

IMPORTANT NOTICE

The Depository Trust & Clearing Corporation



#: Z0028
Date: September 30, 2011
To: All DTC, NSCC and FICC Members
Attention: Managing Partner/Officer, Operating Partner/Officer
From: Nan Noonan, Managing Director and Chief Systemic Risk Officer
Subject: Systemic Risk White Paper Available

Through its successful provision of custody, netting, clearing and settlement services to the financial community for more than forty years, The Depository Trust & Clearing Corporation (DTCC) has effectively mitigated the financial services industry's operational and counterparty risks. DTCC has helped automate, centralize, standardize and streamline processes that are critical to the safety and soundness of the global capital markets. To accomplish this, DTCC has relied on increasingly sophisticated tools for credit, liquidity, market and operational risk management.

In order to further enhance its robust risk management regime, DTCC has directed increasing attention to the identification, assessment and mitigation of systemic risk. In this context, DTCC recently conducted an in-depth review and analysis identifying systemic risks that might be faced by the organization and the industry, as well as the actions underway or to be considered for their mitigation.

The findings are now available in a white paper titled *The Role of DTCC in Mitigating Systemic Risk*. The paper:

1. Defines possible triggers and areas of vulnerability to systemic shocks;
2. Provides an understanding of the impact to the DTCC infrastructure and to market participants, if such risks were to materialize; and
3. Identifies potential ways to enhance and strengthen the resilience of DTCC and the industry to meet such challenges. <http://www.dtcc.com/leadership/research/>

DTCC views this white paper as a preliminary "to do" list, detailing systemic risk issues on which DTCC, along with the industry, needs to focus and determine appropriate actions.

DTCC encourages its member firms to review the white paper and provide comments. DTCC is particularly interested in receiving thoughts on those systemic risks which concern our members the most, on the effectiveness of proposed solutions or suggestions of alternative approaches, and thoughts on how best to prioritize their implementation. Finally, DTCC seeks feedback from its members on areas seen as newly emerging risks with potential systemic implications. An active, multilateral and

continuous dialogue between the industry and DTCC serves as the foundation to our ability to further augment the resilience of our joint infrastructure and as a dynamic means to address existing and future systemic threats.

The white paper is available at www.dtcc.com under “Thought Leadership” and “White Papers.” If you need support accessing the white paper, you can call the DTCC Learning hotline toll-free at (888) 258-6393, or you can email us. For any other questions, please contact your Relationship Manager.

To provide comments, please contact either Nan Noonan by telephone at 212-855-3290 or via email to nnoonan@dtcc.com or Uwe Bott by telephone at 212-855-4719 or via email to ubott@dtcc.com.

Nan Noonan
Managing Director and Chief Systemic Risk Officer

¹In response to customer feedback, 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 about this new service and to set up your own DTCC RSS alerts, visit 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.