

# IMPORTANT NOTICE

National Securities Clearing Corporation



**A# 6682**

**P&S# 6252**

**DATE:**

August 27, 2008

**TO:**

ALL PARTICIPANTS

**ATTENTION:**

MANAGING PARTNER/OFFICER,  
DIRECTOR OF OPERATIONS,  
CHIEF FINANCIAL OFFICER

**FROM:**

Relationship Management

**SUBJECT:**

Preliminary 2009 Fee Guidance

In order to assist participants in preparing their budgets for next year, DTCC is providing preliminary guidance on 2009 fee changes planned for DTC, NSCC and FICC services. While the Core Services Operations and Planning Committee of DTCC's Board of Directors has reviewed and approved this fee guidance, participants should regard this information as preliminary, for use in their own planning and budgeting activities. The DTCC Board will formally review detailed fee changes in December, and DTCC will communicate the final approved fee changes to Participants via an Important Notice at that time.

In addition to the \$31.5 million mid-year fee reduction announced on June 24, 2008, the projected fee changes for 2009 represent an incremental net reduction of \$55.0 million. The combined impact in 2009 of these two fee reductions total \$70.8 million.

The table below reflects the dollar and percentage impact by business area for 2009, based on 2008 year-to-date run rate volumes:

	'08 Midyear Fee Reduction Impact (1/2 Yr.)	'09 Fee Reduction Guidance Annualized Impact	Total '09 <sup>1</sup> Fee Reduction Impact	Total '09 Billing Impact
Equities Clearance	\$12.5	\$11.0	\$23.5	15%
Mortgage-backed Securities	-	25.0	25.0	28%
Fund/SERV	-	10.0	10.0	33%
CMU	3.3	-	3.3	17%
Government Securities	-	5.0	5.0	8%
Insurance Services	-	4.0	4.0	16%
	<u>\$15.8</u>	<u>\$55.0</u>	<u>\$70.8</u>	

<sup>1</sup>The amounts broken down by business reflect the impact of the 2009 fee reductions (\$55MM) plus 1st half '09 impact associated with the 2008 midyear reductions totaling \$31.5MM on an annualized basis, which became effective on July 1, 2008.

To provide preliminary budget guidance, since volume assumptions rates may significantly vary by Participant, the percentages in the last column (Total '09 % Billing Impact) reflect the impact of these reductions based on 2008 year-to-date run-rate volumes.

For example,

- If a Participant in Equities Clearance was billed \$100,000 in 2008 and assumes no volume growth (0%) in 2009, their 2009 bill would be \$85,000 ( $\$100,000 \times .85$ ) or a 15% reduction.
- If a Participant in Equities Clearance was billed \$100,000 in 2008 and assumes an 8% volume increase in 2009, their 2009 bill would be \$91,800 ( $\$100,000 \times 1.08 = \$108,000 \times .85 = \$91,800$ ) or a volume adjusted 15% reduction.

Although we are targeting overall Asset Services fees in 2009 to be flat, we plan on increasing fees where necessary to right-size those associated with manual/physical processing, while reducing fees where volumes have been able to provide scale benefit.

Additionally, to further accelerate our rebate/discount process we are returning any gross margin in excess of 25% to NSCC and FICC participants on a monthly basis. DTCC is also working on a process to institute monthly discounts at DTC, and is planning to give customers an estimate of their annual rebate in December so they can better accrue for the rebate before they close out their year-end books.

These planned 2009 fee decreases along with the 2008 mid-year fee reductions that, in total, are projected to result in approximately \$70.8 million in participant savings in 2009, demonstrate DTCC's continued commitment to the industry to strive for efficiencies and to align fees with actual costs.

If you have any questions regarding this notice, please contact your relationship manager.

Paula Arthus  
Managing Director  
Relationship Management