

B #:	B0093-12
Date:	January 20, 2012
To:	All Participants
Category:	Compliance
From:	General Counsel's Office
Attention:	Managing Partner/ Officer Cashier/ Operations Management
Subject:	DTC Proposed Rule Filing 2011-08 has been approved

The Depository Trust Company recently filed a Rule Filing with the Securities and Exchange Commission proposing to enhance risk management controls associated with the Receiver Authorized Delivery function which has been approved. DTC proposed the following revisions to RAD:

- (i) DTC will expand RAD to include Omgeo Institutional Delivery (ID) transactions in excess of \$15 million, at the receiving Participant's election. If no election is made, these transactions will be processed for receipt in the same manner as currently provided. (Currently, ID transactions are not routed to RAD and not subject to matched reclaim.) The change will reduce the receiving Participant's risk relating to ID transactions.
- (ii) Participants will be able to elect to have all free MMI deliveries bypass RAD on a Counterparty by counterparty basis. Currently, all free money market instrument ("MMI") deliveries are routed to RAD for receiver approval.¹ The change will help facilitate customer account transfers.
- (iii) DTC will be able, in its discretion, to apply RAD to all DOs and POs initiated by a Wind-Down Participant², regardless of value. A receiving Participant will have the option to raise its RAD limit in accordance with its own transaction management objectives (but not to reinstitute matched reclaims in lieu of RAD). DTC views this improvement as a means for Participants, bilaterally, and the Corporation, multilaterally, to manage liquidity and credit risk in a Wind-Down scenario and eliminate the risk of matched reclaims to a Wind-Down Participant.

¹ A receiver that authorizes a free MMI transaction is deemed to have made an agreement with the deliverer that it will make payment outside of DTC in accordance with the agreement of the parties outside DTC. DTC does not monitor or enforce compliance with such agreements. Participants must enforce these agreements themselves.

² DTC Rule 32 defines a "Wind-Down Participant" and provides for actions that may be taken.

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- (iv) DTC will exclude from RAD certain receives or deliveries, e.g., the OCC Market Loan program account, because these are effectively matched and/or approved by other mechanisms.

DTC also seeks to clarify its existing rules pertaining to processing of reclaims:

- (v) Receiving Participants may, only on the **same** day as the original delivery, instruct a matched reclaim transaction. Any such matched reclaim of a DO with a settlement value of less than \$15 million and a PO with a value less than \$1 million may be processed without reference to the collateral monitor and net debit cap controls for the original delivering Participant.

The full text of the rule change is available at our website, www.dtcc.com. Questions or inquiries regarding this proposed rule change may be directed to Steve Wasserman, Director, Settlement Product Management at email swasserman@dtcc.com or (212) 855-3270 or Candice Fordin, Associate Counsel at email cfordin@dtcc.com or (212) 855-7632; 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.