IMPORTANT NOTICE

DTCC Deriv/SERV LLC

The Depository Trust & Clearing Corporation

#: 640

DATE: January 29, 2008

TO: Distribution

FROM: Deriv/SERV Product Management

SUBJECT: **DTCC Deriv/SERV to Implement Trade Confirmation BAU Enhancements on February 1, 2008**

Release 1 of the DTCC Deriv/SERV Trade Confirmation will be implemented on February 1, 2008. Key components of this release include the following enhancements:

1. LCDX Tranche Trade Confirmation

Release 1 will introduce the Trade Confirmation support for the LCDX Tranche transactions, using the existing CreditDefaultSwap IndexTranche template. Trade Warehouse payments will be created for all fees and one-time payments on these LCDX Tranche trades or post-trade transactions. LCDX Tranche payments will be included in the TIW Settlement (subject to the firm's eligibility for Settlement).

The Trade Warehouse **will not** produce payments for LCDX Tranche coupons or for LCDX Tranche credit events. Support for these payments will be added in a later release.

2. Fixed Rate Field Expansion

In an effort to further improve the Deriv/SERV Trade Confirmation platform, the "Fixed Rate" field will be expanded from 5 to 8 decimal places for all Credit Derivative products. Any submissions in excess of 8 decimal places will be truncated to the 8^{th} decimal place.

Note: This enhancement will have no impact on the existing D/S Payment Reconciliation Service and all submissions in excess of 5 decimal places will be truncated.

3. Addition of the Reference Entity column to the Gold No Calc Report

The existing "No Calc Report" will be expanded to include a "Reference Entity" column that will display either the Index or the CDS name.

With the addition of the "Reference Entity" column the 'No Calc Report' will provide all the information available in the "Deriv/SERV Payments Exception" Report currently available under the TIW "Report Request" section. The production of the "Deriv/SERV Payments Exception" report will continue for a short while but will be removed at DTCC's earliest convenience.

4. Add Emerging European Corporate LPN as a valid value for Matrix Transactions

D/S will implement a new Matrix type to support “Emerging European Corporate LPN” for single name Credit Default Swaps. A new FpML value of “Emerging EuropeanCorporateLPN” will be added to the ContractualMatrix..MatrixTerm element.

Note: This change will be a "backwards compatible" feature and will be available on all MQ messaging versions currently supported by D/S.

5. Addition of 2 Position Reconciliation Reports

The existing “Deriv/SERV Position Reconciliation Report” will be enhanced with the additional 2 reports. Upon user request, system will process it overnight and will generate 3 reports:

- Original “Deriv/SERV Position Reconciliation Report” (this report is unchanged)
- “Deriv/SERV Position Reconciliation Unconfirmed Report”
- “Deriv/SERV Position Reconciliation Alleged Report”

6. Support Post Trade Transactions with “blanks” and “0’s”

This enhancement will further improve Trade Confirmations for the Post Trade Event (PTE) transactions where one party submits a “0” amount payment while the other party submits it as a “blank” payment. The system will store all payment related fields (Currency, Date, Payer, and Receiver) as “blank” whenever the currency amount is zero (or blank) for a given PTE.

Please be advised these enhancements will be migrated into production at 6:00 PM EST (11:00 PM GMT) on Friday, February 1, 2008. Please mark your calendars, as the Deriv/SERV system will be unavailable for 5 hours (6:00 PM – 11:00 PM EST / 11:00 PM – 4:00 AM GMT).

Any questions or comments regarding this release or DTCC Deriv/SERV in general should be directed to your relationship manager.