

The Depository Trust Company

IMPORTANT

B#: 3563-08

DATE: May 30, 2008

TO: All Participants

CATEGORY: Compliance

FROM: General Counsel's Office

ATTENTION: Managing Partner/Compliance Officer/General Counsel's Office

SUBJECT: DTC Proposed Rule Change SR-DTC-2008-03 relating to Money Market Instruments

The Depository Trust Company ("DTC") recently filed a rule change with the Securities and Exchange Commission to establish a new fee, which relates to DTC's settlement procedures for the maturity of Money Market Instruments ("MMI's) with unknown rates ("unknown rate maturities"). If approved, DTC will implement the fee described below.

Currently, the IPA is required to send notice to DTC by 6:00 p.m. (ET) on the day the amount of variable income or principal becomes known to the IPA but in no event later than 3:00 p.m. (ET) on the day prior to maturity or periodic payment date. DTC may accept an IPA's notice after the applicable 6:00 p.m. (ET) or 3:00 p.m. (ET) deadline (up until 2:30 p.m. (ET) on the date of maturity). If no maturity rate is provided, then the maturity will roll-over to the next processing day until a rate is provided.

The process to monitor the resolution of payments on unknown rate maturities has proved to be time consuming because it involves, among other things, DTC operations verifying on the DTC participant terminal system ("PTS") the IPA of the unknown rate maturity, calling the IPA on a daily basis, at a minimum, to find out the status of the MMI and coordinating with different areas within DTC to get the issue resolved as quickly as possible.

Accordingly, DTC is proposing to implement a fee to encourage timely receipt of the appropriate maturity rates. DTC will also report any pattern of such late notices to the Securities and Exchange Commission. Under the proposed rule change, if the

maturity rate is not populated in DTC's system by 2:30 P.M. (ET) on the date of maturity, DTC will charge a fee of \$5,000 on the maturity date and for each subsequent MMI business day, or part thereof, until the rate is submitted.

The full text of the rule change is available at our website, www.dtc.org. Questions or inquiries regarding this proposed rule change may be directed to Candice Fordin, Associate Counsel at email cfordin@dtcc.com or (212) 855-7632; any such comments will be forwarded to the SEC. Written comments may also be addressed to the Secretary of the Commission, Securities and Exchange Commission, 100 First Street, N.E., Washington, D.C. 20549. We request that you provide DTC with a copy of your comments.