

IMPORTANT NOTICE

DTCC Deriv/SERV LLC



#: 513
DATE: February 8, 2007
TO: Distribution
FROM: Chris Henshaw
SUBJECT: Deriv/SERV Support for New ISDA Matrix Transaction Types

On February 9th, 2007, Deriv/SERV will implement support for new transaction types introduced in the new version of the ISDA Credit Derivatives Physical Settlement Matrix (version 4, published by ISDA February 1): **Emerging European Corporate, Latin America Corporate Bond, and Latin America Corporate Bond or Loan**. Support will be enabled by permitting the use of new values in the Master Document Transaction Type field (in the messages, the Standard Terms Supplement Type) as follows:

EmergingEuropeanCorporate
LatinAmericaCorporateBond
LatinAmericaCorporateBondOrLoan

These new values will be added to the list of valid values accepted on input records and included in output records via web, CSV and FpML. For more detail see the technical note below.

To minimize issues around user implementation, the new value for the transaction supplement type will be published in a revision to version 6.0 of the Deriv/SERV user technical specifications. It will be assumed that any user of Matrix trades (4.1 - or a higher version) will be prepared to consume records that include "**EmergingEuropeanCorporate**", "**LatinAmericaCorporateBond**", or "**LatinAmericaCorporateBondOrLoan**".

As these new transaction types have only been recently defined by ISDA, it is recommended that users ensure that their counterparties are prepared to process transactions with these new values before submitting through Deriv/SERV.

Any questions or comments regarding this release should be directed to your relationship manager or to Chris Henshaw (212-855-1355).

Technical Note:

The following technical note describes the changes that were requested for supporting version 4 (Feb 01, 2007) of the ISDA Physical Settlement Matrix.

This field appears on all Matrix trades. The User Technical Specs and spreadsheet upload specs **will be updated for the Messaging 6.1 release.**

Template Changes for New Matrix Version

With the publication of the new version of the ISDA Matrix, there have been additions to the Deriv/SERV transaction templates for single name credit default swaps. Specifically, the new version calls for three new matrix transaction types:

"**LatinAmericaCorporateBond**" to represent Latin America Corporate B

"**LatinAmericaCorporateBondOrLoan**" to represent Latin America Corporate B&L

"**EmergingEuropeanCorporate**" to represent Emerging European Corporate

Impact to Users

For the new transaction types, users with an automated interface who are on ISDA matrix version 4 or higher may send and receive Deriv/SERV messages that contain the new values for matrix transaction type. These changes will be available in Messaging Architecture 6.1, see below for the specific field changes:

Matrix Trade usage (Single Name CDS)

The **documentation** element within the **trade** element is used to reference the Master Agreement, to reference the Matrix, to specify the Matrix version when other than the most recent version, and to specify the Transaction Type. It may also be used to specify that the Additional Provisions for Monoline are Applicable.

The **contractualMatrix** element must include the **matrixTerm** element that in turn contains the *matrixTermScheme* attribute with the value of: <http://www.fpml.org/coding-scheme/credit-matrix-transaction-type-1-0>. The value used in the **matrixTerm** element must adhere to this scheme of Transaction Type values. The following is the list of valid values (new fields in 'Bold'):

Corporate

AsiaCorporate

AustraliaCorporate

EuropeanCorporate

EmergingEuropeanCorporate

JapanCorporate

LatinAmericaCorporate

LatinAmericaCorporateBond

LatinAmericaCorporateBondOrLoan

NewZealandCorporate

NorthAmericanCorporate

SingaporeCorporate

SubordinatedEuropeanInsuranceCorporate

Sovereign

AsiaSovereign

AustraliaSovereign

EmergingEuropeanAndMiddleEasternSovereign

JapanSovereign

LatinAmericaSovereign

NewZealandSovereign

SingaporeSovereign

WesternEuropeanSovereign