



DTCC Settles Record \$1.8 Quadrillion In 2007 and Returns \$984 Million in Rebates to Customers

by Stephen Letzler

DTCC cleared and settled more than \$1.86 quadrillion in securities transactions in 2007. DTCC also reported record revenue of \$1.69 billion and returned \$984 million to its customers in the form of discounts and rebates.

Through its subsidiaries, DTCC provides clearance, settlement and information services for equities, corporate and municipal bonds, government and mortgage-backed securities, [continued on page 6]

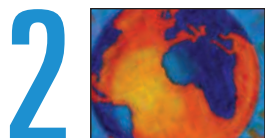
DTCC Extends the Business Continuity Umbrella to EuroCCP

by Helen Cunningham

DTCC's European subsidiary, European Central Counterparty Limited (EuroCCP), is being fully integrated into DTCC's business continuity infrastructure to ensure its customers share the same resiliency as customers of the U.S.-based subsidiaries. To deliver this critical function to the industry in Europe, DTCC is leveraging its existing network of dispersed data centers and facilities, which have state-of-the-art capabilities.

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Global CCP Conference on Clearing Set for Japan in April

A summit of the world's major providers of central counterparty (CCP) clearing services, accompanied by key representatives of exchanges and marketplaces, global financial firms, central securities depositories and regulators, will be held in Tokyo from Wednesday, April 16, through Friday, April 18. It will discuss a broad range of emerging issues and challenges that CCPs and other elements of the trading infrastructure are facing as the financial industry demands progress from its trading infrastructure towards a more seamless, efficient and safer global environment for securities and derivatives.

The conference is being organized by CCP12, a global organization which, since 2001, has been working to further the industry's dialogue on the adoption of best clearing and risk management practices, regulatory harmonization and pursuit of strategies to support the increase in cross-border trading and facilitate interconnections between and among global

markets, instruments and liquidity pools.

The CCP business

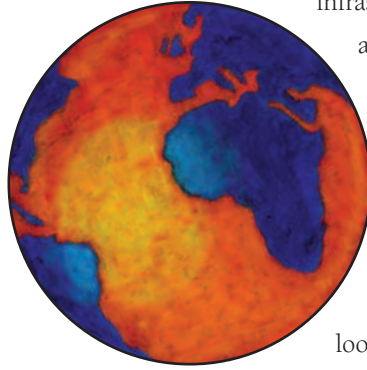
"The financial firms and capital markets that we support around the world understand how critical the infrastructure is to bringing about greater efficiency, risk management and lower cost during a period when trading volumes are growing, when financial markets are increasingly looking to trade across national borders, and particularly at this time of acute market volatility," said Amarilis Prado Sardenberg,

chairman of CCP12, and COO of the Brazilian Clearing Corporation and Depository (CBLC).

"Regulatory issues are high on the agenda, with changes needed to foster the evolution of markets and to create secure cooperative arrangements to facilitate cross-border access. The discussion of the recent market environment, initiatives and the trends in regulation are a key aspect of the CCP business in the future," said Rory Cunningham, chairman of the European Association of Central Counterparty Clearing Houses and director of Strategy and Development at LCH.Clearnet.

"Holding this conference is

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On the Agenda at the CCP Conference

This year's central counterparty (CCP) conference will focus on a broad agenda of issues:

- To demonstrate and increase CCPs' awareness of the changing global needs and priorities of the constituencies they serve and to foster a dialogue on addressing the need for more common standards, collaboration among CCPs and evolving a strategy for achieving interoperability on a global basis.
- To discuss key drivers of change, including volume growth, the emergence of new liquidity pools, the trading in new financial instruments, the movement from cash markets to more hybrid type over-the-counter (OTC) derivative instruments and the concerns of regulators for greater transparency and risk management safeguards.
- To address how CCPs can communicate across multiple jurisdictions and time zones on critical and increasingly more complex risk management issues, and evolve risk management strategies to counteract and minimize the potential for a crisis to undermine the stability of financial markets.
- To promote an analysis of business benefits that could arise from greater cooperation among CCPs around the globe, including looking at issues such as netting, cross-margining and cross-membership.
- To look at key regulatory trends and provide an update on progress and cooperative arrangements to facilitate cross-border arrangements, including CPSS-IOSCO, the E.U. Code of Conduct on clearing and settlement and other developments that have impacted CCPs' procedures and activities. @

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DTC Will Expand Existing Systems To Settle New Rule 144A Securities

by Edward C. Kelleher

The Depository Trust Company (DTC) will enhance existing processes to support book-entry settlement for unregistered Rule 144A equity securities in the fourth quarter of 2008, providing asset servicing and centralized settlement. DTC will expand its systems to deliver this service, which will be launched subject to approval by the Securities and Exchange Commission (SEC).

“DTC worked with a number of investment banks over the past year to come up with a way to settle 144A private market securities,” said Ben Bartolotta, executive director, Syndicate Operations, Morgan Stanley & Co. “While several options were under consideration, we are pleased to be working with DTC in providing one central settlement process for the 144A market.”

Who benefits

Under SEC rules, companies can sell 144A securities without registering them with the SEC, provided that certain shareholder criteria are met. The issues must be held by a Qualified Institutional Buyer (QIB), which generally is a large institutional investor with more

than \$100 million in assets, and the total number of investors for each security is limited to 499 QIBs.

Settling these transactions is complicated by the fact that the issues must be tracked and the shareholder limit must be certified before the securities can settle.

DTC will leverage its Inventory Management System (IMS) – which gives customers control over the order and timing of submission of securities for processing – to settle the 144A securities once a designated third party has certified that the shareholder limit has been met, said Daniel Thieke, DTCC product manager, Asset Services.

“When one of these securities comes to DTC for settlement, the IMS will, in effect, ask for verification of whether it is a valid transaction; if the third-party administrator provides an approval, DTC will proceed to settle the assets through DTC’s settlement system,” said Thieke. DTC will rely on issuer-designated administrators to handle the certification and tracking, allowing issuers to select the third-party vendor of their choice.

“This service will benefit issuers of 144As and the firms that invest in them by allowing the assets to be held and serviced at DTC while the designated administrator will guarantee that the limits on the number of shareholders are met,” said Thieke.

Rule 144A securities will trade on the Nasdaq Portal Alliance, a joint-venture platform formed by Nasdaq and a group of leading investment banks. @

‘This service will benefit issuers of 144As and the firms that invest in them by allowing the assets to be held and serviced at DTC while the designated administrator will guarantee that the limits on the number of shareholders are met.’

– Daniel Thieke, DTCC product manager, Asset Services



DTCC Extends the Business Continuity Umbrella to EuroCCP *Continued from cover*

“EuroCCP’s ability to deliver trans-Atlantic redundancy from day one via an established, cutting-edge continuity program gives customers the safety and soundness that markets require today,” said Trevor Spanner, EuroCCP’s COO. “DTCC brings its expertise, technology and multiple operating facilities to this essential capability.”

Backed up on two continents

The EuroCCP systems for transaction processing operate on equipment located

within the DTCC data centers, and would thus be covered under DTCC’s two-hour recovery window from any of these centers. “U.K. regulators have conducted a thorough review of our multiple-data-center infrastructure and how it functions,” said Spanner.

On the personnel front, EuroCCP is staffed for all key business activities from the London office and, if the need arises, these employees will work remotely to keep the business functioning.

If the London office were to become unavailable, EuroCCP’s management team would go to one of several alternate locations to conduct business. These sites are equipped to provide ongoing communications with DTCC’s U.S.-based management team, customers and regulators. All other EuroCCP employees will have remote access to the company’s phone, email, computer and other systems, which are backed up on DTCC’s systems in North America.



‘DTCC’s ability to deliver trans-Atlantic continuity capabilities — in terms of people and systems — gives EuroCCP a high degree of resiliency, and sends a strong message to markets about the safety and soundness of our European operations.’

— Trevor Spanner, COO, EuroCCP

Snapshot of DTCC’s Continuity Infrastructure

When EuroCCP opens for business, it will already be incorporated into DTCC’s business continuity plan, which the organization continually reinforces and reassesses. Here’s an overview of major continuity capabilities for withstanding disruptions and threats.

DTCC has geographically dispersed its personnel and operations, and has recovery capability for transaction processing from multiple-location data centers within two hours. In addition, its communications network, called SMART, has self-healing capabilities and the ability to seamlessly use any of the data centers for processing.

Utilizing technology that delivers both synchronous and asynchronous data replication, DTCC moves the data in its mainframe systems to alternate data centers in real time and as close to real time as possible over thousands of miles to other locations. This keeps the information in each of the company’s multiple data centers consistent and up-to-date.

Connectivity testing with customers is another priority. Firms that account for the bulk of the business with DTCC subsidiaries are required to test connectivity between their back-up sites and DTCC’s data centers at least once a year. Internally, DTCC regularly conducts tabletop exercises and other drills for its multiple sites and departments within the company.

More recent additions to the continuity program include pandemic planning and vendor management, which ensures key vendors are capable of supplying critical goods and services during an unplanned business interruption.

If the EuroCCP office were to be impacted by a large-scale regional disaster in the London area, the contingency plan calls for switching all critical functions to DTCC personnel in North America.

“DTCC’s ability to deliver trans-Atlantic continuity capabilities – in terms of people and systems – gives EuroCCP a high degree of resiliency, and sends a strong message to markets about the safety and soundness of our European operations,” said Spanner.

People planning

Like their counterparts in U.S. locations, EuroCCP personnel are informed of key details of the continuity plan and periodically visit their alternate sites to test equipment and ensure familiarity with the facilities. In addition, employees regularly test their ability to work from home.

For non-data-center activities, EuroCCP has multiple plans in place to ensure a seamless transition to any of the continuity scenarios, depending on the function. These plans are extensions of DTCC’s existing continuity program.

For example, to assure trans-Atlantic proficiency in EuroCCP Operations functions, which differ somewhat from those of U.S. Operations, several employees in the U.S. will perform EuroCCP Operations activities during that subsidiary’s hours of business. Additional Operations personnel in DTCC’s U.S. offices will be cross-trained in these activities to provide extra dual-office support in an emergency.

Other areas of EuroCCP’s business whose activities are essentially the same regardless of location will rely on personnel at DTCC’s offices in New York and Tampa to step in during an emergency. The window for activating U.S.-based personnel to assume EuroCCP functions is two hours or less. @

NSCC Processes Rising Volume Of Collective Funds

by Karen Gregory

National Securities Clearing Corporation’s Fund/SERV platform is processing a rapidly growing volume of collective investment trust (CIT) transactions on behalf of banks and trust companies. Fund/SERV, the industry standard for mutual fund processing, has functionality that applies to CITs, which are similar to mutual funds but available only through qualified retirement plans, such as 401(k)s.

“The efficiencies Fund/SERV has brought to the mutual fund industry for the past 20 years are now being extended to the collective fund segment of the retirement market,” said Ann Bergin, DTCC managing director and general manager, Wealth Management Services. “The Fund/SERV platform provides a robust, secure processing infrastructure to support the expansion of this investment vehicle at a time when more investors are focused on retirement planning options.”

An indicator of the growing popularity of CITs is that Morningstar, which has rated mutual funds since 1985, began rating CITs in 2007. Fund/SERV has had the functionality to handle these transactions since the beginning of the decade.

Drivers of growth

CITs are pooled investments offered and managed by a bank or trust company. While regulated by the Office of the Comptroller of the Currency, they are not bound by Securities and Exchange Commission (SEC) rules.

In 2007, the number of CIT transactions processed through Fund/SERV grew to 557,181, a 62% increase over 2006, when transactions totaled 343,196.

“It took a couple of years for the CIT industry to recognize the benefits of processing through Fund/SERV, and then volumes started to climb,” said Chuck Patel, DTCC relationship manager, Wealth Management Services.

AST Capital Trust referred to the impact of Fund/SERV eligibility in a 2007 paper titled *Collective Funds: Description, Oversight, Features & Trends*. “This change was crucial to the increase in popularity of collective funds because Fund/SERV has become the processing standard for retirement plan providers,” the paper says. “Now, plan participants, sponsors and providers can complete collective fund transactions with the same ease as mutual funds.”

Services offered

Because they are held in qualified plans, CITs come into the Fund/SERV platform through its Defined Contribution Clearance & Settlement service, which leverages the transactional features of Fund/SERV with two other Mutual Fund Services:

- Networking, which facilitates the exchange and reconciliation of customer account-level information among all parties to a retirement investment transaction, and
- Daily Price & Rate File, which captures daily prices in the form of net asset values (NAVs) and rates for daily accrual funds. @

[To learn more, contact Chuck Patel, DTCC relationship manager, Wealth Management Services, at cpatel@dtcc.com or 212.855.5660.]

DTCC Settles Record \$1.8 Quadrillion in Returns \$984 Million in Rebates to Customers

money market instruments and over-the-counter (OTC) derivatives, and is a leading processor of mutual funds and insurance transactions. DTCC's depository provides custody and asset services for about 3.5 million securities issues from the U.S. and 110 other countries and territories worth more than \$40 trillion.

Record year

DTCC's \$1.69 billion in revenues last year was up 24% from \$1.36 billion in 2006. Record-high volumes and DTCC's tight fiscal management helped reduce costs in some of DTCC's traditional market segments and resulted in record rebates and discounts of \$984 million. Because DTCC operates on an "at-cost" basis, excess revenue beyond that required to fund the business is returned to customer firms on a pro-rata basis.

In addition to the rebates, the company announced the largest fee cuts in its history for 2008, driven by the economies of scale and frugal cost management provided by DTCC's operations. These changes are expected to result in a combined total of \$198 million in fee reductions to customers for the coming year. That followed fee revisions resulting in almost \$90 million in reductions for 2007.

Global footprint

DTCC made significant progress in expanding its services globally in 2007 when its EuroCCP subsidiary was selected to clear and settle trades for Turquoise, a new pan-European multilateral trading facility developed by nine global investment banks. EuroCCP expects to provide the lowest costs for clearing and settlement of trades in Europe and is expected to support other European trading platforms, once it begins operation in 2008.

In support of OTC derivatives trading, DTCC launched its Trade Information Warehouse, the first global, automated repository for OTC derivatives, where contracts can be tracked and serviced in an automated environment over their lifecycle. During 2007, about 3 million contracts were recorded into the Warehouse, with an average of an additional 10,000 new contracts now being added daily.

Deriv/SERV's matching and confirmation platform has improved the automated confirmation rate for credit default swaps to more than 95% from 15% in 2003. DTCC also launched automated payment and centralized settlement for

Warehouse contracts through a partnership with CLS Bank International. Almost 1,100 global dealers, asset managers, global banks and hedge funds were using DTCC's Deriv/SERV services at the end of 2007, with more being added each week.

Changing environment

Customer satisfaction scores for DTCC across its diverse customer base reached record levels. DTCC scored 91% in overall satisfaction on an annual customer survey conducted by an independent polling company.

"All in all, we had a very successful year at DTCC in handling high transaction volumes, helping to reduce risk and lowering costs for customers across asset classes we support – and we continued to expand our services globally. DTCC recognizes that we are facing a new trading environment where customers require ever-greater levels of efficiency and stronger risk management," said Donald F. Donahue, DTCC chairman and CEO. "We are facing new venues for trading, new and complex instruments and risk transfer vehicles that demand new solutions to reducing risk and implementing technology to reduce costs, and we are responding to that challenge."

Volume growth

DTCC's National Securities Clearing Corporation (NSCC) subsidiary, which clears virtually all trades done on the NYSE, the NASDAQ Stock market and other exchanges, electronic communications networks and alternative trading systems in the U.S., processed 13.5 billion transactions versus 8.5 billion in 2006, up 59%.

On an average daily basis, transaction volume jumped to 53.9 million in 2007 from 34 million transactions daily in 2006, an increase of almost 20 million transactions a day. The average cost for clearing of one side of an equity trade through NSCC dropped to \$.006 (six-tenths of a cent), down 45% from the \$.011 cost in 2006 and a fourth of the cost four years ago. Overall, NSCC netted down (or reduced) transaction value from \$283.2 trillion to only \$5.2 trillion that actually had to be settled in 2007, a 98% reduction.

The Government Securities Division (GSD) of Fixed Income Clearing Corporation (FICC) also saw significant volume growth.

2007 and omers

Continued from cover



Transactions processed increased to 30.4 million in 2007 from 24.9 million in 2006, a 22% increase. GSD netted down the value of its U.S. government securities transactions from \$4 trillion in average daily transaction value to just under \$1 trillion, a 75% netting factor. The Mortgage-Backed Securities (MBS) Division saw volume increase to 2.1 million transactions from 1.7 million, a 22% increase. The MBS Division handles only agency-backed mortgages that are issued by Ginnie Mae, Freddie Mac and Fannie Mae. The MBS Division reduced the total \$61.9 trillion in par value to \$3.3 trillion requiring bilateral settlement, a 94.5% netting factor.

DTCC Deriv/SERV LLC, which matches and confirms OTC derivatives transactions, saw its transaction volume jump 123% to 5.9 million transactions from 2.6 million in 2006. The number of customers also increased dramatically, up 43% to 1,078 at the end of 2007 from 753 in 2006. @

Highlights of 2007

Among DTCC's highlights of 2007:

- Increased NSCC's processing capacity to 280 million transactions a day from 160 million, a 77% increase.
- Completed the consolidation of FICC's business applications into DTCC's data replication and recovery technology, the last applications that needed to be brought into the business continuity framework.
- Launched a new Managed Accounts Service with 15 investment managers and three broker/dealers.
- Responded effectively to market turmoil in the second half of the year by handling several instances of defaults on asset-backed commercial paper issues without incurring any loss.
- Implemented a service to support matching and netting of U.S. Treasury prime broker transactions.

Other key statistical milestones for 2007 included:

- DTCC's depository held in custody \$7.6 trillion of non-U.S. issues of the total \$40 trillion value of all securities held by the depository.
- Mutual fund activity through Fund/SERV, NSCC's main mutual fund service, jumped to an average of 676,000 transactions a day, up 19% from the prior year's 569,000 daily volume. Total dollar value of the transactions rose to \$2.5 trillion in 2007, up 19% from \$2.1 trillion in 2006.
- Insurance Services saw the volume of transactions settled jump to 63.1 million from 53.5 million, up 18%. Dollar value of transactions settled increased to \$20.8 billion in 2007 from \$16.3 billion settled in 2006, an increase of 28%.
- The number of Underwritings handled by the depository increased 7% to 54,266 in 2007 from 50,867 in 2006, although the value declined 3% to \$4.3 trillion from \$4.4 trillion.
- Cash dividend, interest, redemption and reorganization transactions processed by DTCC's depository rose 17%, totaling \$3.8 trillion compared to \$3.3 trillion in 2006.
- The Global Corporate Action Validation Service (GCA VS) provided more than 1 million validated corporate action announcements globally, up 17% compared to just under 900,000 in 2006, and provided 3 million announcements about scheduled payments for fixed income securities. GCA VS maintains service centers in New York, London and Shanghai to provide around-the-clock global coverage of corporate actions events.

Global CCP Conference on Clearing Set for Japan in April *Continued from page 2*

recognition by many of our CCPs that, with growing momentum in financial services toward consolidation globally, the industry is looking to them for leadership,” added Sardenberg. “The response thus far to our invitations has been very strong. We expect to have more than 150 participants from over 70 financial organizations.”

The Japan Securities Clearing Corporation and the Tokyo Stock Exchange, Inc. will be the venue hosts for the event at the Palace Hotel, Tokyo.

“All central counterparties are dealing with a number of challenging issues on how to address marketplace consolidation, manage investment in our local and regional market infrastructure and collaborate as the need grows for global clearing capabilities,” said Yoshimasa Yamashita, president and CEO of Japan Securities Clearing Corporation. “As a venue host with the Tokyo Stock Exchange, I am looking forward to seeing you all in Tokyo.”

“We all recognize and respect that each market has unique characteristics, market practices and technology capabilities, but we share a common challenge to support the growth of capital and help our customers lower their costs and reduce risk,” said Donald F. Donahue, chairman and CEO of DTCC in the U.S., and one of the founding members of the organization. “There are no simple solutions to fostering cross-border clearing, but this type of dialogue is a critical step in that process.”

Second conference

This will be the second global dialogue sponsored by the leading infrastructure organizations worldwide that clear and settle securities transactions. The first was held in London in 2001 and involved more than 150 industry leaders representing more than 70 of the most important financial services infrastructure organizations and firms from Europe, Asia/Pacific and the Americas. Since that time, as its membership expanded to 20 CCP organizations, CCP12 has been meeting at least biannually, as well as working in smaller teams to advance risk management awareness and analyze regulatory developments. @

More on CCP12

CCP12 was formed in 2001 by major central counterparty organizations in Europe, Asia and the Americas to share information, develop analyses and develop policy standards for common areas of concern.

The group frequently invites regulators and representatives from other clearing and settlement organizations, exchanges and marketplaces, financial firms and other industry associations around the world to join its meetings to foster dialogue on issues of mutual interest and concern. During 2007, CCP12 met in Seoul, South Korea, in April and also last October in Boston, Massachusetts, U.S.

The 20 member organizations of the CCP12 include:

- Australian Securities Exchange
- The Brazilian Clearing and Depository Corporation
- Brazilian Mercantile & Futures Exchange
- The Canadian Depository for Securities Ltd.
- Canadian Derivatives Clearing Corporation
- Cassa di Compensazione e Garanzia S.p.A.
- The Clearing Corporation of India
- Chicago Mercantile Exchange
- The Clearing Corporation
- The Depository Trust & Clearing Corporation
- Eurex Zurich AG
- Hong Kong Exchanges and Clearing Ltd.
- Japan Securities Clearing Corporation
- LCH.Clearnet Group Limited
- Korea Exchange
- National Securities Clearing Corporation Limited
- The Options Clearing Corporation
- Singapore Exchange Limited/The Central Depository (Pte) Limited
- S.D. Indeva
- Tokyo Stock Exchange

ACSDA Gathers in Panama for 10th General Assembly

by Judy Inosanto

Members of the Americas' Central Securities Depository Association (ACSDA) met in Panama City in February for the organization's 10th Annual General Assembly.

"The assembly was an opportunity to expand on the association's strategic vision and set our plans for 2008, and to welcome three new member depositories," said Mary Ann Callahan, DTCC managing director, Global Relations and Development, and the current president of ACSDA.

Expanding membership and reach

With the additions of Caja Venezolana de Valores Inc. (CVV) of Venezuela, the Barbados Central Securities Depository Inc. and the Bermuda Stock Exchange (BSX)/Bermuda Depository of Securities (BDS), ACSDA's membership now consists of 25 central securities depositories and clearing organizations from 30 nations in the Americas and South Africa.

"In the past year, ACSDA exceeded its goal, as defined during the 2007 General Assembly, to strengthen the organization's impact regionally and globally," said Callahan. "As we look ahead, we are promoting even more seamless connections between our members and industry colleagues globally."

Broad industry participation

"We were honored that, in addition to our members, so many colleagues joined us in Panama as speakers," Callahan said. Among them were Josef Landolt and Peter Gnepf of UBS, representing the International Securities Services Association (ISSA); Joel Merere of Euroclear, chairman of the European Central Securities Depositories Association or ECSDA (ACSDA's European counterpart); Mario Guadamillas of the World Bank; Elvira Schamann, secretary general of FIAB, the Federation of Ibero-American Stock Exchanges. Lindsay Brooks of JPMorgan, representing the Association of Global Custodians; Simon Thomas of Thomas Murray; and John Falk of S.W.I.F.T also shared their insights with the group.

"We were briefed about the Panama market by Eduardo Dominguez and Ivan Diaz, chairman and general manager, respectively, of our host depository, LatinClear, as well as Roberto Brenes,

CEO of Bolsa de Valores de Panama, and Carlos Barsallo, president of the National Securities Commission," Callahan added, "and we even had an evening tour of the Panama Canal."

The three-day assembly concluded with a video retrospective of ACSDA's first decade. The association also paid tribute to one of its founders, the late Allan Cooper, president and CEO of the Canadian Depository for Securities Limited, who passed away last December.

On the 2008 calendar

The organization's priorities for 2008 include an ACSDA seminar at the Canadian Depository in Toronto in October, committee work on corporate governance, corporate actions, risk management, joint product initiatives [continued on page 10]



A Year of Accomplishments for ACSDA

The Americas' Central Securities Depository Association (ACSDA) was active on multiple fronts in 2007. Key initiatives include:

- **Enhancing the organization's global influence.** Initiatives included participating in the UNIDROIT negotiations regarding harmonization of securities laws, and supporting the adoption of the Hague Securities Convention, a treaty aimed at bringing greater legal certainty to cross-border securities transactions. ACSDA also sent a comment letter to S.W.I.F.T. Standards regarding its Giovannini Barrier 1 Protocol Gap Analysis - Market Infrastructures Report, urging that its documentation about national differences in technology be widened beyond E.U. markets.
- **Increasing its presence at international forums.** ACSDA participated in more than 10 global conferences in 2007, including the CSD9 in Seoul, Sibos in Boston and the World Bank's Western Hemisphere Payments and Securities Settlement Forum in Brazil.
- **Developing a new cross-training program.** The ACSDA Leadership Forum (ALF) was conducted to strengthen collaboration within the association and build a new generation of globally focused leaders. Hosted by DTCC in 2007, the program brought together more than 50 executives from ACSDA along with delegates from the Asia-Pacific, Middle East and Europe. The next ALF will be hosted by DCV, the Chilean depository, in 2009.
- **Strengthening communications.** ACSDA implemented an ambitious communications strategy, including publishing a member newsletter and enhancing the association's bilingual website (www.acsda.org), where all documents from the General Assembly are now available in English and Spanish. @

FICC Publishes Timeline for Central Counterparty Benchmarks

by James Conmy

To reach its goal of creating a central counterparty (CCP) that can begin early next year to net and settle pools of mortgages allocated for to-be-announced (TBA) mortgage-backed securities trades, DTCC's Fixed Income Clearing Corporation (FICC) has issued a timeline for its customers that spells out pool netting test periods and document publication dates.

TBA trades make up the bulk of mortgage-backed securities transactions, and netting the pools of mortgages that are the results of the TBA trade allocation process is a key step in the creation of a CCP and the guaranteed settlement of the trades.

At the beginning of the timeline – in December 2007 – FICC issued specifications giving the message formats, flows and samples that allow its customers to begin planning for the submission of mortgage pools for netting. Testing of those message procedures is now underway.

New service description

Now FICC has published a new and more comprehensive service description that discusses additional CCP services and procedures that will result as part of pool netting. Included in the service description are settlement, pool substitution, risk management, fail tracking, member reporting and broader use of RTTM Web, FICC's Internet-based Real-Time Trade Management service.

To help customers plan for the various steps and services that will make up the CCP pool netting project, FICC included the timeline in its service description.

For the complete text of the service description, go to www.dtcc.com, click

Fixed Income under Clearance and Settlement on the dashboard, then go to User Documentation under Mortgage-Backed Securities. Scroll down to Participant Documentation to view the service description. @

Getting to Pool Netting		
Publication Date	Supporting Documents	
Dec. 07	<ul style="list-style-type: none"> Interactive messaging specifications Business document supporting interactive messaging 	
Feb. 08	Service description for CCP pool netting of mortgage-backed securities trades	Testing of interactive messaging Under Way
Mar. 08	<ul style="list-style-type: none"> Notification of settlement (NOS) specifications 	
Q2 08	<ul style="list-style-type: none"> Customer batch output (MRO) specifications Customer RTTM Web training materials Description of future CCP services 	Customer batch output (MRO) to support pool netting Q2 08
Q3 08	Additional user guides	
Q1 09	Pool Netting Implemented	Pilot testing of pool netting with customer groups Q4 08

ACSDA Gathers in Panama *Continued from page 9*

and linkages, messaging standards, and finalizing the strategic plan. Publishing a special edition of the newsletter profiling all 25 members is also on the agenda.

ACSDA plans to stay active globally, including a global meeting

in Tokyo, Japan, in April, and meetings with ECSDA in Copenhagen and ISSA in Wolfsberg, Switzerland. ACSDA's General Assembly in 2009 will be hosted by Cavali, ICLV, in Lima, Peru. @

FICC Shuttles Website and Moves Customers to www.dtcc.com

by James Conmy

Fixed Income Clearing Corporation (FICC) formally closed down its long-running customer website, www.ficc.com, on March 24, 2008. Now customers can obtain all their critical operations and clearing information at DTCC's corporate website, www.dtcc.com.

The move is part of DTCC's drive to consolidate 14 separate websites maintained by its subsidiaries onto a single site with a unified design, stronger search capabilities and more content.

"DTCC's corporate website offers everything the FICC site provided plus a lot of additional content in one place," said Bart Schiavo, DTCC vice

president, Product Management, Clearance and Settlement Group. "It also has a more powerful search engine, which makes it faster and easier to find information, plus tighter security and more robust business continuity capabilities."

What's more, the corporate site has an RSS (Really Simple Syndication) capability that enables customers to subscribe to newsfeeds from DTCC. By using the

Subscription Center feature, customers can receive specific information, such as Important Notices, from FICC in real time via any device that connects to the web, such as computers, cellphones or Blackberrys.

FICC customers who need access to the secured Participants' Section, which holds delivery instructions and EPN Easypool software, need to contact the DTCC

Customer Support Center via email at CSC@dtcc.com to obtain the requisite user IDs and passwords. @

[DTCC welcomes feedback

on the www.dtcc.com website; contact Ieuan Williams at iwilliams@dtcc.com or 212.855.4177.]



Key DTCC Speaking Engagements

DTCC executives will be participating in several industry meetings in the coming months.

Events on the calendar include:

SWIFT Operations Forum Americas: At this April 8-9 conference in New York, William Aimetti, DTCC president and COO, will participate in the opening plenary panel. Janet Wynn, DTCC managing director and general manager, DTCC Deriv/SERV, will speak at the session on "Market Infrastructure Development."

CCP 12: Central Counterparty Global Conference. The theme of this April 16-18 conference in Tokyo is "CCPs and the Evolution of Global Trading: Interconnecting Exchanges, Listings and Liquidity Pools." (See article, page 2.)

Speakers include Donald F. Donahue, DTCC chairman and CEO, who will participate in a panel titled "Cross-Border Trading and Globalization of the Markets: CCPs' Views of the Challenges." Mary Ann Callahan, DTCC managing director, Global Relations and Development, will chair a panel on "Market Participants' Drivers and Needs," and Richard Nesson, former DTCC executive managing director, Legal, Regulatory and Compliance, will moderate a panel on "Regulators' Perspective in Enabling the Evolution with Appropriate Oversight and Investor Protection."

European Central Bank/European Commission Conference: The theme of this April 21-22 joint conference of the European Central Bank and the European Commission is "The Safety and Efficiency

of Post-Trading Arrangements in Europe." It will be held in Frankfurt.

DTCC participants include Donald F. Donahue, who will make a presentation on the panel "Is the global dimension sufficiently taken into account?" and Diana Chan, EuroCCP's CEO, who will chair a panel on "Central bank services and market facilities."

Securities Industry and Financial Markets Association (SIFMA): "Transforming Operations" is the theme of SIFMA's 2008 Operations Conference and Exhibit, to be held May 4-7 in Phoenix. Speakers include DTCC's William Aimetti and Michael Bodson, executive managing director, Business Management, Strategy and Marketing. @

Coming Soon: Self-Service Password Management by Ted Davis

Managing DTCC passwords will become easier for customers this year, thanks to the rollout of new self-service password software. The first customers to receive the new capability will be mainframe users, starting in the second half of the year, followed by web-based customers.

Customers will be able to enter or reset a password once, and the software will automatically change all other system passwords, freeing them from the tedious tasks of juggling multiple passwords and remembering to reset them when they expire. The new software also will enable DTCC to further strengthen the security infrastructure that protects access to the organization's systems and information.

"We were averaging 3,500 manual password resets a month, which is not efficient for customers or our customer support personnel," said Adam Bryan, DTCC managing director, Customer Service Group. "Reducing the time dedicated to password resets will allow everyone to focus on more value-added work."

How it works

Customers will receive an email with

instructions for registering with the self-service application. Next comes a two-step enrollment process that includes establishing password access via the web and via voice recognition on DTCC's telephone system.

The web enrollment involves a series of security questions to establish appropriate online authentication; the phone enrollment consists of questions to establish a voice print for authentication when using a phone connection for password reset.

The system will allow users to change and synchronize both their web-based and mainframe (RACF) passwords. Since the two systems have different password rules, it is necessary to complete the self-service process separately for each one. A single entry will reset and synchronize a customer's passwords for DTCC web applications, and another reset will do the same for mainframe applications.

What happens if at some point a customer is stymied by both the web and the phone reset options? Then he or she can call DTCC's Customer Support Group at 1.888.382.2721.

More on the solution

To develop the new password administration capability, DTCC configured off-the-shelf software, called M-Tech IDM Suite, which is used by other large financial institutions.

"After extensive evaluation of technology solutions and what is needed to enhance our customer experience when resetting passwords or unlocking accounts, we chose the most effective and cost-efficient solution," said Bryan. "Whether we buy it, build it or partner to develop it, this is DTCC's standard approach to technology deployment." @



DTCC's purpose is to help grow the world economy by furthering the development of low-cost, efficient capital.

DTCC's mission: By 2010, to be the acknowledged world-class provider of servicing solutions to financial markets through leadership, innovation, technology, risk management and strategic alliances.

@dtcc is published by Corporate Communications and available online at www.dtcc.com under News Center. Send email to editor@dtcc.com.

Stuart Z. Goldstein
Managing Director

Helen Cunningham
Editor

Troy Cavaliere
Design

Toni Bellise
Production Manager

Printed by
DTCC Print Department

