

# The Depository Trust Company

# **IMPORTANT**

**B#:** 3763-08

**DATE:** July 22, 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-2008-09 relating to DTC's Debit Cap Look-Ahead Processing

The Depository Trust Company ("DTC") recently filed a rule change with the Securities and Exchange Commission proposing to expand DTC's Debit Cap Look-Ahead Processing.

The purpose of DTC's current Look-Ahead process is to reduce blockage in the system. The Look-Ahead process reduces transaction blockage for securities by identifying a receive transaction pending due to a net debit cap insufficiency and determines whether an offsetting delivery transaction pending because of a quantity deficiency in the same security would permit both transactions to be completed in compliance with DTC's Risk Management system controls. The processing system calculates the net effect of offsetting transactions in the accounts of the three participants involved. If the net of the transactions results in positive risk management controls in all three accounts, the transactions will be completed.

In order to further reduce blockage in the system and improve the timeliness and certainty of transactions completing, DTC is proposing to expand the look-ahead capability beyond same CUSIP pairs, to allow Issuance Deliveries pending for a custodian's or Dealer's debit cap to pair-off against Maturity Presentments pending for an Issuing/Paying Agent's debit cap. Look-ahead is an internal enhancement to DTC's processing system. It will not be necessary for Participants to make any systematic changes.

The full text of the rule change is available at our website, [www.dtcc.com](http://www.dtcc.com). Questions or inquiries regarding this proposed rule change may be directed to Candice

Fordin, Associate Counsel at email [cfordin@dtcc.com](mailto: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.