

IMPORTANT NOTICE

The Depository Trust Company



#: B-5877-09
Date: November 20, 2009
To: All Participants
Category: Settlement/Underwriting
From: Stephen Wasserman
Attention: Settlement Manager/Managing Director/Cashier
Subject: Institutional Delivery (ID) Net Service Enhancements

Summary

DTC and NSCC implemented the ID Net Service in 2008 to streamline the processing of institutional trade settlements. As the service has grown, we have received feedback from customers in respect of potential service enhancements. We are pleased to announce, that the following three enhancements will be available during the next several weeks as indicated below:

1. Provide ID Net brokers an option to have DTC automatically process their ID deliveries that are exited from the ID Net Service due to ineligibility vs. having to re-authorize them,
2. Permit banks to view their ID and ID Net receives and deliveries with their contra brokers on a consolidated basis for easier reconciliation, and
3. Expand to legacy format automated users the capability to cancel ID and ID Net transactions, which can expedite a bank's ability to utilize ID Net.

IMS Profile Enhancement – Effective November 20th

Effective today, DTC will permit a broker to have the system automatically process (passive authorization) ID deliveries that have been deemed ineligible for the ID Net Service into the night cycle late in the day on settlement date – 1. This optional Inventory Management System (IMS) profile capability will have a default value of "Active" authorization (Unprocessed state). ID Net Broker-Dealers should use the "ID Net Drop Auth Profile Updates" option in the IMS function to switch their ID Net drop authorization profile from "Active" to "Passive" if they wish to take advantage of this new process (a user must have the IMSP eligibility bit to do so). This enhancement provides operational and straight-through processing efficiencies to ID Net brokers.

Reconciliation Enhancement – Effective November 20th

Previously, a bank's ID Net and existing ID transaction details for a contra broker who is also in the ID Net Service were displayed separately on screens, since ID Net transactions are processed to/from the ID Net omnibus accounts 719 and 919. In order to provide customers with a simplified method for reconciling deliveries, DTC will now support a combined view of a bank's ID Net and ID transaction details on the SETP PTS function's "Activity Summary" screen ("Activity Ordered by Activity Code")

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screen in PBS). This new enhancement will also include the ID Net transactions for a contra broker in the "Totals" functionality available on these two respective screens.

Cancellation Message Expansion – Effective December 4th

Today, a participant can cancel a transaction in IMS via ISO 15022 messaging or through PTS or PBS. Once a transaction is cancelled in IMS it can no longer be acted upon and it is removed, if applicable, from the ID Net process. Some banks have indicated that providing cancellation processing via legacy format input will facilitate their ability to activate on the ID Net Service. Therefore, DTC is expanding the "Cancellation" message capability to the legacy Institutional Delivery System "ANE1/5" automated Authorization and Exemption input function. This capability can be invoked on a trade-for-trade basis only by putting a "C" in position 44 of the current layout (dated August 1998).

For more information, contact Stephen Wasserman, Director, Settlement Product Management, at 212-855-3270 (swasserman@dtcc.com) or DTCC Relationship Management at (800) 422-0582.