

IMPORTANT NOTICE

DTCC Deriv/SERV LLC



#: 657

DATE: May 14, 2008

TO: Distribution

FROM: Debra W. Cook

SUBJECT: Revisions to Operating Procedures – Credit BAU

DTCC Deriv/SERV will implement various enhancements to the Credit BAU product at the close of business (NY) on May 15, 2008. Please see associated Important Notice #656 DTCC Deriv/SERV Credit Release 2.1 for a more detailed discussion of the updates. However, please also note that while Important Notice 656 stated that Deriv/SERV would support both trade confirmation and payment calculations for LevX transactions effective with the May 15 release, based on feedback from industry participants regarding different practices on accrual periods, it has been determined that coupon calculations should not be initiated for LevX transactions until after June 20, 2008. Deriv/SERV will proceed with support of electronic trade confirmation for transactions in the iTraxx LevX Series 2 and greater.

The changes referred to below to the DTCC Deriv/SERV Operating Procedures are effective upon implementation of the release. By submitting affected transactions to the Deriv/SERV system, the User agrees to waive any applicable notice requirements relating to the changes.

Appendix B (Single Reference Entity Credit Default Swap) has been revised to reflect that if the fixed rate on a trade is zero, the frequency field will be processed as if blank and if a submission contains only "N" in the Additional Terms Field, the field will be processed as if it were a blank submission. These revisions are indicated on the attached blackline.

Appendix C (Single Reference Entity Credit Default Swap Incorporating ISDA Physical Settlement Matrix) has been revised with the above referenced change to the Additional Terms Field and, in addition, revisions have been made to facilitate Deriv/SERV support of transactions in the Municipal CD index (MCDX) and iTraxx LevX as reflected in the attached blackline.

Appendix K (Single Reference Entity Credit Default Swap Incorporating ISDA Physical Settlement Matrix) has been revised with the above referenced change to the frequency field and the Additional Terms Field and Monoline validation provisions have been incorporated. Any trade submitted without the additional Monoline provision selected for the specified list of reference entity names will be rejected. This validation will be based on the RED code of the submission and not the reference entity field. These updates are indicated in the attached blackline.

Appendix L Field Parameters spreadsheet has been updated to reflect relevant changes and is also attached below.

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