

IMPORTANT NOTICE

DTCC Deriv/SERV LLC



#: 645
DATE: February 25, 2008
TO: Distribution
FROM: Deriv/SERV Product Management
SUBJECT: **DTCC Deriv/SERV to Implement TIW Central Settlement OVD Filter on February 28, 2008**

Release 1.5 of the DTCC Deriv/SERV Trade Information Warehouse will be implemented on February 28, 2008 and will alleviate the occurrence of duplicate payments typically caused by delays in the trade confirmation process..

The February 28 enhancement will enable two parties to “turn on” OVD Filter procedures and specify an OVD Filter Date, which serves as an instruction to DTCC to subject their payments to a filtering process up to the specified OVD Filter Date. This will help prevent duplication of payments, conceivable when payments are settled outside the TIW [on their due date, prior to the firms joining the central settlement service] and then again within the Warehouse [after joining the service] when the cash flows are generated upon confirmation of the trade.

When two firms agree to “turn on” the OVD Filter for their accounts, the following rules apply:

- Payments with an Original Value Date **after** the OVD Filter Date will be settled through the Deriv/SERV central settlement service, through CLS.
- Payments with an Original Value Date **on or prior** to the OVD Filter Date are excluded from Central Settlement. They are sent to a “trash bin” and assigned a generic Net ID “99999.....”, which will be appear on MQ messages and on the GUI Cash Flow detail screen.

If the OVD Filter is “off,” no filtering is applied.

OVD Filter Activation

To facilitate the implementation of the new process for the 14 firms that joined the service in November 2007 (the original members of Clusters A, B, C and D), the system will automatically "turn on" the OVD Filter and set the OVD Filter Date to the day before the central settlement start date for each bilateral relationship within each cluster. If this is not the setup you prefer, please submit the Central Settlement Bilateral Relationship and OVD Filter Form (located on <http://www.dtcc.com/customer/membership/derivserv.php>) to indicate your desired changes.

For all other relationships, the OVD Filter will not be automatically turned on; both parties will need to indicate their agreement on the Central Settlement Bilateral Relationship and OVD Filter Form.

This notice is an Applicable Publication under the Central Settlement Appendix to the DTCC Deriv/SERV Operating Procedures.

Please be advised these enhancements will be migrated into production at 6:00 PM EST (11:00 PM GMT) on Thursday, February 28, 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.