

# IMPORTANT NOTICE

**DTCC Deriv/SERV LLC**



**#: 684**

**Date:** October 21st, 2008

**To:** Distribution

**From:** Deriv/SERV Product Management

**Subject:** Deriv/SERV Interest Rates Release – 4.3

Deriv/SERV will implement various enhancements to the Interest Rates platform at the close of business date (NY) on October 23rd, 2008. Many of these enhancements are designed to improve participant STP matching rates. There will also be a series of default and validation changes as well as an expansion to the current event coverage offered by Deriv/SERV. A range of GUI enhancements will also improve the users experience on the Interest Rates Platform

## Event Coverage

As part of the 4.3 Release, Deriv/SERV is expanding its event coverage to include;

- Assignments on Forward Rate Agreements (FRAs)
- Assignments on Interest Rate Guarantees (IRG)

## Matching Changes

As part of the 4.3 Release

- To help participants achieve greater STP Auto-Matching percentages, ETC fields will be made non-matching for outside terminations and the old transaction OR-RP match on outside assignments.
- To prevent swaptions linking incorrectly, the Fixed Rate Payer submitted by the transferor must be in the same family as the Fixed Rate Payer submitted by the transferee, or the Floating Rate Payer submitted by the OR must be in the same family as the Floating Rate Payer submitted by the EE
- The relevant Calculation Period Business Days and Reset Business Days will be overwritten to blank when the corresponding Business Day Covention (BDC) is None. (To populate this field when the BDC is 'none' is illogical and should not be allowed)
- The Floating Leg Fixing Dates / Initial Fixing Business Days fields will be overwritten to blank when the corresponding Floating Leg Fixing Dates / Initial Fixing Lag is zero.

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## Validation Changes

Following the October 23<sup>rd</sup> Release

- A validation change will be made to allow Post Trade events (PTE) on the New Swaption created by an Assignment. Currently when a PTE is performed on a swaption created by an assignment it gets rejected because the premium is stripped off the Assignment
- Payment Business Day Conventions cannot be populated with 'None'. (Payments cannot be made on non-business days).
- Payment Business Days must be populated (Payments Business must be made on a business day and cannot be left blank).
- The use of 'Not Applicable' as a business Day Convention will be restricted. It only has a valid meaning when used for the Termination Business Day Convention and/or the Cancellable Termination Date Business Day Convention
- The validation on the fields Post Trade Payment Payer and Post Trade Payment Receiver will be changed so that these fields can contain the value of *any* Participant ID within the family of the Originator or the Counterparty.
- Participants will not be able to populate data that allows trades to pay in advance and reset in arrears (illogical). Similarly, compounding trades cannot be populated to pay in advance.
- The ETC Calculation Agent field will accept the Participant ID of the Originator or the Counterparty as well as the existing values.
- For IRG (Caps and Floors) the Termination Date Business Days on IRG will not be allowed if the Termination Date Business Day Convention contains the value "None" and if the field Termination Date Business Day Convention contains any other value, then the field Termination Date Business Days must be populated, i.e. it is required.

## Default Changes

Following the October 23<sup>rd</sup> Release

- Different swaption defaults for cash and physically settled Swaptions will be supported.
- New ETC and Swaption fields will become default rather than entry fields.

## GUI Enhancements

As part of the 4.3 Release

- The addition of the New Best Match screen will allow participants to search for unconfirmed or alleged Trades and Post Trade Events with a best match percentage within a predetermined range
- New screens will be added to allow participants to enter New Trades for each product type
- The Trade Reference number and Trade Number Supplement will be added to the Best Match Percentage on the Search Download
- The addition of Floating Rate Option, Reference Number Supplement and Counterparty Reference Number Supplement as search criteria on the General and Assignment Search Screens.

## Other

As part of the 4.3 Release

- The Transaction PDF will be expanded to include Bond Options
- A New Master Agreement Type of Derivatives Trading Agreement (DTA) will be supported
- Deriv/SERV will support Brazilian Real (BRL) CDI trades
- A new Valid Value of BUS/252 to be added and the value of ACT/252 is to be removed

While there is no messaging upgrade required for this Release, participants must be using the latest DTCC Messaging Version 4.0 (FpML 4.3) to benefit from the additional Assignment functionality on Caps/Floors/FRA's. Please refer to the Participant website for 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.

For any queries relating to this notice or for further information on the Release please contact Bill Stenning ([wstenning@dtcc.com](mailto:wstenning@dtcc.com)) or Kirston Winters ([Kwinters@dtcc.com](mailto:Kwinters@dtcc.com)).