

IMPORTANT NOTICE

DTCC Deriv/SERV LLC



#: 667

DATE: August 5, 2008
TO: Distribution
FROM: Deriv/SERV Product Management
SUBJECT: DTCC Deriv/SERV Credit Release 3.0 – Successor Events and TIW Enhancements

On Thursday evening, August 7, 2008, DTCC Deriv/SERV LLC will implement Release 3 2008 of the Trade Information Warehouse (TIW). Key components of this release include the following:

1. Successor Event Processing:

This release will introduce automation of Reorganization and Rename event processing for single name credit derivatives transactions in the TIW. Concurrently, the existing event adherence process, whereby participants manually adhere individual transactions to an event, will be enhanced to include automated adherence as an optional service. This automated adherence process will apply to Reorgs and Renames, as well as Credit Events.

Reorganization event processing will include exiting the original trade, canceling future dated cashflows, and generating new trades and future dated cashflows as per the terms of the event. Rename event processing will entail amending the original trade and associated cashflows. Throughout the course of Reorganization and Rename processes, trades will remain in “Certain” status. A Practical Guide for Successor Events, which provides full detail on the processes, will be distributed the week of 24th August. It is expected that the first utilization of this process will begin in September.

2. New Document Types:

The following new document types will be supported:

- US Municipal Full Faith and Credit
- US Municipal General Fund
- US Municipal Revenue

There are no new fields or validations for these document types.

3. Standard Terms Supplements

The following Standard Terms Supplements will be supported:

- CDX
- CDX Emerging Markets
- CDX Emerging Markets Diversified

4. BAU (Business as Usual) enhancements:

TIW BAU enhancements will be introduced. Following is a listing of the key enhancements:

- For the Additional Terms field, any submission with “N” as the only character in the field will be processed as if the field were blank
- On the daily Full Position TRI Report, an additional value, “Next”, will be added where there is a Rename event for single name transactions
- No impact amendments, i.e., an amendment that does not change the confirmed TIW record, will be rejected
- Amendment functionality will be enhanced to support change of trade direction (Payer and Receiver Participant IDs are reversed)

5. Backload Harmonization:

CDS BAU templates will be enhanced to encompass backload transactions. This enhancement expands the products eligible for backloading; products introduced after the inception of the TIW, including RMBS, CMBS, LCDS, Emerging European Corporate LPN, LCDX Tranche, will now be eligible for backloading.

In addition to the expansion of products eligible for backloading, the relaxed backload trade matching rules for Trade Date, Effective Date and First Payment will be synchronized with the BAU matching rules. It should be noted, however, that the more stringent matching rules will not apply to backload transactions until further notice. To support ongoing market efforts, it has been necessary to delay activating this feature. Participants will be advised when the synchronized matching rules will be activated.

6. iTraxx Japan and iTraxx Japan Tranche:

The Valid Values for Standard Terms Supplement Transaction Type will be changed from iTraxxCJ and iTraxxCJ Tranche to iTraxx Japan and iTraxx Japan Tranche. A new validation and overwrite process will be introduced to amend submissions identifying iTraxx CJ and iTraxxCJ Tranche to iTraxx Japan and iTraxx Japan Tranche, respectively.

Participants with existing transactions in TIW in iTraxxCJ and iTraxx CJ Tranche will be contacted directly to arrange amendment of these existing transactions.

Please be advised that these enhancements will be migrated into production on the evening of Thursday, 7th August, 2008, starting at 6:00 PM EST (11:00 PM GMT); the release process should take approximately five hours. During this time (6:00 PM – 11:00 PM EST, and 11:00 PM to 04:00 AM GMT), the Web service will not be available. Incoming MQ messages during this period will be accepted and queued for processing after completion of the release process.

The new functionality and enhancements outlined in this Important Notice have been communicated via various Working Groups. By using the affected services, the User agrees to waive any applicable notice requirements relating to the enhancements.

Any questions or comments regarding this release or DTCC Deriv/SERV in general should be directed to your Client Account representative.