

IMPORTANT NOTICE

DTCC Deriv/SERV LLC



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Date: December 03rd, 2008
To: Distribution
From: Deriv/SERV Product Management
Subject: Deriv/SERV Interest Rates Release – 4.4

Deriv/SERV will implement various enhancements to the Interest Rates platform at the close of business date (NY) on December 4th, 2008. There will be an expansion to the current Interest Rates Product Coverage to include American and Bermudan Swaptions. There will also be a series of validation and matching changes designed to improve STP matching rates. A range of GUI enhancements will also improve the Users experience on the Interest Rates Platform.

Product Coverage

As part of the 4.4 Release, Deriv/SERV is expanding its product coverage to include:

- Bermudan Swaptions
- American Swaptions

All transaction types will be supported for both new products. American and Bermudan Swaptions will be included on all reports and downloads.

Matching Changes

- The best match weightings will be reduced on the following fields:
 - « Post Trade Transaction Date
 - « Post Trade Effective Date
 - « Post Trade Payment Date
- ETC or Swaption Follow Up Confirmation: The fields ETC or Swaption Follow Up Confirmation and New ETC or Swaption Follow Up Confirmation will no longer be matching fields on IRS, SPT, IFS and IRG.

Validation Changes

The December 4th Release will include the following validation changes:

- Post Trade Events will be allowed on new IRG (Cap / Floor) trades created by Assignments. Currently when a post trade event is performed on an IRG (Cap / Floor) created by an assignment it is rejected because the Fixed Amount (premium) is stripped off at assignment. The 4.4 Release will rectify this issue.

Non-Confidential

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- Valuation Time on Bond Options. The valuation time on BOP will be changed to be a required field, if Option Settlement Type is 'Cash' or 'Election' or if Limited Right To Confirm Exercise is 'Y', otherwise will not be allowed.
- Clearance System on Bond Options. The clearance system will be changed to be an optional field, if Option Settlement Type is 'Physical' or 'Election' and otherwise will not be allowed.

Defaults:

The fields “Option Latest Exercise Time” and “Option Expiration Time” will be made into default fields. The defaults will be set as 16:00 for all currencies.

GUI Enhancements

- Best Match Search Screen. As part of the 4.4 Release the following fields will be added as search criteria on the Best match Search Screen:
 - « Floating Rate Option
 - « Counterparty family
 - « Block Reference Number

The Status Search criteria will be expanded to include a value of Matched and the existing value of Alleged will return Matched-Alleged Assignments.

- Outside Post Trade Event Input on the GUI. New screens will be added to the GUI allowing participants to enter “Outside” post trade events for each Product Type.
- Highlight fields changed on Amendment. It will be possible to compare an Amendment to the underlying trade in order to see what has been changed.
- Consistent naming convention will be applied across Spreadsheets, Downloads and the GUI.

Other

- The Transaction PDF will be expanded to cover trades with Collateral, Linked Collateral Reference Bond (Fixed or Floating) and Related Bond (on Inflation Swaps).
- The Transaction PDF will be made available to Read Only Users as well as Read / Write Users.

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 product coverage of American and Bermudan Swaptions. Please refer to the participant section of the 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) or Kirston Winters (Kwinters@dtcc.com).