

# IMPORTANT NOTICE

**The Depository Trust Company**



**#:** B7819-10  
**Date:** December 28, 2010  
**To:** All Participants  
**Category:** Compliance  
**From:** General Counsel's Office  
**Attention:** Managing Partner/Officer Cashier/Operations Management  
**Subject:** DTC Rule Change SR-DTC-2010-18 regarding Amendments to the Dividends Service Guide

The Depository Trust Company ("DTC") filed a rule change with the Securities and Exchange Commission ("SEC") as effective upon filing, pursuant to Section 19(b)(3)(A) of the Securities and Exchange Act of 1934. The changes to the Dividends Service Guide were made in order to: 1) clarify DTC's policy of payment allocations; 2) to begin allocation of funds from agents received with corresponding CUSIP-level identification information at 8:20 a.m.; and 3) make other conforming changes to the Guide.

One of core asset services provided by the DTC is the daily collection and allocation of cash entitlements due on DTC-eligible securities. These entitlements, known as Principal and Income ("P&I") payments, include dividend, interest, periodic principal, redemption and maturity payments arising from the servicing of 3.5 million securities eligible at DTC.

Historically, DTC has collected and allocated nearly all payments on their scheduled pay date, including those paid out to DTC after established intraday cut-off times or received without detail needed to allow a payment to be paired with its specific CUSIP number and without receipt of payments from the issuer prior to the 3:00 p.m. deadline.

Effective February 7, 2011, DTC will sunset the current "allocate all" practice and move to a methodology that results in the allocation only of those entitlements paid and identified at a CUSIP level. As a result of this proposed change in practice, DTC will also sunset its use of the algorithmic formula to allocate unidentified funds since this calculation will no longer be necessary.

In order to accommodate the anticipated increase in funds not allocated on the payable date due to late or unidentified payments, DTC also proposes to begin allocation of funds from agents received with corresponding CUSIP level identification information upon receipt, beginning at 8:20 a.m. and continuing every 20 minutes until the cut-off time, generally at 3:00 p.m. This change in time will allow for more customers to receive timely and properly identified payments in a timely manner.

Non-Confidential

DTCC is now offering enhanced access to all important notices via a new, Web-based subscription service. The new notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit [http://www.dtcc.com/subscription\\_form.php](http://www.dtcc.com/subscription_form.php).

To remove your name from the former system of email notifications, send a message to [unsubscribe@dtcc.com](mailto:unsubscribe@dtcc.com).

Participants have been notified of this change in policy through DTCC's publication of a White Paper to the Industry in November 2009<sup>1</sup> and will be notified of the implementation of this change via subsequent Important Notice.

The full text of the rule change is available at our website, [www.dtcc.com](http://www.dtcc.com). For more details about this change, please contact John Faith at (813) 470-1100 or via email at [jfaith@dtcc.com](mailto:jfaith@dtcc.com). Questions or inquiries regarding this filing may also be directed to Jennifer Kim, Associate Counsel at email [jkim1@dtcc.com](mailto:jkim1@dtcc.com) or (212) 855-3283; 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.

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<sup>1</sup> The White Paper can be found at [http://www.dtcc.com/downloads/leadership/whitepapers/Payment\\_Refinement.pdf](http://www.dtcc.com/downloads/leadership/whitepapers/Payment_Refinement.pdf).