementation</u></p> <p>N/A</p>																						
Mandatory / Voluntary	Mandatory																						
Timing	<p>Wave 1</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">• Business Requirements</td> <td style="width: 20%;">Q1 2011</td> <td style="width: 20%;">In Progress</td> </tr> <tr> <td>• Development</td> <td>TBD</td> <td>TBD</td> </tr> <tr> <td>• Rule Filing</td> <td>TBD</td> <td>TBD</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</td> <td>TBD</td> <td>TBD</td> </tr> <tr> <td>• Implementation</td> <td>Q3 2011</td> <td>Planned</td> </tr> </table>		• Business Requirements	Q1 2011	In Progress	• Development	TBD	TBD	• Rule Filing	TBD	TBD	• User Acceptance Testing (UAT)	TBD	TBD	• Client Connectivity / Registration	N/A	N/A	• Pilot Testing	TBD	TBD	• Implementation	Q3 2011	Planned
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• User Acceptance Testing (UAT)	TBD	TBD																					
• Client Connectivity / Registration	N/A	N/A																					
• Pilot Testing	TBD	TBD																					
• Implementation	Q3 2011	Planned																					
Progress Update	Implementation is planned for Q3 2011.																						
Reference Material	Important Notice																						
Contact	Barbara Hammel	bhammel@dtcc.com 212-855-5785																					

Initiative	Clearing Fund Margin Changes – Wave 2	In Progress																					
Description	<p>As explained in Important Notice a7136 published on January 7th, 2011, NSCC is changing its risk management policies, practices and procedures in 2011 and these changes will impact the clearing fund margin requirements for members. The changes will be implemented in two waves during 2011. Wave 2 will include:</p> <p>Adjustment to Assumed Liquidation Period: NSCC currently assumes that it takes three days to liquidate all assets (equities, corporate and municipal bonds and UITs). In an actual liquidation, of course, NSCC would be liquidating a portion of the positions over each of those days as the market depth for the issues permits. NSCC’s clearing fund methodology, therefore, will be modified to reflect the ability to liquidate as a proportion of the average daily trading volume.</p> <p>Revisions to Charges for Concentrated Positions: The methodology used to evaluate how long it may actually take to liquidate a portfolio with concentrated positions will be refined. The current VaR model at the 99% confidence level assumes a three-day liquidation period for all positions. However, if a portfolio includes a position on an instrument that is relatively large in comparison to the market depth for the instrument on a typical day, NSCC may not be able to liquidate that position within the three-day period assumed by the model. The proposed refinement will account for the additional time that may be needed to liquidate these positions.</p>																						
Rationale	<p>The current fixed three-day liquidation period does not consider portfolios/positions which may be liquidated in less than three days. Realization of such liquid portfolios/positions represents a more accurate depiction of the inherent risk. Conversely, concentrated positions which may require more than three days to liquidate should be margined at a premium, reflecting the longer period of exposure.</p>																						
Client Benefit	<p>The benefits include:</p> <ul style="list-style-type: none"> Enhanced risk management 																						
Client Impact	<p><u>Pre Implementation</u> NSCC members will:</p> <ul style="list-style-type: none"> Receive information explaining changes to NSCC’s margining methodology Receive communication regarding the associated impact on the member’s clearing fund requirement (on a member by member basis) 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 <p><u>Post Implementation</u> N/A</p>																						
Mandatory / Voluntary	<p>Mandatory</p>																						
Timing	<p>Wave 2</p> <table border="0"> <tr> <td>• Business Requirements</td> <td>Q2 2011</td> <td>In Progress</td> </tr> <tr> <td>• Development</td> <td>TBD</td> <td>TBD</td> </tr> <tr> <td>• Rule Filing</td> <td>TBD</td> <td>TBD</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</td> <td>TBD</td> <td>TBD</td> </tr> <tr> <td>• Implementation</td> <td>Q4 2011</td> <td>Planned</td> </tr> </table>		• Business Requirements	Q2 2011	In Progress	• Development	TBD	TBD	• Rule Filing	TBD	TBD	• User Acceptance Testing (UAT)	TBD	TBD	• Client Connectivity / Registration	N/A	N/A	• Pilot Testing	TBD	TBD	• Implementation	Q4 2011	Planned
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• Pilot Testing	TBD	TBD																					
• Implementation	Q4 2011	Planned																					
Progress Update	<p>Implementation is planned for Q4 2011.</p>																						
Reference Material	<p>Important Notice</p>																						
Contact	<p>Barbara Hammel</p>	<p>bhammel@dtcc.com 212-855-5785</p>																					

Initiative	Incorporate back and stress test results into NSCC Clearing Fund and DTC Participant Fund requirements	In Progress														
Description	Back tests measure the sufficiency of the NSCC clearing fund and DTC collateral monitor by using real price moves to create a synthetic liquidation profit or loss, which is then compared with individual members' NSCC clearing fund deposits or DTC collateral monitor holdings. Stress tests measure model performance under extreme scenarios. While NSCC and DTC perform periodic back and stress tests, the results are not incorporated into members' clearing or participant fund calculations. In recognition of the value of back and stress tests, NSCC and DTC will apply pre-established criteria that will include metrics such as the dollar amount of any member deficiencies, the frequency of member deficiencies, and member financial resources.															
Rationale	This incorporation will provide greater risk mitigation protection against coverage deficiency trends and unforeseen events.															
Client Benefit	The benefits include: <ul style="list-style-type: none"> Enhanced risk management 															
Client Impact	<p><u>Pre Implementation</u></p> <p>N/A</p> <p><u>Post Implementation</u></p> <p>N/A</p>															
Mandatory / Voluntary	Mandatory															
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation 	<table border="0"> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>TBD</td> <td>TBD</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q1 2011</td> <td>Planned</td> </tr> </table>	N/A	N/A	N/A	N/A	TBD	TBD	N/A	N/A	N/A	N/A	N/A	N/A	Q1 2011	Planned
N/A	N/A															
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TBD	TBD															
N/A	N/A															
N/A	N/A															
N/A	N/A															
Q1 2011	Planned															
Progress Update	Implementation is planned for Q1 2011.															
Reference Material	None at this time															
Contact	Barbara Hammel Gregory Kalina	<table border="0"> <tr> <td>bhammel@dtcc.com</td> <td>212-855-5785</td> </tr> <tr> <td>gkalina@dtcc.com</td> <td>212-855-5763</td> </tr> </table>	bhammel@dtcc.com	212-855-5785	gkalina@dtcc.com	212-855-5763										
bhammel@dtcc.com	212-855-5785															
gkalina@dtcc.com	212-855-5763															

Initiative	NSCC Intraday Surveillance	In Progress														
Description	NSCC will introduce enhancements to its intraday monitoring process to include intraday calculations of mark-to-market and volatility exposures. Intraday mark-to-market and VaR will be calculated on an hourly basis and if the additional exposure identified during the enhanced intraday monitoring exceeds established thresholds, an intraday call for additional Clearing Fund may be made. This surveillance will be conducted in addition to the formal daily margin call.															
Rationale	Increased risk mitigation in a more real time fashion.															
Client Benefit	The benefits include: <ul style="list-style-type: none"> Enhanced risk management 															
Client Impact	<p><u>Pre Implementation</u></p> <p>NSCC members will:</p> <ul style="list-style-type: none"> Receive information explaining changes to NSCC's margining methodology Receive communication regarding the associated impact on the member's clearing fund requirement (on a member by member basis) 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 <p><u>Post Implementation</u></p> <p>N/A</p>															
Mandatory / Voluntary	Mandatory															
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Customer Parallel Implementation 	<table border="0"> <tr> <td>2010</td> <td>Completed</td> </tr> <tr> <td>4Q 2010</td> <td>Completed</td> </tr> <tr> <td>Q1 2011</td> <td>Ongoing</td> </tr> <tr> <td>4Q 2010</td> <td>Completed</td> </tr> <tr> <td>TBD</td> <td>TBD</td> </tr> <tr> <td>Q2 2011</td> <td>Planned</td> </tr> <tr> <td>Q3 2011</td> <td>Planned</td> </tr> </table>	2010	Completed	4Q 2010	Completed	Q1 2011	Ongoing	4Q 2010	Completed	TBD	TBD	Q2 2011	Planned	Q3 2011	Planned
2010	Completed															
4Q 2010	Completed															
Q1 2011	Ongoing															
4Q 2010	Completed															
TBD	TBD															
Q2 2011	Planned															
Q3 2011	Planned															
Progress Update	Implementation of intraday mark-to-market and VaR is planned for Q3 2011, concurrent with the implementation of the NSCC Accelerated Trade Guarantee. A month-long parallel period for members will precede implementation.															
Reference Material	Important Notice															
Contact	Barbara Hammel	bhammel@dtcc.com 212-855-5785														

Global Clearance & Settlement - Fixed Income

Initiative	FICC Portfolio Margining	On Hold	
Description	FICC is modifying the Value at Risk (VaR) models used for the 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	<p>FICC Portfolio Margin customers, where possible, will have the opportunity for a lower Clearing Fund requirement based on appropriate offsets in their MBS and GSD positions.</p> <ul style="list-style-type: none"> • Effects on clients vary, depending on the structure of their combined 'portfolio' • FICC Customers who are members of only one division will have the flexibility of hedging positions in a 'portfolio' within the division • FICC Portfolio Margin is available to clients who are common members of both FICC Divisions: MBS and GSD 		
Client Impact	<p>Pre Implementation</p> <p>The client should:</p> <ul style="list-style-type: none"> • Familiarize itself with the FICC portfolio margining methodology and the associated impact on its required fund deposits. • Elect portfolio margining account groupings. • 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. • Participate in the customer parallel test, which will be approximately four weeks, spanning a full MBS 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. <p>Post Implementation</p> <ul style="list-style-type: none"> • This is concurrent with the implementation of MBS CCP Pool Netting, which is described separately in this Development Agenda. • To obtain the benefit, common members must post a minimum of a single deposit with each FICC Division and create 'portfolios'. 		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2009 • Development Q2 2009 • Portfolio Margining Election Choice Q2 2009 • Rule Filing Q1 2011 • User Acceptance Testing (UAT) Q3 2009 • Pilot Testing (Parallel) TBD • Customer Forums Q3 2009 • Implementation TBD 	<ul style="list-style-type: none"> Completed Completed Completed Ongoing Completed On Hold Completed On Hold 	
Progress Update	The rule filing remains in draft form with the SEC, while FICC continues to address related inquiries. Currently, there is no indication at this time when the formal submission will take place. The targeted implementation date (contingent, of course, on approval by the SEC) has been put on hold. 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. There will be an additional parallel testing period conducted prior to actual implementation to provide clients with a more current methodology impact assessment.		
Reference Materials	Important Notice MBS062.09 Important Notice MBS148.09	Important Notice MBS130.09 Important Notice MBS155.09	Important Notice MBS141.09 Important Notice MBS047.10 Important Notice MBS018.10
Contact	Kevin Lewis	klewis@dtcc.com	212-855-5759

Initiative	DTCC General Collateral Finance (GCF) Repo Index*	Completed
Description	<p>The Treasury Markets Practice Group (TMPG) requested that the FICC help provide more transparency to the funding market by making available data that is generated by the GCF product. The initial offering is a General Collateral (GC) Index consisting of a daily weighted average of the GC rate for each of the 3 most highly traded GCF CUSIPs (Fn/FH Fixed, Treasuries less than 30 yrs., and Agency securities).</p> <p>The index, along with the total par of all daily transactions in each CUSIP, is posted to the DTCC website each morning. Historical data showing monthly trends will also be available on the website.</p>	
Rationale	The posting of the index to the DTCC website allows all GCF participants access to transaction data providing greater transparency to the market.	
Client Benefit	The GC Index will be the first of many opportunities for FICC to provide data that will offer greater transparency to the fixed income markets.	
Client Impact	<p><u>Pre Implementation</u> N/A</p> <p><u>Post Implementation</u> N/A</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q3 2010 Completed • Development Q3 2010 Ongoing • Rule Filing Q4 2010 Completed • User Acceptance Testing (UAT) Q4 2010 Completed • Client Connectivity / Registration N/A • Pilot Testing N/A N/A • Implementation Q4 2010 Completed 	
Progress Update	DTCC General Collateral Index was released on November 1 st , 2010.	
Reference Material	Funding Memo.docx	
Contact	Nicholas Botta nbotta@dtcc.com	212-855-7636

*Previously known as "DTCC General Collateral Index"

Initiative	General Collateral Financing Repo Service® (GCF)	Completed	
Description	<p>The service was updated to allow web and message 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 provide improved trade capture and query. This project was being implemented in two phases.</p> <ul style="list-style-type: none"> Phase 1 introduces real-time message input for inter-dealer brokers. Phase 2 includes fully implemented interactive messaging facility for brokers and dealers. 		
Rationale	Easier access translates into less counterparty risk because FICC's settlement guarantee will extend to all financing settlement transactions processed through the clearing corporation.		
Client Benefit	The application changes are designed to expand and improve client access to the general collateral repo service of FICC.		
Client Impact	<p>Pre Implementation</p> <p>Participants wishing to submit trades using a computer-to-computer connection have some internal development and a period of interactive testing with FICC.</p> <p>Post Implementation</p> <p>The application is designed to keep the existing inter-dealer broker trade entry system intact.</p>		
Mandatory / Voluntary	<p>Voluntary</p> <p>GCF is an optional service offered to FICC's netting members</p>		
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation <ul style="list-style-type: none"> Phase 2 	<p>Q1 2009</p> <p>Q1 2009</p> <p>N/A</p> <p>Q3 2009</p> <p>Q3 2009</p> <p>N/A</p> <p>N/A</p> <p>Q4 2010</p>	<p>Completed</p> <p>Completed</p> <p>N/A</p> <p>Completed</p> <p>Completed</p> <p>N/A</p> <p>Completed</p>
Progress Update	The initiative was released on November 18 th , 2010. The DTCC Important Notice GOV146.10 was distributed on November 11 th , 2010.		
Reference Material	Web Simulations	GCF RTTM Web Front End User Guide	Important Notice GOV104.09 Important Notice GOV146.10
Contact	Richard Betts	rbetts@dtcc.com	212-855-7461

Initiative	Government Securities Division Member Expansion - Service Enhancements	Rescheduled
Description	<p>Recently, there has been substantial interest from various types of buy-side firms to join the Government Securities Division (GSD) for centralized clearing.</p> <p>In particular, the GSD has submitted rule filings to create new membership categories for:</p> <ul style="list-style-type: none"> • Non-Domestic Entities (approved) • Registered Investment Companies (i.e., mutual funds) • Unregistered Investment Pools (i.e., hedge funds) 	
Rationale	<p>The risk mitigation provided by the trade guarantee, the Treasury Market Practices Group's (TMPG) recent recommendations (Fail Penalties), and the GSD's planned support of implementation are all driving factors of the increased interest in membership.</p>	
Client Benefit	<p>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.</p>	
Client Impact	<p><u>Pre Implementation</u></p> <p>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.</p> <p><u>Post Implementation</u></p> <p>N/A</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<p>N/A</p> <p>N/A</p> <p>Q1 2011</p> <p>N/A</p> <p>Q3 2011</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>
Progress Update	<p>The rule filing has been drafted and is pending regulatory feedback before filing. DTCC is expecting to formally file in Q1 2011. Client connectivity has been rescheduled to Q3 2011 to accommodate the rule filing process. Buy-side firms will only be eligible to participate in DVP/RVP cash and repo netting as well as the ancillary products associated with this service.</p>	
Reference Material	<p>Pre-qualification Application Survey</p>	
Contact	<p>Peter Kelly</p> <p>pkelly@dtcc.com</p>	<p>212-855-1207</p>

Initiative	Mortgage-Backed Securities (MBS) Central Counterparty (CCP) Pool Netting		Rescheduled																					
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	<p><u>Guaranteed Settlement</u> – Performance guarantee provided by FICC to TBA Trades and Specified Pool Trades upon comparison.</p> <p><u>Pool Netting Service</u> – Elimination of redundant securities movements while facilitating existing MBS trading strategies whereby firms need to see collateral flow. The “smart” netting algorithm will minimize the number of securities movements while at the same time limiting the cost of carry associated with building up the number of securities required to settle larger net settlement positions.</p> <p><u>Expedited Return of Margin Collateral</u> – 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.</p> <p><u>Cost Savings to Members</u> – The implementation of the new Pool Netting services will result in cost savings for clients stemming from eliminated transaction processing fees and operational costs. Further savings will be derived from reductions in fail costs and collateral costs (due to common margining, quicker return of margin collateral, etc.).</p>																							
Client Impact	<p>Pre Implementation</p> <p>MBS CCP Pool Netting will require extensive client testing with the clearing corporation prior to service implementation.</p> <p>Post Implementation</p> <p>Once the Pool Netting service is implemented clients will need to process new messages, interpret new reports, and access new Web Front End screens.</p>																							
Mandatory / Voluntary	<p>Mandatory</p> <p>MBS Clearing clients will be required to participate in Pool Netting services. EPN (Electronic Pool Netting)-only members will not be affected by the implementation of those services.</p>																							
Timing	<p>Pool Netting</p> <table border="0"> <tr> <td>• Development Group 1 (Messaging, Submission, etc.)</td> <td>Q2 2008</td> <td>Completed</td> </tr> <tr> <td>• Development Group 2 (MRO, Reporting, etc.)</td> <td>Q1 2009</td> <td>Completed</td> </tr> <tr> <td>• Rule Filing</td> <td>Q1 2008</td> <td>Filed Pending Approval</td> </tr> <tr> <td>• User Acceptance Testing</td> <td>Q3 2009</td> <td>Completed</td> </tr> <tr> <td>• Client Connectivity/Registration</td> <td>Q1 2011</td> <td>Rescheduled/Ongoing</td> </tr> <tr> <td>• Pilot Testing</td> <td>Q3 2009</td> <td>Completed</td> </tr> <tr> <td>• Implementation</td> <td>TBD</td> <td>TBD</td> </tr> </table>			• Development Group 1 (Messaging, Submission, etc.)	Q2 2008	Completed	• Development Group 2 (MRO, Reporting, etc.)	Q1 2009	Completed	• Rule Filing	Q1 2008	Filed Pending Approval	• User Acceptance Testing	Q3 2009	Completed	• Client Connectivity/Registration	Q1 2011	Rescheduled/Ongoing	• Pilot Testing	Q3 2009	Completed	• Implementation	TBD	TBD
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• Pilot Testing	Q3 2009	Completed																						
• Implementation	TBD	TBD																						
Progress Update	Three additional pilot members have successfully completed certification testing; increasing the number to seventeen pilot members. Pending SEC approval, implementation is to be determined.																							
Reference Material	MBS CCP Pool Netting Interactive Messaging Specification - PART 1 Service Description to Support Interactive Messaging for MBS CCP Pool Netting Important Notices MBS173.09		MBS CCP Pool Netting Interactive Messaging Specification - PART 2 Service Description for Central Counterparty (CCP) Pool Netting for Mortgage-Backed Securities																					
Contact	Kate Connelly	kconnelly@dtcc.com	212-855-7611																					

Initiative	Mortgage-Backed Securities (MBS) Central Counterparty (CCP) TBA Netting and Novation Service		Rescheduled
Description	<p>The TBA Netting and Novation service for MBS Clearing members will establish FICC as the central counterparty to the trades through a daily netting and novation process on the day of trade match. This project will novate the trades against FICC earlier in the trade life-cycle when compared against the CCP Pool Netting project which novates the pool settlement obligations generated out of pool netting on the day before delivery date. The guarantee will be unchanged with the introduction of TBA Netting and Novation; as with CCP Pool Netting, all trades will be guaranteed at point of match. Along with this initiative, MBSD will introduce fail netting of both TBA trades and Pool Obligations generated from the Pool Netting service. CCP to the TBA trades is necessary to begin fail netting on the trades 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.</p>		
Rationale	<p>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.</p>		
Client Benefit	<p><i>Central Counterparty Settlement</i> – With all trades reduced to single net positions versus FICC, operating efficiencies can be realized 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 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.</p> <p><i>Cost Savings to Members</i> – 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.)</p>		
Client Impact	<p>Pre Implementation All services offered will require extensive client testing with the clearing corporation prior to service implementation.</p> <p>Post Implementation 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.</p>		
Mandatory / Voluntary	<p>Mandatory MBS Clearing clients will be required to participate in all services.</p>		
Timing	<ul style="list-style-type: none"> • Publish White paper • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<p>Q1 2009 Q1 2011 TBD TBD TBD TBD TBD TBD TBD</p>	<p>Completed Rescheduled TBD TBD TBD TBD TBD TBD TBD</p>
Progress Update	<p>DTCC continues to work with the steering committee and a working group to fully scope out the business requirements. The working group is scheduled to meet twice per month until the business requirements are completed.</p>		
Reference Material	<p>Service Description for Central Counterparty (CCP) for Mortgaged-Backed Securities – The Next Steps Simplified Post-Trade Process Recommended for Mortgage-Backed Securities Trading</p>		
Contact	Michele Hillery	mhillery@dtcc.com	212-855-7475

Initiative	New York Portfolio Clearing	In Progress	
Description	<p>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 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.</p>		
Rationale	<ul style="list-style-type: none"> • Create a single risk methodology to capture individual position risks and more importantly the aggregate risk of the combined portfolio • Extend risk management, streamline processing and lower post-trade costs • Allow participants to leverage FICC’s tested and reliable Clearance and Settlement mechanisms across their entire fixed-income portfolio 		
Client Benefit	<p>The benefits include:</p> <ul style="list-style-type: none"> • Operational and capital efficiencies for common members. • Increased transparency for regulators. • Mitigation of operational and systemic risks. • Clearing and settlement efficiencies for U.S. fixed income securities and derivatives. 		
Client Impact	<p><u>Pre Implementation</u></p> <p>Existing FICC members will not be required to do anything different from their normal trading activities. There will be some changes to the Margin and Funds Only Settlement processes that are in effect today. The main change will be the addition of an intra-day Clearing Fund call and an intra-day Funds Only Settlement report. These changes should introduce efficiencies that will contribute to more effective collateral management for these members.</p> <p><u>Post Implementation</u></p> <p>N/A</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<p>Q4 2009</p> <p>Q1 2011</p> <p>Q1 2011</p> <p>Q1 2011</p> <p>Q1 2011</p> <p>Q1 2011</p> <p>Q1 2011</p> <p>Q1 2011</p>	<p>Completed</p> <p>In Progress</p> <p>In Progress</p> <p>Planned</p> <p>Planned</p> <p>Planned</p> <p>Planned</p>
Progress Update	<p>NYPC’s application for registration as a Derivatives Clearing Organization (DC) has been submitted and posted for comment, as has the related FICC rule filing with the SEC. Implementation is on target for Q1 2011.</p>		
Reference Material	<p>Pre-qualification Application Survey</p>		
Contact	Peter Kelly	pkelly@dtcc.com	212-855-1207

Initiative	Adjustments to Assumed Liquidation Period and Revisions to Charges for Concentrated Positions	In Progress	
Description	<p>Adjustment to Assumed Liquidation Period: FICC will modify the assumed liquidation period used in the Clearing Fund calculations. FICC currently assumes that it takes three days to liquidate all assets. In an actual liquidation, of course, FICC would be liquidating a portion of the positions over each of those days as the market depth for the issues permits. FICC's Clearing Fund methodology therefore will be modified to reflect the ability to liquidate as a proportion of the average daily trading volume.</p> <p>Revisions to Charges for Concentrated Positions: The methodology used to evaluate how long it may actually take to liquidate a portfolio with concentrated positions will be refined. The current VaR model at the 99% confidence level assumes a three-day liquidation period for all positions. However, if a portfolio includes a position on an instrument that is relatively large in comparison to the market depth for the instrument on a typical day, FICC may not be able to liquidate that position within the three-day period assumed by the model. The proposed refinement will account for the additional time that may be needed to liquidate these positions.</p>		
Rationale	The current fixed three-day liquidation period does not consider portfolios/positions which may be liquidated in less than three days. Realization of such liquid portfolios/positions represents a more accurate depiction of the inherent risk. Conversely, speaking, concentrated positions which may require more than three days to liquidate should be margined at a premium.		
Client Benefit	The benefits include: <ul style="list-style-type: none"> Enhanced risk management 		
Client Impact	<p><u>Pre Implementation</u> N/A</p> <p><u>Post Implementation</u> N/A</p>		
Mandatory / Voluntary	Mandatory		
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation 	TBD TBD TBD TBD TBD TBD Q4 2011	TBD TBD TBD TBD TBD TBD Planned
Progress Update	Implementation is planned for Q4 2011.		
Reference Material	Important Notice		
Contact	Kevin Lewis	kewis@dtcc.com	212-855-5759

Initiative	Incorporate back and stress test results into Clearing Fund requirements	In Progress	
Description	<p>Back tests measure the sufficiency of the clearing fund by using real price moves to create a synthetic liquidation profit or loss, which is then compared with individual members' clearing fund deposits. Stress tests measure model performance under extreme scenarios. While FICC performs periodic back and stress tests, the results are not incorporated into members' margin calculations. In recognition of the value of back and stress tests, FICC will apply pre-established criteria that will include metrics such as the dollar amount of any member deficiencies, the frequency of member deficiencies, and member financial resources.</p>		
Rationale	<p>This incorporation will provide greater risk mitigation protection against coverage deficiency trends and unforeseen events.</p>		
Client Benefit	<p>The benefits include:</p> <ul style="list-style-type: none"> Enhanced risk management 		
Client Impact	<p><u>Pre Implementation</u> N/A</p> <p><u>Post Implementation</u> N/A</p>		
Mandatory / Voluntary	Mandatory		
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation 	<p>N/A</p> <p>N/A</p> <p>TBD</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>Q1 2011</p>	<p>N/A</p> <p>N/A</p> <p>TBD</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>Planned</p>
Progress Update	<p>Implementation is planned for Q1 2011.</p>		
Reference Material	<p>Important Notice</p>		
Contact	<p>Kevin Lewis</p>	<p>klewis@dtcc.com</p>	<p>212-855-5759</p>

Initiative	FICC Intraday Surveillance	In Progress	
Description	FICC will introduce an intraday monitoring process to include intraday calculations of mark-to-market and volatility exposures. Intraday mark-to-market and VaR will be calculated on an hourly basis and the results will be measured against established surveillance parameters. These parameters will consider changes to a member's position size and composition and price changes on the constituent securities. Qualitative factors including, but not limited to, Watch List status and internal rating will also be considered in the application of intraday mark-to-market and VaR charges. This surveillance will be conducted in addition to the formal daily margining cycles.		
Rationale	Increased risk mitigation in a more real time fashion.		
Client Benefit	The benefits include: <ul style="list-style-type: none"> Enhanced risk management 		
Client Impact	<p>Pre Implementation</p> <p>N/A</p> <p>Post Implementation</p> <p>N/A</p>		
Mandatory / Voluntary	Mandatory		
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation (mark-to-market) Implementation (VaR) 	<ul style="list-style-type: none"> TBD TBD TBD TBD TBD TBD Q2 2011 Q4 2011 	<ul style="list-style-type: none"> TBD TBD TBD TBD TBD TBD Planned Planned
Progress Update	Implementation of intraday mark-to-market is planned for Q2 2011 and implementation of intraday VaR is planned for Q4 2011.		
Reference Material	Important Notice		
Contact	Kevin Lewis	klewis@dtcc.com	212-855-5759

Global Clearance & Settlement - European

Initiative	EuroCCP Interoperability	On Hold
Description	<p>LCH and SIX X-clear Interoperability 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.</p> <p>NASDAQ OMX Nordic CCP Interoperability European Multilateral Clearing Facility (EMCF), EuroCCP and SIX x-clear agreed on CCP interoperability for the 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.</p>	
Rationale	Interoperability will increase trading volumes.	
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	<p><u>Pre Implementation</u> N/A</p> <p><u>Post Implementation</u> N/A</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q3 2009 • Development Q2 2011 • Rule Filing (FSA consultation) TBD • User Acceptance Testing (UAT) TBD • Client Connectivity / Registration TBD • Pilot Testing/End-to-End Testing TBD • Implementation TBD 	<ul style="list-style-type: none"> Completed In Progress On Hold On Hold On Hold On Hold On Hold
Progress Update	Interoperability discussions continue with the regulators and other CCPs. A common agreed-upon model and corresponding development work is underway. Implementation is pending regulatory approval.	
Reference Material	Turquoise Projects EuroCCP and SIX x-clear Break New Ground on Interoperability	
Contact	John Abel	jabel@dtcc.com 212-855-8434

Deriv/SERV

Deriv/SERV's Trade Information Warehouse 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 creation of the Equity Derivatives Reporting Repository and our offering of an equities derivatives cashflow matching service have enhanced the industry's operational infrastructure, increasing transparency and reducing risk in the equity derivative market, and increased DTCC's presence in Europe.

In 2011, the focus of for the OTC markets will be to address the Commodity Futures Trading Commission and the Security and Exchange Commission proposed rules in support of the Dodd-Frank Wall Street Reform and Consumer Protection Act. These rules will apply to swap data recordkeeping and reporting requirements for trade data repositories for all asset classes.

TIW's objectives will be to aggressively participate in this space with high quality, responsive service coordinating with the industry to address the Dodd Frank rules and establish Swap Data Repositories, which leverage our capabilities on a cross asset class basis.

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

Initiative	Credit Line Expansion	In Progress														
Description	<p>In October 2009, the Credit Implementation Group (CIG) tasked Sapient to compile a list of priority Credit Products that are not currently supported in the TIW or on the DS Match platform. This priority list was reviewed by both the CIG and Credit Steering Committee (CSC) at the end of 2009 and the following products were identified for January 2011 electronic confirmation:</p> <ul style="list-style-type: none"> • European ABS (EABS) • Recovery Locks and Fixed Recovery Swaps • Swaptions (both CDS and CDX) 															
Rationale	This expansion will support industry commitment to onboard additional Credit derivative products for TIW lifecycle processing.															
Client Benefit	The Credit Line Expansion will provide a further expansion of the TIW and lifecycle event processing.															
Client Impact	<p><u>Pre Implementation</u> Firms will be advised to participate in the external UAT</p> <p><u>Post Implementation</u> N/A</p>															
Mandatory / Voluntary	Voluntary															
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table border="0"> <tr> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q1 2011</td> <td>Completed</td> </tr> <tr> <td>Q1 2011</td> <td>Planned</td> </tr> </table>	Q3 2010	Completed	Q4 2010	Completed	N/A	N/A	Q4 2010	Completed	N/A	N/A	Q1 2011	Completed	Q1 2011	Planned
Q3 2010	Completed															
Q4 2010	Completed															
N/A	N/A															
Q4 2010	Completed															
N/A	N/A															
Q1 2011	Completed															
Q1 2011	Planned															
Progress Update	<p>Implementation is planned for a release date of January 29th, 2011.</p> <p>Note: ISDA had requested additional review of the Recovery Locks and their treatment stemming from a credit event. Consequently, it was agreed with the CIG that MarkitSERV would block any electronic confirmation pending additional clarification from the ISDA Legal Working Group. As a result, TIW would not receive any Recovery Locks for life cycle processing pending the outcome, which has been targeted for post January 2011.</p>															
Reference Material	UAT Instruction Test packet															
Contact	Joan Choy	jchoy@dtcc.com 212-855-7625														

Initiative	Equity Cashflow Matching	Completed	
Description	The Equity Cashflow Matching service allows: <ul style="list-style-type: none"> • Two-sided submission by firms of payment (and tie-breaking trade details) with matching • Affirmation on one-sided submission by calculation agent • 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). • Substantiation of payments/calculation observation reporting • 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	<ul style="list-style-type: none"> • Risk reduction • Bilateral netting reduces settlement costs • Standardization of payment processing: faster break resolution with greater efficiency 		
Client Impact	<p>Pre Implementation</p> Firms wishing to use this functionality will need to code their internal system to produce comma-separated values (CSV) file templates and/or send/receive MQ messages. <p>Post Implementation</p> N/A		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation I 	<ul style="list-style-type: none"> Q4 2009 Q3 2010 N/A Q4 2010 N/A Q4 2010 Q4 2010 	<ul style="list-style-type: none"> Completed Completed N/A Completed N/A Completed Completed
Progress Update	This initiative was released on November 4 th , 2010.		
Reference Material	Contact Bob Green for the Equity Derivatives Cashflow Matching Business Requirements, Technical Specification and Upload Spreadsheet.		
Contact	Bob Green	rgreen@dtcc.com 813-470-2800	

Initiative	Strategic Reporting	In Progress	
Description	<p>The Strategic Reporting initiative is a multi-phased project for development of the permanent reporting infrastructure. This infrastructure will support the ongoing (and increasing) requirements of regulators around OTC derivatives data.</p> <p>Strategic Reporting will be delivered in successive phases, beginning in July 2011 and will include:</p> <ul style="list-style-type: none"> • A dedicated swap data repository (SDR) in the US fully optimized for reporting with direct regulator access. • A data integration component responsible for updating the SDR in real-time with data from TIW (and potentially other sources) • A configurable data security component controlling who can access what data & in what way (jurisdiction, aggregate vs. transaction, anonymization, etc.) • A Business Intelligence/reporting tool providing standard reports and direct interrogative access to the regulatory community 		
Rationale	<p>This effort will:</p> <ul style="list-style-type: none"> • Support the need for instances of data to be held in the US • Allow for more automated and self-governed access to data by regulators globally • Enhance static data surrounding participant organizations and underlying entities to allow supervisors to roll up data to group levels to better understand matters such as concentrations, collateralization and guarantees 		
Client Benefit	<p>This project addresses the guidance provided by the OTC Derivatives Regulators' Forum (ODRF) concerning their expectations of Trade Repositories going forward. This will allow regulators to obtain the data that allows them to fulfill their missions. Additionally, this effort aligns with the requirements developed by the SEC and CFTC for Swaps Data Repositories.</p> <p>Additionally, it provides a central hub to allow firms to continue to meet their commitments to regulators in the OTC derivatives space in an efficient, controlled and safe manner.</p>		
Client Impact	<p><u>Pre Implementation</u></p> <p>It is expected that regulators will be included in pilot testing pre-implementation.</p> <p><u>Post Implementation</u></p> <p>Regulators will have direct access to appropriate levels of data, based on specific criteria including jurisdiction, regulator role, etc.</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<p>Q3 2010</p> <p>Q2 2011</p> <p>TBD</p> <p>Q2 2011</p> <p>Q2 2011</p> <p>Q2 2011</p> <p>Q2 2011</p> <p>Q3 2011</p>	<p>Completed</p> <p>In progress</p> <p>TBD</p> <p>Planned</p> <p>Planned</p> <p>Planned</p> <p>Planned</p>
Progress Update	Business requirements are completed.		
Reference Material	None at this time		
Contact	Loretta Stack	lstack@dtcc.com 212-855-1681	

Insurance & Retirement Services

The Insurance & Retirement Services (I&RS) area at DTCC is dedicated to bringing to market world class, creative industry solutions that:

- Reduce firms' technology spend to deploy and access industry standards and solutions
- Drive adoption and access to straight through processing via a wide range of delivery methods
- Lower overall operating cost
- Address the complex requirements of regulatory and compliance needs

To achieve these goals in 2011 we will:

Strengthen our domestic marketplace presence and support customer risk mitigation by growing distribution channels, expanding product offerings, and supporting non-traditional data services including analytics reporting and data warehousing.

Additionally, we will work to expand the domestic hub by expanding our Life product penetration for existing products including new services for sales and order processing, and explore new product line opportunities for retirement hybrid products, reinsurance, and property & casualty business lines.

I&RS will also look to expand insurance and retirement offerings internationally by exploring global annuity and pension marketplace opportunities based on client demand.

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

Initiative	Analytics Reporting	In Progress														
Description	Develop an online analytics and information solution that aggregates data from daily annuity transactions, allowing members to better understand investor needs, understand their own business performance, perform benchmarking against peers and the industry, and support decisions related to product development, marketing and sales.															
Rationale	The solution meets the stated needs of members to leverage existing transaction data, which is unique to I&RS, for decision-making purposes. The solution expands our relationship with the members from one of data processor to that of information provider. There is a high value proposition for clients and a strong strategic fit for the business.															
Client Benefit	<ul style="list-style-type: none"> • Insight into business performance based on actual transaction data • Reports using multiple criteria reveal detailed market activity • Facilitates compliance reporting • Understanding of performance relative to peer groups and industry • Unique actionable information and decision support to drive: <ul style="list-style-type: none"> ○ Sales management ○ Marketing planning and execution ○ Product and feature development ○ Executive decision making 															
Client Impact	<p>Pre Implementation – A group of members have provided feedback on the initiative and a subset volunteered to serve in an advisory panel that was formed to guide development of the solution.</p> <p>Post Implementation – Members will have to sign-up for this new service. Super-access coordinators at each member firm will be responsible for enabling their individual users. Users will learn how to use the solution.</p>															
Mandatory / Voluntary	Voluntary															
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table border="0"> <tr> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>Q1 2011</td> <td>Completed</td> </tr> <tr> <td>Q1 2011</td> <td>In Progress</td> </tr> <tr> <td>Q1 2011</td> <td>In Progress</td> </tr> <tr> <td>Q4 2010</td> <td>On going</td> </tr> <tr> <td>Q1 2011</td> <td>In Progress</td> </tr> <tr> <td>Q1 2011</td> <td>In Progress</td> </tr> </table>	Q3 2010	Completed	Q1 2011	Completed	Q1 2011	In Progress	Q1 2011	In Progress	Q4 2010	On going	Q1 2011	In Progress	Q1 2011	In Progress
Q3 2010	Completed															
Q1 2011	Completed															
Q1 2011	In Progress															
Q1 2011	In Progress															
Q4 2010	On going															
Q1 2011	In Progress															
Q1 2011	In Progress															
Progress Update	Implementation is on target for a Q1 release.															
Reference Material	None at this time.															
Contact	Randi Gordon Adam Bryan	rbgordon@dtcc.com abryan@dtcc.com 212-855-5654 212-855-1555														

Initiative	Data Solutions	Completed	
Description	Developed a centralized, standardized solution for industry data sourcing that supports pre-sale, issue and post-issue transactional processing and supervision.		
Rationale	Provides clients with a single warehouse to store multi-functional industry data that is utilized for consumer access while employing industry-defined standard messaging and data conformity to create best practices. Utilization of the common industry data has resulted in improved "in-good-order" transactions through simple access to available information and advanced rule vetting.		
Client Benefit	<ul style="list-style-type: none"> One source for storage of common industry data (product, interest rates, and licensing data) for transactional processing; Possible cost containment (eliminates multiple, non-standard proprietary feeds); Security of product data; Supporting real-time message solutions and warehouse architecture will allow more robust editing and validation routines for future web services resulting in higher adoption of services. 		
Client Impact	<p><u>Pre-Implementation</u></p> <p>No impact to the clients for the initial phase release although Data Solutions is a new web portal service, which clients will need to test prior to implementation during the 2nd phase, which will be available in Q3 2010.</p> <p><u>Post-Implementation</u></p> <p>Clients will need to integrate this service into their existing product launch process for usage of product profile information.</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation 	<ul style="list-style-type: none"> Q4 2009 Q2 2010 N/A Q3 2010 Q4 2010 Q4 2010 Q4 2010 	<ul style="list-style-type: none"> Completed Completed N/A Completed Completed Completed Completed
Progress Update	Data Solutions was released into production in December 2010.		
Reference Material	None at this time.		
Contact	Randi Gordon Adam Bryan	rbgordon@dtcc.com abryan@dtcc.com	212-855-5654 212-855-1555

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	<ul style="list-style-type: none"> Elimination of paper exchange and lost paperwork Automation of money movement through settlement Process transparency and tracking Increased levels of service to distributors and clients through the standard replacement processing 		
Client Impact	<p>Pre Implementation Clients need to develop and test interfaces to utilize this functionality.</p> <p>Post Implementation Replacement processing is a new product. Clients will need to integrate this service into their back office processing.</p>		
Mandatory / Voluntary	Voluntary		
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation 	Q4 2007 Q3 2009 Q4 2010 Q2 2010 Q4 2011 Q4 2011 Q4 2011	Completed Completed Completed Completed Planned Planned Planned
Progress Update	Implementation is on target for a release in Q4 2011.		
Reference Material	Replacement Information		
Contact	Randi Gordon Adam Bryan	rbgordon@dtcc.com abryan@dtcc.com	212-855-5654 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 operational 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. The trend toward the omnibus business model in the mutual funds industry continues to amplify the need for transparency, affording WMS the opportunity to expand its central role in the distribution of funds.

The focus in our Alternative Investment Products (AIP) service at the outset of 2011 is to leverage the momentum we have gained over the past year, expanding rapidly our client base in this market. Specific focus on the large global fund administrators will allow us to capture the HF and FoF market. 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 continued to gain critical Industry acceptance and momentum in 2010. Introduction of our MAS Model Exchange and the endorsement of Morgan Stanley Smith Barney will establish MAS as a central infrastructure supporting the Unified Managed Accounts products, providing scale and efficiency to the market. The DTCC's presence will bring 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.

Ann Bergin

Managing Director & General Manager, Wealth Management Services

Initiative	Alternative Investment Products (AIP) Enhancements	Completed																		
Description	<p>DTCC worked 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.</p> <p>The third phase of AIP enhancements created a REIT/DST translator. This translator allows non-traded REIT clients of DST's transfer agency services to take advantage of AIP without additional development cost. DST and DTCC used some of the existing networking files to interface with the AIP service.</p>																			
Rationale	<p>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.</p>																			
Client Benefit	<p>The benefits include centralized data exchange, straight-through processing (STP), a central settlement process, improved reconciliation & position reporting, increased security for sensitive investor information, timely transaction and valuation reporting, automated commissions processing, elimination of physical paper exchange, reduced stale account information, improved operational efficiencies and reduced costs.</p>																			
Client Impact	<p><u>Pre Implementation</u> Service access requires systems programming; the service is built in multiple formats (e.g., permitting XML or spreadsheet upload) to minimize coding effort.</p> <p><u>Post Implementation</u> N/A</p>																			
Mandatory / Voluntary	<p>Voluntary</p>																			
Timing	<p>Phase III – REIT / DST Translator</p> <table border="0"> <tr> <td>• Business Requirements</td> <td>Q2 2010</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>Q2 2010</td> <td>Completed</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>• Pilot Testing</td> <td>Q4 2010</td> <td>Ongoing</td> </tr> <tr> <td>• Implementation</td> <td>Q4 2010</td> <td>Completed</td> </tr> </table>		• Business Requirements	Q2 2010	Completed	• Development	Q2 2010	Completed	• User Acceptance Testing (UAT)	Q4 2010	Completed	• Client Connectivity / Registration	Q4 2010	Completed	• Pilot Testing	Q4 2010	Ongoing	• Implementation	Q4 2010	Completed
• Business Requirements	Q2 2010	Completed																		
• Development	Q2 2010	Completed																		
• User Acceptance Testing (UAT)	Q4 2010	Completed																		
• Client Connectivity / Registration	Q4 2010	Completed																		
• Pilot Testing	Q4 2010	Ongoing																		
• Implementation	Q4 2010	Completed																		
Progress Update	<p>This initiative was released on November 22nd, 2010.</p>																			
Reference Material	<p>None at this time</p>																			
Contact	<p>Keisha Bell</p>	<p>kbell@dtcc.com 212-855-2888</p>																		

Initiative	Cost Basis and Sharelot Transfer Maintenance	In Progress																					
Description	<p><u>CBRS enhancements</u></p> <ul style="list-style-type: none"> On October 12, 2010, The Internal Revenue Service issued final regulations under a law change that will require reporting of basis and other information by financial intermediaries and mutual fund companies. These final regulations reflect amendments under the Energy Improvement and Extension Act of 2008 that require intermediaries to report a customer's adjusted basis in sold securities and classify gain or loss as long-term or short-term. The regulations affect brokers and custodians that make sales or transfer securities on behalf of customers, issuers of securities, and taxpayers that purchase or sell securities. Mutual Funds must comply with the new regulations as of January 1, 2012. The enhancements will consist of small modifications of Fund/SERV and Networking records that currently contain cost basis information for account set-up and maintenance and additional data fields to support the mutual fund Agent transfer process. <p><u>Sharelot Transfer</u></p> <ul style="list-style-type: none"> Clients requested changes to the Sharelot transfer records resulting in further automating passing and receiving of Sharelot data. 																						
Rationale	<p>These enhancements will allow our clients to comply with the Cost Basis regulation and improve the current Sharelot Transfer process.</p>																						
Client Benefit	<ul style="list-style-type: none"> Implementation will allow clients to comply with the new regulations and will provide an automated method for participants to identify the cost basis values as prescribed by the IRS. Share Aging enhancements will allow participants to further streamline the existing process of passing and receiving of Sharelot data. 																						
Client Impact	<p><u>Pre-Implementation</u> Clients will be required to make system changes prior to DTCC implementation in production.</p> <p><u>Post-Implementation</u> Customers will need to submit additional mandatory fields and will have an option to provide additional Optional fields.</p>																						
Mandatory / Voluntary	<p>Certain fields within Networking will become mandatory.</p>																						
Timing	<table border="0"> <tr> <td>• Business Requirements</td> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>• Development</td> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>• Rule Filing</td> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q2 2011</td> <td>Planned</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>Q2 2011</td> <td>Planned</td> </tr> <tr> <td>• Pilot Testing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Implementation</td> <td>Q2 2011</td> <td>Planned</td> </tr> </table>		• Business Requirements	Q4 2010	Completed	• Development	Q1 2011	Planned	• Rule Filing	Q1 2011	Planned	• User Acceptance Testing (UAT)	Q2 2011	Planned	• Client Connectivity / Registration	Q2 2011	Planned	• Pilot Testing	N/A	N/A	• Implementation	Q2 2011	Planned
• Business Requirements	Q4 2010	Completed																					
• Development	Q1 2011	Planned																					
• Rule Filing	Q1 2011	Planned																					
• User Acceptance Testing (UAT)	Q2 2011	Planned																					
• Client Connectivity / Registration	Q2 2011	Planned																					
• Pilot Testing	N/A	N/A																					
• Implementation	Q2 2011	Planned																					
Progress Update	<p>The Concept Papers have been approved by the ICI's Broker/Dealer Advisory Committee.</p>																						
Reference Material	<p>None at this time</p>																						
Contact	<p>Josephine Torelli Yana Granovskiy</p>	<p>jtorelli@dtcc.com tgranovskiy@dtcc.com 212-855-5661 212-855-1684</p>																					

Initiative	Financial Advisor On-boarding*	Rescheduled
Description	When a financial advisor (FA) moves clients to a new sponsor firm, there is a high probability that some of that book of business will enroll in dual-contract programs. Sponsor firms support both single and dual contracts. In a dual-contract relationship, the customer needs to execute two separate contracts: first for the services covered by the sponsor firm and second for the services provided by the investment manager. Typically, this is done when the sponsor does not have a pre-established relationship with the investment manager of the client's choice. The DTCC Managed Account Services (MAS) interface can facilitate automation and straight through processing for the manual inefficiencies in this process	
Rationale	Standardizes and centralizes activity, information, and files while increasing the accuracy of the information.	
Client Benefit	The Transfer of Accounts Department is routinely challenged with properly matching a series of ACATS transactions to target accounts. Furthermore, the sponsors can realize large operational efficiencies streamlining the manually intensive paperwork process when processing dual contract accounts during FA on-boarding.	
Client Impact	<p><u>Pre Implementation</u></p> <p>Clients are required to register with DTCC to use the service.</p> <p><u>Post Implementation</u></p> <p>N/A</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q2 2011 Rescheduled • Development Q2 2011 Rescheduled • Rule Filing N/A N/A • User Acceptance Testing (UAT) Q2 2011 Rescheduled • Client Connectivity / Registration Q2 2011 Rescheduled • Pilot Testing Q2 2011 Rescheduled • Implementation Q3 2011 Rescheduled 	
Progress Update	Implementation has been rescheduled due to clients' project prioritization and resource availability.	
Reference Material	None at this time.	
Contact	Tatyana Broder tbroder@dtcc.com	(212) 855-5612

*Previously referred to as "Managed Accounts Transfers"

Initiative	Fund/SERV – Multi-currency Settlement	Rescheduled														
Description	This initiative will enhance Fund/SERV to serve the offshore fund industry. The first phase of this project will enhance the Fund/SERV functionality permitting multi-currency settlement. The initial focus is on Euro and GBP settlement.															
Rationale	Multi-currency settlement is a frequently requested enhancement to Wealth Management Services suite of product offerings. This project is the first step in providing servicing of global fund transactions.															
Client Benefit	<ul style="list-style-type: none"> Elimination of expensive workarounds for Fund/SERV clients An STP solution from order routing to multi-currency settlement Increased efficiency and risk mitigation 															
Client Impact	<p><u>Pre-Implementation</u></p> <p>Customers who elect this service must make the necessary programming changes to existing Fund/SERV record layouts. The programming changes will be to existing fields and there should be minimal impact to those customers who choose not to use this service.</p> <p><u>Post-Implementation</u></p> <p>Customers who currently settle their Euro and GBP denominated offshore fund transactions away from DTCC can route their transactions to NSCC's multi-currency settlement platform.</p>															
Mandatory / Voluntary	Voluntary															
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation 	<table border="0"> <tr> <td>Q2 2010</td> <td>Completed</td> </tr> <tr> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>Q4 2011</td> <td>Rescheduled</td> </tr> <tr> <td>Q4 2010</td> <td>Ongoing</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q1 2011</td> <td>Rescheduled</td> </tr> </table>	Q2 2010	Completed	Q4 2010	Completed	Q4 2011	Rescheduled	Q4 2010	Ongoing	N/A	N/A	N/A	N/A	Q1 2011	Rescheduled
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Q4 2010	Completed															
Q4 2011	Rescheduled															
Q4 2010	Ongoing															
N/A	N/A															
N/A	N/A															
Q1 2011	Rescheduled															
Progress Update	<p>The UK Financial Services Authority has granted approval for a DTCC UK subsidiary to house multicurrency settlement. Important Notice with Fund/SERV enhancements to multicurrency settlement information was distributed in Q3 2010.</p> <p>Implementation has been rescheduled pending revision of the Rule Filing.</p>															
Reference Material	None at this time															
Contact	Annemarie Gilly Paul Lacher	agilly@dtcc.com placher@dtcc.com 212-855-2745 212-855-5673														

Initiative	Managed Accounts Service (MAS) Enhancement – Tax Harvesting	In Progress
Description	The MAS Hub/Portal enhancement will facilitate the communications between sponsors and Investment Managers (IMs) for tax harvesting. This will include incorporating at least 1 additional message (tax trading) as defined by the Money Management Institute’s standards and modifying at least 1 message in order to clearly communicate the business acknowledgement of that request.	
Rationale	Tax gain/loss harvesting is typically used to limit the recognition of short-term capital gains, which are normally taxed at higher federal income tax rates than long-term capital gains. Tax gain/loss harvesting is the single most important tool for reducing taxes now and in the future for the managed account.	
Client Benefit	This enhancement to the existing MAS service was undertaken at the request of a current DTCC participant who sponsors the use of the products with its clients. It will allow sponsor firms to discontinue the maintenance and development of proprietary tax harvesting systems. Tax harvesting is an important way that IMs add value for end investors.	
Client Impact	<p><u>Pre Implementation</u></p> <p>Clients are required to register with DTCC to use the service.</p> <p><u>Post Implementation</u></p> <p>N/A</p>	
Mandatory / Voluntary	Voluntary	
Timing	<ul style="list-style-type: none"> • Business Requirements Q2 2010 Completed • Development Q3 2010 Completed • Rule Filing N/A N/A • User Acceptance Testing (UAT) Q1 2011 Planned • Client Connectivity / Registration N/A N/A • Pilot Testing Q1 2011 Planned • Implementation Q1 2011 Planned 	
Progress Update	Development was completed in Q3 2010 and implementation is on target for Q1 2011.	
Reference Material	None at this time.	
Contact	Tatyana Broder tbroder@dtcc.com	(212) 855-5612

Initiative	Managed Accounts Services (MAS) Portal - Model Messages	Rescheduled														
Description	<p>The use of models to manage multi-sleeve level portfolios is gaining interest at many investment firms. Currently models are maintained and communicated in a number of different formats and styles, across multiple communication platforms, each being unique to the provider. Communication of models and model changes are currently accomplished through spreadsheets, emails, faxes, phone calls or proprietary interfaces. Due to the lack of open, centralized communications infrastructure, standardized data and communication protocols between sponsors, managers and independent overlay portfolio managers (OPM), many of the same operating inefficiencies that have plagued the Separately Managed Accounts (SMA) industry were becoming increasingly evident in this fastest growing new segment in the managed accounts industry.</p> <p>DTCC and the Money Management Institute are working together to define industry supported message protocols, which will standardize communications between all the participants in the Unified Managed Account (UMA) model environment with open-source XML message schemas that are supported on DTCC's MAS communication gateway.</p>															
Rationale	<p>When incorporated with a UMA, model management provides increased efficiencies by centralizing the investment process of managing multiple sleeves of disparate assets and investment styles, and eliminating many of the redundant overhead costs between managers, sponsors and independent OPMs.</p> <p>Though smaller in scale to the current SMA environment both in industry assets and client accounts, this relatively new and quickly growing segment of the managed accounts industry is seen not only as an innovative new product approach, but more operationally efficient than SMA's.</p>															
Client Benefit	<ul style="list-style-type: none"> • Facilitate the electronic distribution of these models intraday in one consistent format • Best Practices Sales Reporting between model providers and model consumers • Automated billing communications • Provide upload/download capabilities for model components through the MAS Portal • MAS Portal will store the audit trail of changes applied to reference data 															
Client Impact	<p><u>Pre Implementation</u></p> <p>Clients are required to register with DTCC to use the service.</p> <p><u>Post Implementation</u></p> <p>N/A</p>															
Mandatory / Voluntary	Voluntary															
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table border="0"> <tr> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>Q2 2011</td> <td>Rescheduled</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q2 2011</td> <td>Rescheduled</td> </tr> <tr> <td>Q2 2011</td> <td>Rescheduled</td> </tr> <tr> <td>Q2 2011</td> <td>Rescheduled</td> </tr> <tr> <td>Q3 2011</td> <td>Rescheduled</td> </tr> </table>	Q3 2010	Completed	Q2 2011	Rescheduled	N/A	N/A	Q2 2011	Rescheduled	Q2 2011	Rescheduled	Q2 2011	Rescheduled	Q3 2011	Rescheduled
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Q2 2011	Rescheduled															
N/A	N/A															
Q2 2011	Rescheduled															
Q2 2011	Rescheduled															
Q2 2011	Rescheduled															
Q3 2011	Rescheduled															
Progress Update	<p>Business requirements were completed in Q3 2010.</p> <p>Development has been rescheduled due to charter clients' project prioritization and resource availability.</p>															
Reference Material	None at this time.															
Contact	Tatyana Broder	tbroder@dtcc.com (212) 855-5612														

Initiative	MFPSII Profile Security Enhancements	In Progress																					
Description	DTCC has been working with the Investment Company Institute (ICI) Profile Steering Committee, which has approved enhancements to the Profile Security database to accommodate additional business needs of firms requiring Security Issue ID information for operational processing. This project will address these needs and web application usability improvements.																						
Rationale	Additional data elements and values will be added to address funds and firms needs to expand prospectus and operational processing rules.																						
Client Benefit	Expanding the data elements and database functionality to address firms' additional business scenarios in an automated way will improve both fund and firm operational efficiency.																						
Client Impact	<p><u>Pre-Implementation</u> Funds using the web interface are not affected. Profile Security members using the service will be required to program to new formats.</p> <p><u>Post-Implementation</u> Funds and firms will continue to transmit and receive more robust security information in an automated way.</p>																						
Mandatory / Voluntary	Mandatory Funds transmitting data and firms receiving data via batch files will need to program to the new formats.																						
Timing	<table border="0"> <tr> <td>• Business Requirements</td> <td>Q1 2011</td> <td>In progress</td> </tr> <tr> <td>• Development</td> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>• Rule Filing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• User Acceptance Testing (UAT)</td> <td>Q2 2011</td> <td>Planned</td> </tr> <tr> <td>• Client Connectivity / Registration</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Pilot Testing</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>• Implementation</td> <td>Q3 2011</td> <td>Planned</td> </tr> </table>		• Business Requirements	Q1 2011	In progress	• Development	Q1 2011	Planned	• Rule Filing	N/A	N/A	• User Acceptance Testing (UAT)	Q2 2011	Planned	• Client Connectivity / Registration	N/A	N/A	• Pilot Testing	N/A	N/A	• Implementation	Q3 2011	Planned
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• Client Connectivity / Registration	N/A	N/A																					
• Pilot Testing	N/A	N/A																					
• Implementation	Q3 2011	Planned																					
Progress Update	Business requirements are in progress.																						
Reference Material	None at this time																						
Contact	<table border="0"> <tr> <td>Rita Gribben</td> <td>rgribben@dtcc.com</td> <td>212-855-5677</td> </tr> <tr> <td>Josephine Torelli</td> <td>jtorelli@dtcc.com</td> <td>212-855-5661</td> </tr> </table>		Rita Gribben	rgribben@dtcc.com	212-855-5677	Josephine Torelli	jtorelli@dtcc.com	212-855-5661															
Rita Gribben	rgribben@dtcc.com	212-855-5677																					
Josephine Torelli	jtorelli@dtcc.com	212-855-5661																					

Initiative	Mutual Fund - 529 Phase II	Completed
Description	This project created additional enhancements to Fund/SERV and Networking, which further standardize processing of 529 plans. Additional data including owner information, successor owner information, etc., was added to the appropriate records. These enhancements allow distribution firms to communicate comprehensive information to the 529 plan sponsors.	
Rationale	Standardizes and centralizes activity, information, and files while increasing the accuracy of the information.	
Client Benefit	This enhancement provides for greater transparency of required information necessary for Section 529 Plan Processing between firms and funds, reducing the need for manual requests of the data elements needed.	
Client Impact	<p><u>Pre Implementation</u></p> <p>Clients will be required to make system changes prior to use of this service.</p> <p><u>Post Implementation</u></p> <p>N/A</p>	
Mandatory / Voluntary	<p>Mandatory</p> <p>Certain fields within Networking and Fund/SERV will become mandatory for 529 clients.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q2 2010 • Development Q4 2010 • Rule Filing N/A • User Acceptance Testing (UAT) Q3 2010 • Client Connectivity / Registration N/A • Pilot Testing Q4 2010 • Implementation Q4 2010 	<ul style="list-style-type: none"> Completed Completed N/A Completed N/A Completed Completed
Progress Update	This initiative was released on November 22 nd , 2010.	
Reference Material	Important Notice	
Contact	<p>Josephine Torelli jtorelli@dtcc.com</p> <p>Rita Gribben rgribben@dtcc.com</p>	<p>(212) 855-5661</p> <p>(212) 855-5677</p>

Initiative	Mutual Fund - 529 Aggregation Files	Rescheduled														
Description	This initiative will create two files to allow management companies to send/receive daily aggregated activity held in 529 plan sub-accounts per beneficiary or owner/beneficiary depending on IRS and State rules.															
Rationale	Standardize and centralize data for NSCC participants to assist them in monitoring 529 accounts that may be realizing the limitations set forth for 529 contribution, distributions and strategy changes.															
Client Benefit	<ul style="list-style-type: none"> Provide participants with a standardized and efficient process to communicate data elements for Omnibus, Networked and Non-Networked account information to comply with IRS and state 529 regulations, utilizing the existing Networking platform. 															
Client Impact	<p><u>Pre-Implementation</u></p> <p>Clients will be required to program and establish system needs to transmit and receive the new files.</p> <p><u>Post-Implementation</u></p> <p>Clients will no longer need to fax or e-mail information.</p>															
Mandatory / Voluntary	Voluntary – Clients may choose to utilize the files or continue to receive faxes and e-mails to communicate the data elements necessary for aggregating and monitoring 529-plan business.															
Timing	<ul style="list-style-type: none"> Business Requirements Development Rule Filing User Acceptance Testing (UAT) Client Connectivity / Registration Pilot Testing Implementation 	<table> <tr> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>Q1 2011</td> <td>Rescheduled</td> </tr> <tr> <td>N/A</td> <td></td> </tr> <tr> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q1 2011</td> <td>Planned</td> </tr> <tr> <td>Q2 2011</td> <td>Rescheduled</td> </tr> </table>	Q3 2010	Completed	Q1 2011	Rescheduled	N/A		Q1 2011	Planned	N/A	N/A	Q1 2011	Planned	Q2 2011	Rescheduled
Q3 2010	Completed															
Q1 2011	Rescheduled															
N/A																
Q1 2011	Planned															
N/A	N/A															
Q1 2011	Planned															
Q2 2011	Rescheduled															
Progress Update	Business requirements were completed in Q3. Implementation has been rescheduled due to project prioritization and resource availability.															
Reference Material	None at this time															
Contact	Josephine Torelli Therese Leahy	jtorelli@dtcc.com tleahy@dtcc.com 212-855-5661 212-855-2770														

Initiative	Mutual Fund - Capital Gain Description Change	Completed
Description	This enhancement changed the existing descriptions of capital gain fields to a generic Long Term Gain and Gain on Collectables, versus indicating the actual rate at which gains are taxed. This tax information is included in files and records passed from mutual funds to their distribution firms.	
Rationale	Standardizes and centralizes activity, information, and files while increasing the accuracy of the information.	
Client Benefit	Changing the existing values to reflect Long Term Gain and Gain on Collectables will more accurately reflect the current tax laws and provide flexibility for changes.	
Client Impact	<p><u>Pre Implementation</u></p> <p>Clients may need to update their systems if they are posting the description DTCC has in the record layouts.</p> <p><u>Post Implementation</u></p> <p>N/A</p>	
Mandatory / Voluntary	<p>Voluntary</p> <p>Certain fields within Networking and Fund/SERV will become mandatory for 529 clients.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q2 2010 • Development Q4 2010 • Rule Filing N/A • User Acceptance Testing (UAT) Q3 2010 • Client Connectivity / Registration N/A • Pilot Testing Q4 2010 • Implementation Q4 2010 	<p>Completed</p> <p>Completed</p> <p>N/A</p> <p>Completed</p> <p>N/A</p> <p>Completed</p> <p>Completed</p>
Progress Update	This initiative was released on November 22 nd , 2010.	
Reference Material	Important Notice	
Contact	<p>Josephine Torelli jtorelli@dtcc.com</p> <p>Rita Gribben rgribben@dtcc.com</p>	<p>(212) 855-5661</p> <p>(212) 855-5677</p>

Initiative	Mutual Fund Price and Rate Enhancement	In Progress
Description	This project is intended to provide additional standards to the mutual fund industry related to Net Asset Values (NAV) and dividend distribution information to firms by introducing new currency indicator values, and increasing the number of multi-batch cycles, while decreasing the processing cycle times.	
Rationale	Adding more processing cycles and shortening the cycle times will increase the efficiency and timeliness of the delivery of NAVs and/or rates from funds to firms. Adding new currency indicators will allow funds and firms to automate fund pricing for non-USD funds.	
Client Benefit	These changes will provide fund companies additional opportunities to transmit prices as soon as they are received by their systems.	
Client Impact	<p><u>Pre-Implementation</u> Funds and firms will need to program. Funds will need to input prices multi cycle and firms will need to receive output for additional cycles.</p> <p><u>Post-Implementation</u> N/A</p>	
Mandatory / Voluntary	<p>Mandatory Funds and firms utilizing the service will need to program for changes.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q4 2010 • Development Q4 2010 • Rule Filing N/A • User Acceptance Testing (UAT) Q2 2011 • Client Connectivity / Registration N/A • Pilot Testing N/A • Implementation Q2 2011 	<ul style="list-style-type: none"> Completed Completed N/A Planned N/A N/A Planned
Progress Update	Business requirements and development completed in Q4 2010.	
Reference Material	Concept document – upon request	
Contact	Josephine Torelli jtorelli@dtcc.com Rita Gribben rgribben@dtcc.com	(212) 855-5661 (212) 855-5677

Initiative	Networking Omnibus Reconciliation	In Progress
Description	This project is designed to create enhancements to the Networking service, which will provide greater transparency for the reconciliation of omnibus processing between the funds and firms. The enhancements focus on the reconciliation of manual direct transfers and accrual adjustments; additional data fields, including underlying sub-account numbers, will be added to the appropriate records. Best practices will also be incorporated to establish data standards and promote the accuracy of information.	
Rationale	The standardization and consolidation of omnibus processing information, in conjunction with the establishment of best practices for information sharing related to these transactions, will increase the accuracy of data and promote omnibus reconciliation efficiencies.	
Client Benefit	These enhancements will provide the data transparency and consolidation required for omnibus reconciliation between the funds and firms, reducing the need for manual data element requests and validation through multiple systems.	
Client Impact	<p><u>Pre-Implementation</u> Clients leveraging Networking will be required to make system changes prior to the use of this service to accommodate the enhanced record layouts.</p> <p><u>Post-Implementation</u> N/A</p>	
Mandatory / Voluntary	<p>Mandatory Clients using the Networking service will be required to program for new and existing fields relating to manual direct transfers, accrual adjustments, and social codes.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2011 • Development Q2 2011 • Rule Filing N/A • User Acceptance Testing (UAT) Q3 2011 • Client Connectivity / Registration N/A • Pilot Testing Q3 2011 • Implementation Q3 2011 	<ul style="list-style-type: none"> In Progress Planned N/A Planned N/A Planned Planned
Progress Update	Business requirements are currently in progress.	
Reference Material	None at this time.	
Contact	John Saxenian jsaxenian@dtcc.com Josephine Torelli jtorelli@dtcc.com	(212) 855-2712 (212) 855-5661

Initiative	NSCC – New Membership Type - Third Party Provider	Rescheduled														
Description	Third Party Provider (TPP) membership permits financial intermediaries to access NSCC’s mutual fund services on behalf of their clients. The TPP member will act as a routing platform that will link the TPP member’s customers to NSCC’s Mutual Fund Services via a single connection, eliminating the need for multiple technology interfaces.															
Rationale	The TPP’s customers gain automated access to funds participating in NSCC’s Mutual Fund Services via a single link.															
Client Benefit	<ul style="list-style-type: none"> • NSCC Funds gain broadened distribution • The TPP’s clients obtain access to NSCC’s funds without having to build a link to NSCC’s Mutual Fund Services • Increased efficiency and risk mitigation 															
Client Impact	<p><u>Pre-Implementation</u></p> <p>Customers who expect to benefit from this service must make the necessary programming changes to Fund/SERV record layouts. The programming changes will be to existing fields. No new fields are being created. Phase 1 changes to record layouts for TPP will be for Fund/SERV only.</p> <p><u>Post-Implementation</u></p> <p>NSCC fund members will have access to new distributors via the TPP.</p>															
Mandatory / Voluntary	Voluntary															
Timing	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table> <tr> <td>Q2 2010</td> <td>Completed</td> </tr> <tr> <td>Q4 2010</td> <td>Completed</td> </tr> <tr> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>Q4 2010</td> <td>Ongoing</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q1 2011</td> <td>Rescheduled</td> </tr> <tr> <td>Q1 2011</td> <td>Rescheduled</td> </tr> </table>	Q2 2010	Completed	Q4 2010	Completed	Q3 2010	Completed	Q4 2010	Ongoing	N/A	N/A	Q1 2011	Rescheduled	Q1 2011	Rescheduled
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Q4 2010	Completed															
Q3 2010	Completed															
Q4 2010	Ongoing															
N/A	N/A															
Q1 2011	Rescheduled															
Q1 2011	Rescheduled															
Progress Update	The SEC has granted approval for the new membership type. Implementation has been rescheduled due to project prioritization and resource availability.															
Reference Material	None at this time															
Contact	Annemarie Gilly Paul Lacher	agilly@dtcc.com placher@dtcc.com 212-855-2745 212-855-5673														

DTCC – Enterprise

Initiative	Common Data Transfer Services - Legacy Migration	Rescheduled						
Description	<p>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, Common Data Transfer Services (CDTS). It replaces a number of legacy systems that performed this function. The following "legacy" migrations are now complete:</p> <ol style="list-style-type: none"> 1) DTF - Former file output for DTC 2) Datatrak - Former file input for NSCC 3) Autoroute - Former file output for NSCC 4) MCC1/MCC2 - Former messaging input and output for NSCC 5) ICM/MQ Phase I - DTC Input application routing and control 6) Info - DTC subscription and routing database <p>Approximately 20 new applications were added to CDTS within the (Interface Control Manager) ICM Migration MQ Phase II.</p>							
Rationale	<p>Consolidate file and messaging applications into one service that is a more reliable and more easily manageable facility, with improved cost-effectiveness and maintainability.</p>							
Client Benefit	<p>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.</p>							
Client Impact	<p>Pre Implementation N/A - Implementation is planned to be seamless to the client. Extensive analysis will be conducted for each legacy application migrated onto CDTS to ensure that there are no client impacts.</p> <p>Post Implementation Clients will have access to event monitoring functionality currently not available for many legacy applications. Clients would need to be registered for this service.</p>							
Mandatory / Voluntary	<p>Mandatory (Internal to DTCC) All DTCC file and messaging systems will use CDTS.</p>							
Timing	<p>Legacy Application Migration</p> <table border="0" data-bbox="394 1115 1424 1178"> <tr> <td>• DataTrak Migration</td> <td>Q2 2010</td> <td>Completed</td> </tr> <tr> <td>• ICM Migration MQ Phase II</td> <td>Q3 2011</td> <td>Rescheduled</td> </tr> </table>		• DataTrak Migration	Q2 2010	Completed	• ICM Migration MQ Phase II	Q3 2011	Rescheduled
• DataTrak Migration	Q2 2010	Completed						
• ICM Migration MQ Phase II	Q3 2011	Rescheduled						
Progress Update	<p>ICM Migration MQ Phase II has been rescheduled to Q3 2011 due to project prioritization of other initiatives and resource availability.</p>							
Reference Materials	<p>None at this time.</p>							
Contact	John Bautz	jbautz@dtcc.com 212-855-1330						

Initiative	Common Data Transfer Services (CDTS) Output Dashboard Phase II	Completed														
Description	<p>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.</p> <p>Based on user feedback DTCC implemented several new features to the Dashboard in order to enhance its effectiveness. These enhancements 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.)</p>															
Rationale	Leverage the new CDTS application that can provide greater clarity to participants regarding status of file output.															
Client Benefit	Provides 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	<p><u>Pre Implementation</u></p> <p>N/A</p> <p><u>Post Implementation</u></p> <p>May require users to be registered by an Access Coordinator in order to gain access to this functionality.</p>															
Mandatory / Voluntary	Voluntary															
	<ul style="list-style-type: none"> • Business Requirements • Development • Rule Filing • User Acceptance Testing (UAT) • Client Connectivity / Registration • Pilot Testing • Implementation 	<table border="0"> <tr> <td>Q4 2009</td> <td>Completed</td> </tr> <tr> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q3 2010</td> <td>Completed</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Q4 2010</td> <td>Completed</td> </tr> </table>	Q4 2009	Completed	Q3 2010	Completed	N/A	N/A	Q3 2010	Completed	N/A	N/A	N/A	N/A	Q4 2010	Completed
Q4 2009	Completed															
Q3 2010	Completed															
N/A	N/A															
Q3 2010	Completed															
N/A	N/A															
N/A	N/A															
Q4 2010	Completed															
Progress Update	This initiative went live in October 2010.															
Reference Materials	http://www.dtcc.com/dashboard															
Contact	John Bautz	jbautz@dtcc.com 212-855-1330														

Initiative	Customer Registration System - Management of Resource Access Control Facility (RACF) IDs	In Progress
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 RACF IDs associated with new mainframe browser-based web applications, 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 customer's 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	<p>Pre Implementation</p> <p>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.</p> <p>Capture existing RACF IDs and associated user information in order to create a single user profile for Access Coordinator review and approval.</p> <p>Post Implementation</p> <p>After DTCC creates initial Access Coordinators, customers are responsible for creating and recertifying subsequent Access Coordinators and the operators they create.</p>	
Mandatory / Voluntary	<p>Mandatory</p> <p>For companies requiring access to new mainframe browser-based applications and re-written PBS applications.</p>	
Timing	<ul style="list-style-type: none"> • Business Requirements Q1 2009 Completed • Development Q4 2010 Completed • Rule Filing N/A N/A • User Acceptance Testing (UAT) N/A N/A • Client Connectivity / Registration Q3 2010 Ongoing • Pilot Testing N/A N/A • Implementation Q1 2011 Planned 	
Progress Update	The implementation of CRS management of RACF IDs is on target for a February 2011 release.	
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.

Q4 2010 Retired Initiatives:	
COMPLETED	<p><u>OTC Equity Derivatives Trade Reporting Repository</u> The OTC Equity Derivatives Trade Reporting Repository stores equity copper records and provides reporting to participants and regulators. A "copper" record is a single-sided, non-legally binding transaction from the perspective of the submitter.</p> <p><u>Liquidity Efficiency Enhancements</u> DTCC implemented the following enhancements in 2010:</p> <ul style="list-style-type: none"> • Increased transparency and improved tools allowing customers to determine available Settlement Progress Payments (SPP) and Principal and Interest Payments (P&I) funds • Provided a service to "push" available excess funds to firms • Created a monthly customer report card that reflects the firm's percentage of withdrawn funds as compared to other firms in their respective tier <p><u>Credit Default Swaps – Public Data Reporting</u> Table 1a, enhancements to Table 6 have been completed. Additionally, a new report, (Section IV) reflecting weekly "flow" market risk activity transaction volume was implemented in Q3 for the top 1000 single name underlying reference entities. Additionally, a quarterly report was initiated in Q3 that provides for further liquidity analysis of the single name trades by identifying number of average daily trades and participating clearing members trading in the reported names. Clearing Eligibility is on hold pending further industry direction.</p> <p><u>Credit Default Swaps – Strategic Restructuring</u> In order to provide an automated solution for the participating firms, Deriv/SERV implemented the following main requirements:</p> <ul style="list-style-type: none"> • Creation of a Restructuring Event Master Record • Support Triggering and Movement options • Audit Trail • Untranching index re-versioning • Automated booking of component transaction "spin-off" trade • Define and determine maturity buckets • Auction processing • Create reports for DC <p><u>Authentication Factor Alternative</u> DTCC replaced the digital certificates customers are required to use to access specific DTCC web based products. After extensive research, DTCC developed an equally secure alternative to digital certificates called Computer Registration Codes. A Computer Registration Code is an encrypted, electronic "fingerprint" unique to a user's PC.</p>
CANCELED	<p><u>GSD Single Web Portal</u> The Single GSD Web Portal would give participants and users a unified view of the GSD business via the RTTM Web Front End. This initiative has been canceled indefinitely due to changes in business and resource prioritization.</p>