

# **IMPORTANT NOTICE**

**The Depository Trust & Clearing Corporation**



**#:** 6132-10  
**Date:** January 15, 2010  
**To:** All DTCC Participants  
**Category:** Operations, Asset Servicing, Dividends  
**From:** DTCC Asset Services  
**Attention:** Operations Managers, Officers  
**Subject:** P&I White Paper – Allocation Reporting to Participants

In late 2009, through the release of the White Paper “P&I Payment Refinement: A Move to Further Reduce Payment Risk,” DTCC announced to customers and the industry its intent to further reduce risk related to distribution processing by modifying the methodology it employs to allocate cash entitlements to participants. Specifically relating to Principal and Income payment on non-MMI securities, commonly referred to as P&I<sup>1</sup>, this change would result in the allocation of only those payments made to DTC by the prescribed cut-off time (currently 3:00 p.m. ET) and identified by that time at a CUSIP level.

Since its release, DTCC customers have asked for a tool that would help measure the impact of this change at a participant level and identify current allocations occurring in a manner that is not consistent with the proposed methodology.

Effective the evening of January 22, 2010, two reports will be added to the Corporate Actions Reports section of PBS - SMART/Search that will address this request:

- **CSH DIV - Imprecise Allocations** (e.g., dividends, interest, pro-rata principal)
- **CSH RED - Imprecise Allocations** (i.e., calls, maturities, redemptions)

These reports will be available weekly and include all “imprecise” or noncompliant allocations for the given week. The report will be grouped by allocation day and sorted by CUSIP therein, with daily and weekly totals. The initial reports will contain data back to the first allocation day of the year, January 4, 2010. A mock report page follows this notice.

Participants will be able to leverage this data to measure the impact of imprecise allocations as well as build a history of noncompliant CUSIPs to assist in driving allocation decisions come January 2011.

The P&I White Paper is available at  
([http://www.dtcc.com/downloads/leadership/whitepapers/Payment\\_Refinement.pdf](http://www.dtcc.com/downloads/leadership/whitepapers/Payment_Refinement.pdf))

Questions regarding the report or PBS–SMART/Search can be directed to your relationship manager.

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<sup>1</sup> P&I payments include dividend, interest, periodic principal, redemption and maturity payments arising from the servicing of 3.5 million securities eligible at the depository.

CSHSR222/CSHSR222  
 RUN DATE: 01/05/10

THE DEPOSITORY TRUST COMPANY  
 SAME \* DAY \* FUNDS  
 CSH DIV - IMPRECISE ALLOCATIONS FOR 01/04/2010 - 01/08/2010

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 COB DATE: 01/08/10 TIME 10:05:10

PARTICIPANT: 1234 PART NAME: TESTPART ALLOCATION DATE: 01/04/2010

CUSIP	PAY DATE	AGENT	RATE	QUANTITY	AMOUNT	ACTIVITY
SECURITY DESCRIPTION	ASSET CLASS					
123456AA1	01/01/10	00401234	2.97260	7,000	20.81	13 BOND INTEREST
CD BK & TR	D04/30/04	3.500% JJ10	507	Certificates of Deposit		
234567BB3	01/04/10	00407890	.07650	675	51.64	37 FOR CASH DIV FAV
ABCD CORPORATION		+	010	Common Stock		
345678CD4	01/01/10	00400171	17.12500	10,000	171.25	13 BOND INTEREST
CB LMN PUB. UTILITIES	D04/27/01	6.850% JJ31	500	Corporate Bond (CB) or Global Corp Bond (GCB)		
489012345	12/31/09	00405678	2.29497	163	374.08	09 FOR CASH DIV UNF
PFD GREAT EAST LITE			020	Preferred Stock		
567890AQ1	01/02/10	00423456	13.86301	25,000	346.58	13 BOND INTEREST
CD CIRCUS BANK & TRUST	D10/02/09	1.750% JJ12	507	Certificates of Deposit		
601234AC1	01/01/10	00438909	3.39726	30,000	101.92	13 BOND INTEREST
CD MIBBA COUNTRY BK	D07/01/07	4.000% JJ19	507	Certificates of Deposit		
78901R205	01/04/10	00409876	.05741	200	11.48	08 CASH DIVIDEND
ETF UFTRA 1-5 YR TRUST			117	Exchange Traded Funds		
92299AGU2	01/01/10	00400123	14.87500	30,000	446.25	13 BOND INTEREST
CB SIMPLE UTIL HLDG	D04/11/06	5.950% JJ36	500	Corporate Bond (CB) or Global Corp Bond (GCB)		
TOTALS FOR 01/04/2010						
	SECURITIES	8	AMOUNT		1,524.01	
TOTALS FOR PARTICIPANT 1234						
	SECURITIES	8	AMOUNT		1,524.01	