

IMPORTANT NOTICE



#: Z#0017
DATE: November 1, 2005
TO: All Participants
ATTENTION: Managing Partner/Officer/Operations Manager
FROM: James Koster, Managing Director, Relationship Management
SUBJECT: Legacy Network Conversion – Special Pass-Through Charges

Since early 2003, DTCC has been working with NSCC member firms to convert their network connections to the DTCC data centers from the legacy Broker and Access networks maintained by SIAC; a similar effort for FICC member firms was launched in 2004. The NSCC effort was originally scheduled to complete by the end of 2004, with this date subsequently deferred to December 2005; the FICC effort is targeted for completion by year-end 2005 as well. As of mid-October, 94% of clearing corporation network traffic has been migrated off the Broker and Access networks.

Earlier this year, the Board of Directors approved changes to the NSCC and FICC fee schedules to permit the pass-through of any special charges from SIAC to operate the Broker and Access networks to those firms whose failure to complete the network migration has caused those charges. DTCC will implement the pass-through charges for these firms effective January 1, 2006.

Any firm not completing the conversion by year-end will incur special pass-through charges for each month in which it continues to use the legacy networks. These charges will be \$5,000 a month for the first three months. In the event there are any firms continuing to use the legacy networks at the end of the first quarter of 2006, these charges will rise to \$10,000 a month in the second quarter and then double quarterly thereafter for as long as any firms remain on the legacy networks.

Questions regarding this Notice may be directed to your Account Executive.