

IMPORTANT NOTICE

DTCC Deriv/SERV LLC



#: 666

DATE: August 4th, 2008

TO: Distribution

FROM: Deriv/SERV Product Management

SUBJECT: Deriv/SERV Interest Rates Release – 4.2

Deriv/SERV will support New Products and implement various enhancements to the Interest Rates platform at the close of business date (NY) on August 7th, 2008.

New Products

Deriv/SERV will enable users to confirm the following New Products on the Deriv/SERV platform:

- Forward Rate Agreements (FRA)
- Bond Options (BOP)
- Interest Rate Guarantees (IRG)
 - Caps, Floors, Collars, Corridors, Rate Straddles etc

All transaction types will be supported for the new products EXCEPT assignments. (Please note: assignments will be a feature of the next release scheduled for delivery Q4 2008.). In order to use any of the new products Participants must upgrade to DTCC Messaging Version 4.0 (FpML 4.3).

New Search Criteria:

Cancellable Swaps and Swaps with Schedules do not have their own product type as they are an extension to Interest Rate Swap. From August 8th users will have the ability to search for these swaps with other products and independently.

In addition, a new status of “All Open” will also be added that returns trades with the following statuses groups: Unconfirmed, Alleged, Pending, Matched and Matched Alleged records. This status of ‘All Opened’ will become the default search.

Matching Changes:

The following Business Day Convention fields will be made non-matching on the Rates platform. These fields are not necessary as they are used in the context of offsets from another date. Therefore these fields will be removed from the GUI and made non-matching.

- Floating Leg Initial Fixing Date Business Day Convention (IRS,SPT)

- Floating Leg Fixing Dates Business Day Convention (IRS,SPT)
- ETC Valuation Business Day Convention (IRS,SPT, IFS)
- ETC Exercise Business Day Convention (IRS,SPT, IFS)
- Swaption Valuation Business Days Convention (SPT)
- Swaption Cash Settlement Business Days Convention (SPT)

Expansion of the Transaction PDF:

The Transaction PDF document will be expanded to include trades with Cancellable Provisions, Notional and Fixed Rate Schedules, Swap from Swaption Exercise and Additional Payment 2 fields. The Transaction PDF document will be available for Partial Terminations and Amendments but not for Assignments

Default Changes

As a result of the publication of the ISDA Settlement Matrix 2008 Deriv/SERV will be making the following default changes for interest rate swaps and swaptions for the below currencies.

ILS –For the fields “ETC Latest Exercise Time”, “ETC Valuation Time”, "Swaption Latest Exercise Time" and "Swaption Valuation Time" the defaults will change to 11:00 rather than 13:00 for ILS-TELBOR01-Reuters

CAD – For the field “ETC Valuation Days” the default will change to -2 for CAD-LIBOR-BBA (CAD-CDOR will remain unchanged).

DKK – For the field “Swaption Cash Settlement Payment Date (Days)” the default will change to 2 for DKK-CIBOR-DKNA13

Change to USD Default for Swaption Exercise Business Day Convention

As a result of the publication of the supplement No. 5 to the 2006 Definitions, Deriv/SERV will be changing the USD default for the "Swaption Exercise Business Day Convention" from Following to Preceding.

Deriv/SERV will also change the "Swaption Exercise Business Day Convention" field so that the value on the original trade is automatically used for terminations and assignments (as per the ISDA recommendation). If this change was not made there would be the potential for a large number of rejected messages as it would be difficult for firms to know what value they had confirmed previously.

Please contact our Implementation team via derivserv_implementation@dtcc.com to update your account profile to use any of the new products. Please also refer to the Participant website for additional technical specifications.

Please be advised that the Deriv/SERV system will be unavailable from approximately 6:00 p.m. to 11:00 p.m. NY time.

Please direct any queries related to this notice to Bill Stenning (wstenning@dtcc.com) or Kirston Winters (Kwinters@dtcc.com).