



EuroCCP Restructures Clearing Fees To Deliver Scale Economies For Trading Platforms and Trading Firms

European Central Counterparty Limited (EuroCCP) has again leveraged its economies of scale to restructure its fees and set a new low clearing price standard for European equity trades.

EuroCCP's new transparent fee structure – starting from 3 euro cents (€0.030) per side and decreasing to one-fifth of a euro cent (€0.002) – represents Europe's most competitive pricing.

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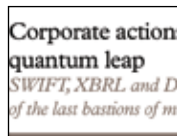
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Two Industry Veterans Join DTCC's Technology Organization

DTCC has further solidified its technology organization with two recent hires who bring decades of industry leadership in technology infrastructure and information security to their new positions.

Bridget O'Connor, previously with Lehman Brothers, joined DTCC as managing director and chief technology officer. Mark Clancy, previously with Citigroup, joined as managing director and Corporate Information Security Officer.

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With volume discounts at a participant level and no hidden fees, it delivers significant value to the growing number of high-frequency trading firms now operating across multiple markets. EuroCCP's new pricing model takes effect October 1, 2009.

The model is part of a continuing EuroCCP program of innovation, including the launch of new products and expansion into further market sectors, which will help position EuroCCP strongly as the European market moves towards interoperability.

According to Diana Chan, EuroCCP's CEO, "The market is looking for pricing to be simpler and more transparent, enabling traders to build predictable clearing costs into their models. With the launch of our enhanced tiered-fee structure, we're bringing U.S. high-volume pricing to Europe, and offering a safe and low-cost service to help our customers and partners achieve further economies of scale."

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—Diana Chan, EuroCCP CEO

'Compelling pricing solution'

EuroCCP operates on an at-cost basis, with tiered tariffs that apply to the clearing volumes of each participant rather than to the aggregate clearing volume of EuroCCP, ensuring that each firm can benefit directly from its own volume growth. EuroCCP customers can also be certain of no hidden charges elsewhere, with no charges for fails, no additional netting fees and all interest earned on cash margins being returned to participants.

"At EuroCCP, we're particularly

responsive to changing market needs, and our new fee structure is just one in a series of developments aimed at ensuring EuroCCP and its customers are best placed to take advantage of the drive towards interoperability," said Chan. "Offering the most competitive prices will clearly prove attractive as traders seek the clearing model that best matches their business. Combined with our superior risk management capabilities, we're well positioned to support both participants and their trading venues, and we expect our new pricing to be a key factor in driving clearing volume growth for EuroCCP over the coming months.

"EuroCCP initiated the drive for lower clearing prices in Europe when it launched operations in Q1 2007. Our new model demonstrates our continuing commitment to align with our participants and trading platform partners to deliver a compelling pricing solution that will help stimulate growth in trading volumes," added Chan. "To support this, we're also extending our clearing and settlement services into other markets – for example, our partnership with Omgeo to create a pan-European equities CCP service for hedge fund transactions. We have also entered into a Memorandum of Understanding with NASDAQ OMX to provide clearing services for its exchanges in Copenhagen, Helsinki and Stockholm starting in January 2010."

At present EuroCCP clears equity trades in 15 countries and in seven different currencies. EuroCCP currently provides central counterparty services for equity trades on the Turquoise, SmartPool, NYSE Arca Europe and Pipeline trading platforms. @

[For more information on EuroCCP and the revised clearing fee structure, visit www.euroccp.co.uk. Also find expanded service information and documentation in the Participants' Centre section of the website.]

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DTCC Expands Desktop Access To Core Insurance & Retirement Services

by Ted Davis

DTCC Insurance & Retirement Services has expanded its web-access portal to include a solution for in-force transactions (IFT) that occur during the lifecycle of an insurance contract. Called IFT AccessSM, the new service supports the industry objective of removing the technology and expense barriers to the deployment of automated solutions while improving the experience of representatives who sell insurance products in a marketplace of competing financial products.

Available to distributor customers free of set-up or development charges, IFT Access joins a Licensing & Appointments (LNA) Access solution that has been available via the portal since 2008. Both Access platforms support DTCC's long-term strategic goal of providing easy integration solutions for core products.

Benefits of access

Easy web access to DTCC's insurance products carries key benefits for clients, according to Adam Bryan, DTCC managing director, Insurance & Retirement Services. "At a time of serious resource limitations, IFT Access gives distributors no-cost, front-end access to our services via existing networks, allowing them to submit in-force transactions directly from their desktops," Bryan said. "Web access also makes it easier for smaller firms to take advantage of the efficiencies and savings that are generated by the DTCC connection."

In addition, automating more distributors through Insurance & Retirement Services supports the industry's goal to increase the adoption of straight-through processing solutions, which ultimately reduces fees for all users as economies of scale drive down unit costs.

DTCC then returns excess revenue to customers thanks to its at-cost business model.

Access solutions at work

IFT Access allows broker/dealers, agents and other representatives that sell insurance products to submit and confirm changes in Broker Identification Number (BIN) and Registered Representative (REP) on policies managed by the agent of record.

Along with the single-entry BIN and REP change capability, IFT Access allows

easy entry, submission and confirmation of requests pertaining to agent license, appointment, demographic and profile data through Insurance & Retirement Services' Licensing & Appointments (LNA) solution.

Since its 2008 rollout, LNA Access has seen a steady increase in the volume of usage.

How to sign on

All Insurance & Retirement Services distributors may sign up for IFT and LNA Access free of charge.



firms to upload entire files of BIN or REP changes at once – a capability that is particularly useful in a merger or for other large administrative events. Going forward, IFT Access will offer daily reporting capability.

LNA AccessSM gives distributors the ability to eliminate paper forms and signatures from the licensing and appointment process without development costs or set-up fees. This service offers the

Member firms that already use core insurance solutions only need to request access to DTCC's WebDirect service. Firms that have Data-Services-Only (DSO) membership (i.e., they do not utilize NSCC money settlement services) can sign on to use the Access Platform to request and download IFT or LNA data. @

[For more information about the Access Platform or a demo of the service, contact Briana Moscovic at bmoscovic@dtcc.com.]

New Chief Technology Officer by Stephen Letzler

Bridget O'Connor joined DTCC as managing director and chief technology officer (CTO) on August 31.



Bridget O'Connor, DTCC managing director and chief technology officer

O'Connor is responsible for overseeing the critical information technology infrastructure at DTCC, including core networking services, processing and messaging systems, distributed systems and business continuity. This infrastructure protects the certainty and reliability of DTCC post-trade processing capacity, which currently exceeds 850 million transactions in a single day, or nearly three times the highest peak volumes experienced by the more than 50 trading venues in the U.S. (e.g., NYSE, Nasdaq, electronic communications networks and alternative trading systems).

In addition, the infrastructure manages and ensures the resiliency of all data transmission and telecommunications for thousands of financial firms that are customers of DTCC.

Global experience

O'Connor reports to William Aimetti, DTCC's president and COO, who said,

"Bridget's leadership in developing and maintaining high-quality infrastructure systems and business continuity programs on Wall Street is both well known and highly regarded.

"Our technology infrastructure organization plays a key role in helping the broker/dealers, banks, mutual funds, insurance carriers, buy-side community and other third-party financial intermediaries that make up DTCC's customer base, lower the cost to access their trading parties and leverage our services through what is essentially a networked community of users," Aimetti said. "And as our customers increasingly are headquartered in Europe as well as the U.S., we face new challenges both in extending the reliability and low-cost infrastructure to new customer segments and in supporting new asset classes of financial products worldwide. Bridget brings the global experience and record of success that we believe will continue to differentiate DTCC in the future."

Industry veteran

Most recently, O'Connor was chief information officer (CIO) and global head for business continuity for Lehman Brothers Holdings Inc., a position she held since 2006. She was responsible for all aspects of technology at the firm, and had operational management of the global business continuity organization. The technology organization consisted of more than 6,500 people in four major locations globally. While at Lehman, she aligned IT objectives with the broader business objectives and created an ongoing partnership between business and technology leaders.

During her 18-year career with Lehman, she served in a number of other

key technology management positions. From 2002 to 2006, she served as CTO and from 1997 to 2002, as senior vice president and global head, e-Commerce Technology. She was the architect of the firm's web portal as a standard delivery vehicle for all of Lehman's electronic processes. The Lehman Live portal delivered more than 450 applications.

Prior to joining Lehman Brothers, O'Connor worked from 1985 to 1991 as an applications architect for AT&T Bell Laboratories.

Among IT's 'top power women'

O'Connor has been the recipient of numerous awards. She was named by Crain's New York Business as one of the "100 Most Influential Women in NYC Business" in September 2007 and was a member of the SIA Business Continuity Committee, the Tibco CIO Council, Intel CIO Customer Advisory Council and HP Customer Advisory Council. She has been a guest speaker for The Bond Market Association, the Securities Industry and Financial Markets Association, the Department of Defense and Venture Services community groups.

She was also named one of technology's "top power women" by Forbes.com.

O'Connor will replace Vincent Hilly, who has announced plans to retire in July 2010. To ensure a smooth transition, O'Connor and Hilly will work collaboratively until Hilly retires.

"Vince has had a long and distinguished 28-year career at DTCC," Aimetti said. "He will be relinquishing the day-to-day operation of DTCC's technology infrastructure to concentrate on strategic initiatives. All of us at DTCC are grateful for Vince's many contributions and wish him well in his retirement." @

New Chief Information Security Officer

by Rosalie Jenkins

Mark Clancy recently joined DTCC as managing director and Corporate Information Security Officer overseeing the Corporate Information Security Office (CISO).

Clancy's enterprise-wide responsibilities include the development and implementation of global security policies, standards, guidelines, procedures and threat assessments pertaining to information security at DTCC. He will ensure that DTCC's information security program provides the highest protection for business applications and systems and complies with all regulatory requirements.

Clancy also chairs the DTCC Security Steering Committee, which comprises senior IT management as well as business line and other corporate managers. He will report to Kevin Barry, DTCC managing director, IT Administration.

world-class information security programs to protect our systems and to retain the continued trust of our customers, regulators and employees.”

Aimetti added, “Information security is more important than ever in today's environment of expanding regulatory requirements and the ever-increasing frequency and sophistication of threats to corporate information, and Mark brings the leadership, extensive background and knowledge necessary to meet these challenges.”

Clancy is a highly regarded expert in information security with more than 17 years' experience in the business and technical management, including strategy, operational methods, risk analysis, standards and policies and regulatory compliance.

Before joining DTCC, Clancy was executive vice president of Operations & Technology Risk Management at Citigroup. Prior to that, he held positions of increasing scope and responsibility at Citigroup. Previously, he served as chief technologist with I/G Open Solutions and as an information systems consultant at DuPont Merck.

Clancy has considerable leadership experience on financial sector cybersecurity activities in partnership with peer institutions and U.S. government entities such as the U.S. Treasury, Federal Reserve Board, Department of Homeland Security and Department of Defense.

In 2008-09, he was co-chair of the U.S. Financial Services Sector Coordinating Council (FSSCC) and a member of the FSSCC Cyber Security Steering Committee.

Clancy is a graduate of Drexel University with a bachelor of science degree in electrical and computer engineering. @

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– William Aimetti, DTCC president and COO

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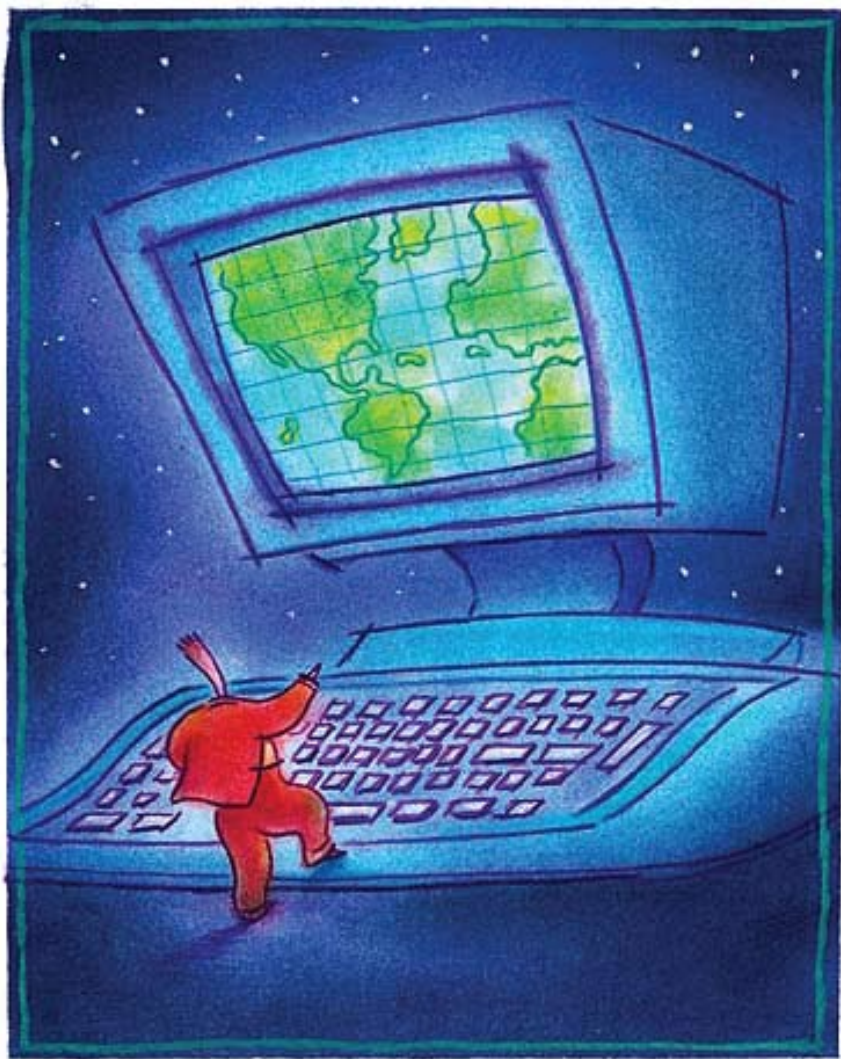
Mark Clancy, DTCC managing director and corporate information security officer

Protecting the industry

“DTCC plays a critical role in providing safety and soundness to the financial services industry,” said William Aimetti, DTCC president and COO. “As a result, DTCC and its subsidiaries must maintain

UBS Prepares to Test Managed Account

UBS Financial Services, the third-largest sponsoring broker/dealer of managed accounts in the U.S., is preparing to launch a test, with several investment managers (IMs), of DTCC's Managed Accounts Service (MAS) and the recently introduced MAS Portal.



With no investment in technology, IMs using the web-based MAS Portal can immediately begin to realize the benefits of standards-based messaging provided by the Managed Accounts Service. And both IMs and sponsors will be able to handle growing account volumes without increased cost, invest customers' funds more quickly and lower their operational risk.

'Incredible benefit'

DTCC's Managed Accounts Service was created on the same principles as those offered by other DTCC subsidiaries: an industry-level platform, using open architecture, accessible to all, that is supported by the corporation's existing, secure, proven global infrastructure.

The service operates as a central communications infrastructure, allowing IMs, program sponsors and service providers to electronically exchange information throughout the life of a managed account through a single link. By eliminating redundant and expensive proprietary connections, the economics of the product are immediately improved.

"One of the biggest issues for investment managers is that every broker/dealer they work with has their own system, or their own way of doing business, so obtaining information on accounts is difficult and lengthy," said Marianne Leone, UBS Financial Services Inc.'s executive director. "Standardizing the process will be an incredible benefit for all participants and remove significant operational expenses." UBS joined DTCC's Managed Accounts Service last October.

Industry solution

"UBS's commitment to launch this test is a welcome endorsement of a true industry solution that we've been working on for quite some time," explained Ann Bergin, DTCC managing director and general manager, Wealth Management Services. "We are optimistic that UBS's adoption of the hub and the MAS Portal will help them and their investment manager partners conduct business much more effectively. As the efficiencies become tangible, I expect the momentum to build."

Dawn Christensen, operations manager at Wells Fargo Funds Management LLC, explained, "From the investment manager perspective, we see some important benefits to being part of this early test. It gives us an opportunity to help shape the new technology and, by standardizing workflow

management through DTCC's new tool, we believe both our efficiency and quality service measures will improve." Wells Fargo currently has slightly more than 30 investment strategies on more than 30 sponsor platforms.

Centralized infrastructure

The Money Management Institute (MMI), the trade organization for the professionally managed investment solutions industry, has been strongly supportive of DTCC's efforts to bring efficiencies into the managed solution industry, but factors such as uncertainty about doing business differently and recent market volatility have slowed uptake. However, according to Christopher Davis, president of MMI, "The decrease in assets in managed accounts as

Snapshot of MAS Portal

MAS Portal is a web-based application that uses Peridrome Corporation's DashWM service automation platform as its underlying technology.

Using a digital certificate issued to users by DTCC, IMs will connect to MAS Portal through DTCC WebDirect, an interface that gives participants secure, direct access over the Internet to services provided by DTCC's subsidiaries. MAS Portal provides a dynamic, real-time interface for investment manager personnel to review, confirm and process incoming client requests received as standardized messages. Users will also be able to download data extracts through the portal for use with their downstream systems, including portfolio accounting application systems, customer relationship management systems and compliance application systems.

The Managed Accounts Service and the MAS Portal are provided by DTCC Solutions LLC, a subsidiary of DTCC.

a result of the overall market decline has shed a brighter light on the industry's operational problems, which are the very problems that DTCC has a reputation for solving.

"This can be a highly profitable business," Davis continued, "but the squeeze on margins caused in part by the need to support multiple proprietary applications really began to show. The industry will benefit from a centralized infrastructure.

"We all have our unique benefits, from the sophistication of our investment programs to the expertise of those individuals running our programs. But I don't believe that operations is a differentiating factor," Leone added. "If the engine isn't running well, you can have the greatest products in the world, and they won't succeed. However, when information exchange becomes standardized, it creates an industry that's much more cohesive and much more scalable."

Testing in stages

The first stage of the test will include transmitting messages related to account openings, trade authorizations, trade acceptances and rejections, restrictions, terminations, deposits, withdrawals and trade activity between UBS and its IMs.

During the second stage, UBS will use the MAS Portal in parallel with its existing proprietary system – UBS Manager Link – feeding information into both and then comparing the data.

When the test ends in January 2010, UBS plans to migrate to the MAS Portal with those IMs that have committed to go live with it. UBS expects to retire Manager Link once its IM partners have converted to the portal.

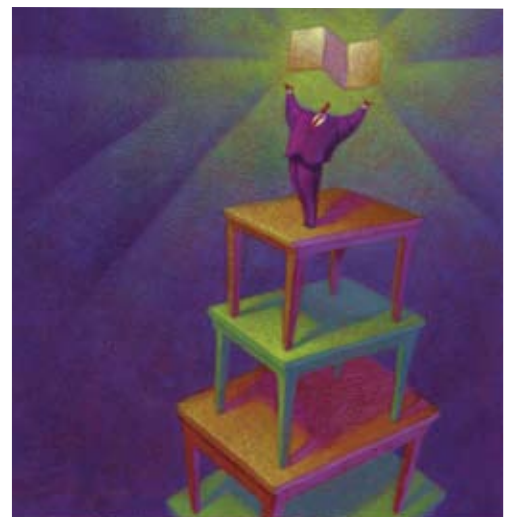
Among the investment manager firms that will test with UBS are Neuberger Berman LLC; Wells Fargo; UBS Global Asset Management; Oak Ridge; Dreyfus; Eagle Asset Management; Flippin, Bruce & Porter; Franklin Templeton Investments; Invesco; Thornburg Investment Management Inc.; and Moody Aldrich Partners.

UBS currently has business arrangements with 173 investment managers in their single and dual contract managed account programs. @

Annual Report Wins Gold Award

DTCC's 2008 annual report won a gold award in the International Annual Report Competition (ARC), marking the 14th year DTCC has received this global recognition for excellence. Only a handful of companies have won such consistent recognition: IBM, GE and Johnson & Johnson. The ARC Awards, which this year drew 1,813 submissions from 25 countries, is the world's largest annual report competition.

DTCC's annual report gave an overview of the organization's role in managing risk and protecting the industry throughout the economic turmoil of 2008, including the liquidation of \$500 billion in Lehman Brothers assets without drawing on members' clearing fund deposits.



DTCC Strengthens Focus on Market Structure

Outreach to the buy-side, front offices and traders is a key aspect of DTCC's drive to diversify its growth strategy. In April, the company hired two industry veterans to help with these efforts.

Daniel Faryniarz joined DTCC as managing director, Market Structure and Industry Relations, and Robert Hegarty as managing director, Market Structure. Hegarty came to DTCC from TowerGroup, a leading research and advisory firm for the global financial services industry. Faryniarz, previously with Merrill Lynch, has a background in fixed income and derivatives. Together, with nearly 50 years of research and sales experience in financial services, they are spearheading DTCC's activities to identify new market and growth opportunities in the cash markets and the over-the-counter (OTC) product segment.

@dtcc met with Hegarty and Faryniarz to learn how they are approaching this effort.

WHAT IS THE ROLE OF A DTCC MANAGING DIRECTOR FOR MARKET STRUCTURE?

Hegarty: We are focused on helping keep DTCC up to speed on changes taking place in the industry's overall market structure – with a particular emphasis on the buy-side, the front office and the trading community – and how DTCC can best serve these constituents.

The 2008 market meltdown proved to be a tipping point for the industry. It brought heightened attention to risk and collateral management, along with a new regulatory environment. These developments give DTCC opportunities to serve the industry in new ways. They also dovetail with the blurring of the buy-side and the sell-side that has been taking place over the past 10 years. Today, very few firms are pure plays any more. Most have buy-side and sell-side divisions, which makes DTCC's expansion into a wider swath of the buy-side a logical evolution.



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—Robert Hegarty, DTCC managing director,
Market Structure

WHAT ARE SOME AREAS OF OPPORTUNITY?

Faryniarz: The collapse of Lehman Brothers did a very good job of focusing

the industry and regulators on the issue of counterparty credit risk. It also underscored the risk mitigation benefits that DTCC brings to the industry.

Historically, the sell-side has been the primary user of DTCC's infrastructure. Until the 2008 crisis, a lot of buy-side firms didn't pursue DTCC membership because they didn't want to set aside the capital to meet our collateral requirements. But when Lehman collapsed, the buy-side learned some tough lessons. While DTCC subsidiaries guaranteed the Lehman trades of member firms, non-members had to manage their own counterparty risk and unwind Lehman trades on their own. That experience has made the disintermediation of counterparty risk a key driver for the buy-side, and this is an area in which DTCC can have a dramatic impact.

DTCC also has been extremely effective in helping the industry cut back-office expenses over the past three decades. Now, with firms under tremendous cost pressures, the front office is looking for similar savings. Take collateral management. Every bank has staff dedicated to managing the bilateral collateral between itself and its clients. At a time when rationalizing expenses has become that much more important, perhaps DTCC is in a position to wring some of the costs out of front- and middle-office processes.

Likewise, risk managers and heads of trading desks are looking at clearing and regulatory issues with respect to managing their capital more efficiently and strengthening risk mitigation capabilities. DTCC may be able to help them as well.

The pension community represents another significant opportunity. Over the next 20 years, the U.S. will have one of the world's oldest populations, which means there will be a massive move into pension assets that will be invested on behalf of retirees.

Hegarty: DTCC's reputation and position in the industry as a neutral provider of services are also very valuable assets, particularly in this period of increased regulation. Today, a central counterparty clearing function that is industry-owned, at-cost and neutral is extremely appealing, no matter what the product is. For instance, I recently had a meeting with currency option traders who want to know whether our clearing model can apply to that market. So the potential is enormous. We just have to determine which opportunities are best for our members and the industry.

HOW ARE YOU GATHERING INFORMATION ABOUT THE NEEDS OF POTENTIAL NEW CUSTOMERS?

Faryniarz: We are expanding the dialogue beyond DTCC's traditional customer base. We are talking to head traders, trading desks, the people who manage risk, heads of technology at buy-side and sell-side firms, hedge funds, portfolio managers, custodians and analysts. We are also leveraging operational contacts at the respective firms, who are key points of contacts.

Hegarty: We have discovered that DTCC already has a significant amount of business with buy-side firms, in areas including OTC derivatives, global corporate actions, mutual fund services, managed accounts and syndicated loans. So we are looking at DTCC's existing client base to see how we can expand the services we offer, although, in doing this, we are generally talking to people in different parts of those firms.

FOR DTCC'S PURPOSES, HOW ARE YOU DEFINING THE BUYSIDE?

Hegarty: It's not easy because the term "buy-side" encompasses a broad range of the industry – investment managers,

hedge funds, insurance companies, property funds and program traders to name a few. But to generalize, I look at the buy-side as any sort of money management firm, whether it is managing other people's money or managing money for its own account, as in the hedge-fund world.

Faryniarz: I also make a distinction between "real" and "hot" money accounts. "Real money" traditionally refers to asset managers that manage money on a longer-term horizon, although they frequently have short-term strategies and/or hedge funds of their own. "Hot money" often



'The counterparty risk issue has put a spotlight on DTCC's complete value proposition. A growing number of buy-side firms want to participate directly in a DTCC-type solution from a clearing perspective, as opposed to on an indirect basis through their broker/dealer.'

—Daniel Faryniarz, managing director, Market Structure and Industry Relations

refers to hedge funds that use leverage to enhance their returns. And we're reaching out to both.

WHAT ARE YOU HEARING FROM THE BUYSIDE?

Hegarty: The message has been loud and clear. The buy-side wants to be part of the DTCC community. Our ability to manage risk across the industry, particularly when some sort of credit event occurs, got the attention of these firms.

Now, more than ever, the buy-side understands that to mitigate risk and get the benefits of membership doesn't come free. If mitigating counterparty risk means having to put up the capital to meet DTCC's margin requirements, it is a choice many buy-side firms are willing to make at this point.

We also are seeing the need to better educate this segment of the industry on DTCC's full range of capabilities and what DTCC already does for the buy-side. Many people beyond our immediate constituents don't fully realize the breadth of solutions we offer.

Faryniarz: The buy-side has always been an indirect beneficiary of DTCC's cost-cutting capabilities, because when we reduce costs for the Street, the execution fees the Street charges the buy-side shrink. But now the counterparty risk issue has put a spotlight on DTCC's complete value proposition. A growing number of buy-side firms want to participate directly in a DTCC-type solution from a clearing perspective, as opposed to on an indirect basis through their broker/dealer.

The real question is to determine the best way of achieving this for all parties – for DTCC, for DTCC's existing customers and for buy-side firms. @

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DTC Fortifies Corporate Actions Platform by Edward C. Kelleher

The Depository Trust Company (DTC) has been moving steadily forward on its corporate actions reengineering project, while maintaining its commitment to deliver new products and enhancements without requiring mandatory programming efforts by customers in 2009 or 2010. Any system changes for new products or enhancements remain optional for DTC customers at this time.

“Last year we announced that, in light of the severe economic downturn, we would forge ahead with the reengineering of our corporate actions system in a manner that would obviate the need for the industry to make near-term system changes,” said Patrick Kirby, DTCC managing director, Asset Services. “Our approach has been to enhance existing systems, rather than develop new ones, and reduce the overall scope and cost of the plan,” Kirby said.

Single platform

The multi-year reengineering project by DTC, a DTCC subsidiary, is creating a single new platform that will be capable of handling increasingly sophisticated types of securities – both U.S. and international.

The system will also support an array of new asset servicing requirements and complex corporate actions, process increasing volumes and support international messaging standards. The goal is to eliminate all legacy files by no later than 2015.

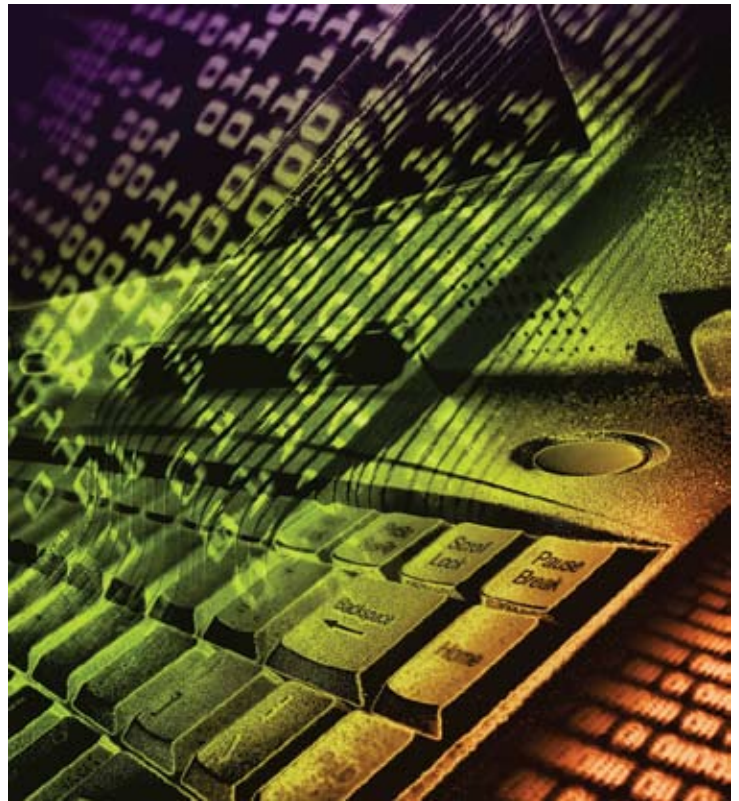
What's new

This year, DTC has rolled out multiple new services and enhancements to the corporate actions platform, including:

- Automation of the Survivor Option instruction process, implemented in March;
- Incorporation of cutoff times in Elective Dividend Service (EDS)-supported instructions, which took effect in June;
- Introduction of standing instructions for foreign currency and Dividend Reinvestment Program (DRP) opt-outs, scheduled for completion in the third quarter;
- Introduction of streamlined Special Payment Orders (SLPO) procedures, scheduled for implementation in the third quarter;
- Implementation of the EDS instruction approval process, scheduled for completion by year-end.

Benefits of the new system

To improve communications and support industry-wide standards in the corporate actions arena, DTCC has been working closely with XBRL US, the consortium for eXtensible Business Reporting Language in the United States, the International



Securities Services Association (ISSA) and SWIFT Standards. The new corporate actions platform will support these industry standards rather than proprietary formats, and data will be published in ISO 20022 format, with a unique Corporate Action Identifier that will provide clear and consistent identification of an event on a global basis.

The reengineering and standardization will bring other major benefits, including:

- **Enhanced straight-through processing (STP).** Support of ISO messaging for the entire corporate action lifecycle, including automated elections for all elective events, will enhance STP and reduce risk for the industry.
- **Improved announcement data.** Receiving XBRL messages directly from issuers will ensure that customers receive the most timely and accurate announcement data possible.
- **Single interface.** This will enable customers to manage the entire corporate action lifecycle, including announcements, instructions and payments from a single integrated web application.

Implementation timetable

DTC will provide implementation dates for each future phase of the reengineering plan by the end of the year, and prototypes of the new user interface will be available beginning in 2010. @

DTCC, SWIFT and XBRL US Expand Corporate Actions Initiative

DTCC, SWIFT and XBRL US have created a stakeholder group as a part of the “Issuer to Investor: Corporate Actions” initiative, which was launched in May 2009 to improve the processing of corporate actions data in the U.S. (See box, page 12.) Composed of key players from the industry, the U.S. Issuer to Investor stakeholder group will represent the needs of the corporate actions reporting and processing supply chain.

The group will be divided into issuers, intermediaries and investors and will provide input, make recommendations and help articulate the pros and cons for electronically capturing data directly from issuers and their agents in a standardized format at the point at which a corporate action is announced. Each group will be tasked with providing input to the current process as well as determining what changes would be required if issuers produced corporate actions messages in XBRL format aligned with ISO 20022.

Who’s in the group?

The issuers are represented by AGL Resources, Duke Energy, ENGlobal, Pfizer, Inc. and United Technologies and by issuer agents including Merrill Corporation, NYSE Euronext and PR Newswire, among others. The National Investor Relations Institute (NIRI) has also joined the group to observe and to provide an investor relations perspective.

“United Technologies has been submitting financial statement filings to the Securities and Exchange Commission EDGAR system for years and we understand how a technology standard can vastly improve accuracy, transparency and usability of corporate data. Corporate actions information, submitted today in free-form documents like press

releases and prospectuses, is a logical next step for the use of XBRL. The cost of implementation is low, given that all public companies are now required to file in XBRL format, the downstream benefits to analysts and investors could be high,” said John Stantial, assistant controller, Financial Reporting & Analysis, at United Technologies.

Financial intermediaries are represented by DTCC and other custodians and broker/dealers.

Investors are currently represented by AllianceBernstein, Goldman Sachs Asset Management, State Street Global Advisors, T. Rowe Price and Vanguard.

Richard Taggart, EVP, head of operations at AllianceBernstein, said, “We need to work together to help the issuers better recognize that their shareholders and potential investors are seeking upgrades to outdated text-based corporate action notices, which impact operational risk, cost and the timeliness of investment decisions. In a global economy where investors have many investments to choose from, companies should recognize

that the small investment required to upgrade their corporate actions notices to XBRL standards will be recognized and applauded by their investors.”

Progress to date

Other key milestones for the corporate actions initiative include:

- Building an XBRL corporate actions taxonomy (digital dictionary) that is aligned with ISO 20022 repository elements, which will enable issuers to electronically capture key data items within a corporate action document such as a press release or prospectus;
- Making all DTCC corporate action announcements available in the ISO 20022 format beginning in 2010 as part of plans to complete the migration of all corporate actions processing to ISO 20022 in 2015;
- Rolling out the ISO 20022 messages globally and promoting the adoption of XBRL for corporate actions by working with other jurisdictions and XBRL International using the U.S. initiative as a foundation. @

The image shows a screenshot of a Sibos event program page. At the top left is the Sibos logo with the SWIFT logo above it. The page is titled "Corporate actions automation takes a quantum leap" and features a sub-headline: "SWIFT, XBRL and DTCC combine to tackle one of the last bastions of manual processing." Below the headline is a photograph of five men in business suits standing in front of a SWIFT logo. To the right of the main headline is a "What's on" section for Wednesday, 16 September 2009, listing various sessions and their times, such as "9:00-9:45 Sources reference data: identify data?" and "10:00-10:45 High-value services for low-value payment".

'Achieving Straight-Through Processing for U.S. Corporate Actions

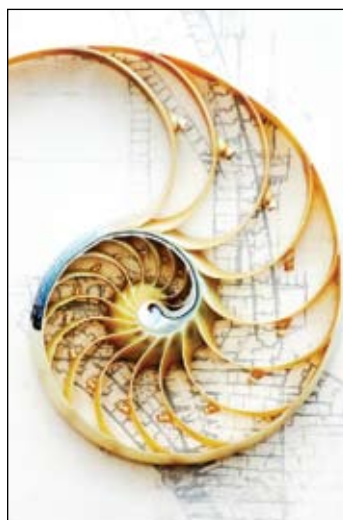
Risk reduction is at the top of the agenda in financial services today, and many agree that risk in corporate actions is one area requiring a concerted industry focus. At this year's Sibos conference in Hong Kong, representatives from across the industry discussed the potential of XBRL (eXtensible Business Reporting Language) data tagging in combination with ISO data messaging standards to improve corporate actions communication.

Brett Lancaster, DTCC vice president, Global Corporate Actions, who participated in two panels on corporate actions at Sibos, published an article titled "Achieving Straight-Through Processing for U.S. Corporate Actions" for a special Sibos report on corporate actions. An excerpt from the article follows. To read the complete text, visit www.dtcc.com/products/gca.

We have a unique opportunity to solve the corporate action problem, starting with the U.S., and our implementation of a three-step plan is already underway.

STEP 1: DRIVE THE "NEXT GENERATION" INDUSTRY STANDARD FOR CORPORATE ACTIONS

SWIFT Standards with Market Practice Groups have done much to cement ISO 15022 as the corporate actions standard,



but it has too many gaps. The next generation standard, ISO 20022, will be global and holistic. Scheduled for release in December 2009, it allows the addition of all the "missing" data elements.

However, simply having a standard is insufficient; it must be part of a firm's day-to-day activity, or it doesn't get used. To help overcome this enforcement issue, the DTCC

depository for the entire U.S. market will become an early adopter of ISO 20022, making the standard the backbone of its "Corporate Actions Reengineering" – a major, multi-year, project spanning announcements to elections to payments. DTCC will be offering ISO 20022 messages, targeted for the end 2010, decommissioning all existing proprietary files on, or before, 2015.

STEP 2: IMPLEMENT A REGISTRATION SYSTEM TO ISSUE A "UNIQUE ID"

As part of Corporate Actions Reengineering, DTCC will create a "unique ID" process to explicitly label all corporate action announcements from the beginning, thus eliminating ambiguity in the update process and the identification of an event between all parties.

The registration system will also allow for additional validation, if needed, by the Issuer (e.g., check that rates are within historical norms and that dates are set logically).

STEP 3: DRIVE ISSUER-BASED DATA TAGGING WITH XBRL

The proven technology of XBRL can bring an end to the madness of paper-based documentation and the problems of accuracy, timeliness and event misidentification that come with the manual entry and re-entry of data.

XBRL is an international, non-profit consortium dedicated to driving transparency through enhanced

Primer on the Corporate Actions Initiative

Issuer to Investor: Corporate Actions is a joint initiative led by DTCC, SWIFT and XBRL US to improve communications between issuers and investors for corporate actions announcements in the U.S.

On average, approximately 200,000 corporate actions, such as dividends, bond redemptions, rights offerings and mergers, are announced each year by publicly traded companies and other issuers or offerors in the U.S. alone. This is significant because most of these announcements still require many manual steps, making the process error-prone, time-consuming and costly. Over the years, these issues have had a negative impact on investors across the financial community.

To help mitigate these problems and drive down the costs associated with processing corporate actions, DTCC, SWIFT and XBRL US have joined forces to identify a solution. The resulting initiative builds on the work undertaken globally to promote existing ISO standards for corporate actions and integrates the benefits of XBRL electronic data-tagging technology. The collaboration promotes straight-through processing by electronically capturing data directly from issuers at the point that a corporate action is announced and in standardized format.

business reporting. XBRL enables issuers to electronically “tag” data from within Microsoft Word. The issuers, when writing the press release or prospectus, follow the regular process, except they tag key data. The tagged data are “embedded” within the saved .pdf or .doc file. Further, the XBRL taxonomy will be seamlessly aligned with ISO 20022.

For corporate actions, XBRL will be a quantum leap forward, but, once again, it will not be a sufficient condition to achieve STP [straight-through processing] without enforcement. Since the SEC [Securities and Exchange Commission] mandated XBRL for GAAP quarterly financial reporting, we seek to leverage this precedent and achieve the same treatment for corporate actions.

Benefits

This initiative will deliver significant change with significant benefits, from issuer to investor:

For Issuers. The intent and content of the originating offer will be clear to the investor and conveyed in a timely fashion without fear of misinterpretation due to manual manipulation. Issuers will incur marginal additional effort in tagging the data but will follow exactly the same process they undertake today.

For Financial Services Industry. It will significantly reduce interpretation, re-keying and manual exceptions. It will result in lower risk exposure to investor decisions based on incorrect information (estimated at \$10B annually) and reduce need for manual processing (estimated at \$200M annually). The lower costs and risks can reduce fees to investors.

For Investors. Investors can make decisions with guaranteed accurate information from the source document without third-party manual interpretation. It will allow more response time as custodians and investment managers will no longer have to artificially compress deadlines to compensate for the manual processing of elective information. It also lowers costs as transaction fees should be reduced.

The solution is clear and attainable. By implementing ISO 20022, a unique ID and XBRL, we can eliminate significant costs and risks, and realize STP for U.S. corporate actions.

With a successful implementation of the pilot in the U.S., we would like to see XBRL expanded into other markets. Certainly, we applaud the great strides that have already been achieved using XBRL within corporate actions, especially by Japan (Tokyo Stock Exchange) and by China (Shenzhen Stock Exchange). We want to further collaborate with the local markets to determine how to use XBRL as the backbone for corporate actions reporting on a global basis. @

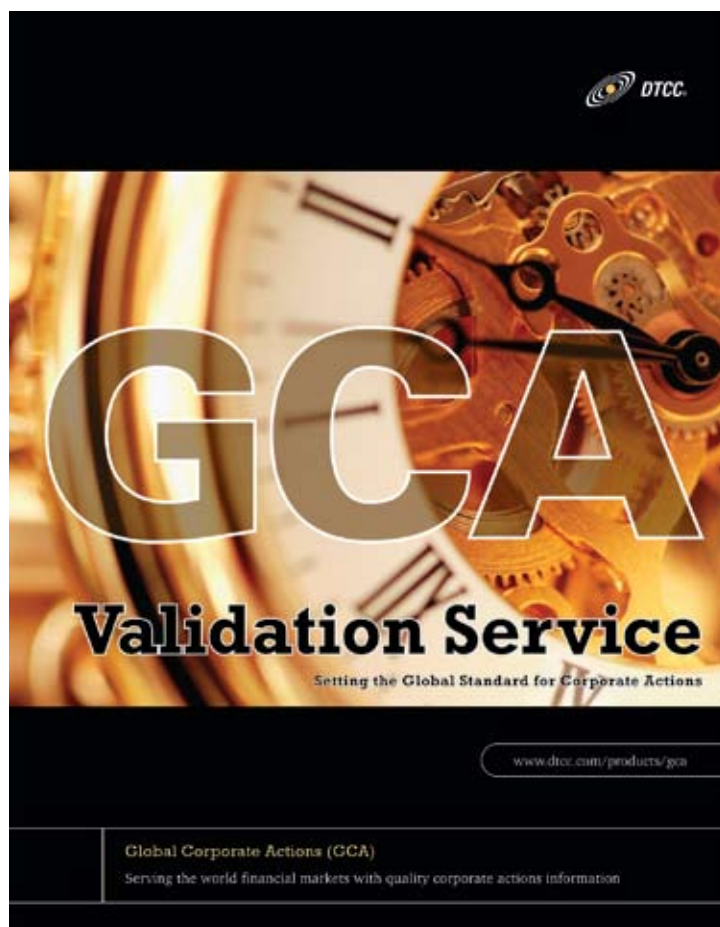
GCA Marketing Materials Spell It Out for Customers

As the financial services community grapples with the challenges of corporate actions communications, Global Corporate Actions (GCA) has introduced new marketing materials that support growth in its business and promote the unique capabilities of the GCA Validation Service for corporate actions information. GCA services are offered by DTCC Solutions LLC, a wholly owned subsidiary of DTCC.

“With the increased focus on corporate actions processing globally and the expanding customer base for our services, we recognize the importance of getting clear, concise information about GCA into the marketplace,” said Caroline O’Shaughnessy, DTCC vice president, global head of sales for GCA. “The new GCA brochures are intended to help our sales staff tell the story of our services to a broader audience.”

The materials include an introduction to the new GCA Browser Service (“Gateway to the Global Standard for Corporate Actions”) and a GCA Validation Service brochure (“Setting the Global Standard for Corporate Actions”).

To obtain copies of the new GCA brochures, please email gcainfo@dtcc.com. You can also visit www.dtcc.com and go to Global Corporate Actions under the Dashboard on the left side to view them. @



'Market Infrastructures: Under the Gun And Under the Microscope'

Michael Bodson, DTCC executive managing director, Business Management and Strategy, gave the keynote address for the Securities Market Infrastructure Forum at the 2009 Sibos conference in Hong Kong. An excerpt from his remarks follows. To view the entire speech, visit www.dtcc.com, click Thought Leadership, then click Speeches & Presentations.

Within our industry, and within certain regulatory and government circles, market infrastructure has become a hot topic. As one newspaper columnist noted earlier this year, it's actually become downright "sexy." So why is market infrastructure a hot topic? Three reasons.

First, in the midst of the severe global market and financial crisis last year, many people who watch our industry were genuinely surprised by how superbly our clearing and settlement systems performed. As economic turmoil spread across the globe, infrastructure organizations everywhere acted quickly and imaginatively. Although we were under the gun, we did everything our customers and our regulators expected us to do – and then some. In an industry that tends to take its infrastructure for granted, we served as a reminder that the infrastructure provides stability, safety, resilience and risk reduction.

We also "looked into the abyss" during the crisis, and saw the real dangers of systemic risks. So did our regulators, which leads us to the second reason infrastructure is a hot topic.

Having rediscovered that there is still gold to be found in the hills of clearing and settlement, regulators want to mine that gold. They hope to use the capability of

our underlying infrastructure to monitor and mitigate risk – and to create a new level of market transparency. They realize they can leverage the infrastructure to make their job easier, particularly in dealing with systemic risk. As a result, we now face some of the most far-reaching regulatory changes in more than a generation, and infrastructure is key to many of the proposals.

The third reason market infrastructures are a hot topic is not hard to understand. The industry itself has also rediscovered the potential to mine gold from clearing and settlement. Competitive pressures in the markets, brought by MiFID [Markets in Financial Instruments Directive] and the Code of Conduct in Europe, are driving the creation of new trading environments and clearing organizations, new clearing arrangements, new approaches to margining and more aggressive pricing. At the same time, traditional exchanges are facing the heat of new competitors and new technologies. To cope with these pressures, they're looking for help from their infrastructure.

For those of us in the infrastructure business – not just in Europe but everywhere – what this new interest means is that we are being asked to do more, and to provide more services, both for our customers and for our regulators. But can we do this for less? If we're providing more risk control, and if our regulators seek to have us supply more risk mitigation, who will pay for that?

Regulatory gold

In the aftermath of last year's financial turmoil, the primary focus for regulators the world over is the need for more explicit oversight on systemic risk. As a staff paper by the International Monetary Fund noted,

one of the key issues facing central banks during the crisis was trying to distinguish between troubled markets and troubled institutions. Troubled institutions can be dealt with on a case-by-case basis, as was done in the initial stages of the financial crisis. Troubled markets, however, obviously require a more coordinated approach, because the affects can span a range of countries and financial markets.

In other words, to monitor systemic risk, regulatory bodies need to know not simply how individual firms are doing, but how the system as a whole is functioning. What you and I would tell them is that the most rational and cost-effective place to monitor systemic risk is at the infrastructure level, domestically and globally, because we operate the systems and we monitor risk constantly.

The question is, can we expand our focus on efficient processing to include a more defined role as the recorder and manager of risk? And if we are directed to take on that responsibility, if regulators seek to leverage our ability to do that, do we need to construct a way to pool data so that the full spectrum of risk can be examined across markets globally?

Cost pressures

In the midst of the heightened regulatory interest in how we can help monitor risk, there is of course one constant: cost.

Cost pressures on us all are intense. Among the consequences of last year's market meltdown is that many of our customers now have to cope with meeting higher capital ratios and new regulatory requirements, even as trading volumes have declined. Like many other infrastructure providers, we in turn are grappling with intensified and growing

DTCC Prepares for Possible Swine Flu Outbreak

by Steve Letzler

regulatory and reporting requirements, not to mention the costs of the technology needed to meet those requirements. This is not a comfortable place to be.

I can report that when we at DTCC looked at trading volumes in U.S. markets during the last quarter of 2008, we made the decision to cut our operating budget for 2009. We also decided we had to cut our customer clearing costs, which were already among the lowest anywhere in the world. Trading volumes have begun to pick up lately, but the fact is that we've cut almost \$100 million in clearing costs for this year, so our margins remain narrow, and we don't foresee any major changes in the coming months.

Europe, meanwhile, is seeing something few people would have predicted even two years ago. MiFID, coupled with the introduction of a number of new trading facilities, has created what can only be described as a price war. Not only have trading costs come down across much of Europe, but competition among clearing organizations is also driving down clearing costs.

In Japan, which fully dematerialized its markets this year, the expectation is that the savings gained from no longer processing paper certificates may help reduce clearing and settlement costs. In Asia, the advent of third-party clearers in a number of markets over the last five years or so has also had an impact on how clearing services are priced.

To help our customers cope with cash management problems, we've been working to find ways to help cut their margin requirements by margining across asset classes....

The question we face is whether we can continue to lower clearing costs

DTCC has implemented an extensive plan to ensure it can continue to provide all essential services to customers worldwide in the event a serious outbreak of H1N1 (swine) flu impacts any of the company's facilities in the coming months.

DTCC's Pandemic Flu Task Force, created three years ago, has been meeting since last spring to plan and coordinate responses to a possible outbreak of the H1N1 flu, which has already caused high absenteeism in certain Southern hemisphere countries.

"Our goal is to ensure DTCC can provide all essential services to the industry, without interruption, by helping keep employees healthy and taking steps to minimize the outbreak

of the flu at our facilities," said William Aimetti, DTCC president and COO.

To achieve this, DTCC has developed an advanced social-distancing plan that would allow a large number of employees to work from home or alternate facilities. The company has also cross-trained employees to assume essential tasks if absenteeism reaches critical levels and taken a series of steps to educate them on how to help prevent the spread of the disease.

At the same time, DTCC is working with its critical vendors to ensure the continuation of their services in the event of a major swine-flu outbreak in any of the company's locations.

DTCC will keep customers informed of developments throughout the fall and winter. In addition, DTCC relationship managers will be reaching out to customers to keep them abreast of plans and procedures related to H1N1-flu preparedness. @



at a time when our regulatory burdens and responsibilities are growing. If we're going to have to meet more regulatory requirements for data collection and reporting, for risk mitigation and for continuity planning, who's going to pay for it all? Even when we as the infrastructure take the lead to create data pools and processing links that support

regulatory goals, how will those initiatives be paid for?

In the end, while regulatory agencies may be tempted to mine "the gold" in clearing and settlement, we need to remember that mining is not without cost. @

[Visit www.dtcc.com and go to Thought Leadership, then Speeches & Presentations to see the full speech.]

DTC Makes More Data Available Via PBS

by Craig Donner

The Depository Trust Company (DTC) has expanded the capabilities of its Participant Browser Service (PBS) to allow customers to download their settlement statements and details of the underlying transactions each day, bringing greater efficiency and flexibility to the management of Settlement Services' data.

The enhancement allows firms to download their settlement transaction data directly into an Excel spreadsheet, replacing a highly manual and labor-intensive screen printing process for some firms.

Online access

PBS is a web-based portal that gives customers access to services offered by DTC. Over time, it will completely replace

and lowered costs for firms by replacing labor-intensive manual and inquiry processes with simple online functions."

DTC is continually expanding PBS functionality, with the latest addition allowing customers to download their Settlement balances and details directly to an Excel spreadsheet.

Customer uptake

Although DTC has left PTS operational to give customers time to transition to the new browser, usage of PBS is rising steadily. Year to date, the number of customers accessing PBS download functionality for the first time has grown 40%, while the number of new users within customer firms has grown even more rapidly, increasing 97% for the same period.

In addition, the total number of

monthly downloads jumped 149% to 12,388 in August 2009 from 4,977 in January 2009 while the average daily number of downloads increased by 137% for the same period.

"Customers are turning to PBS because it is easy to use, offers

greater functionality and provides more information per screen than PTS," said Julie Krill, DTCC director, Settlement Product Management.

PBS is also easy to learn. "The drop-down menus and online help system have freed customers from having to memorize or look up pages of codes," said Krill. "This reduces the time it takes customers to access functions and allows their employees to be trained directly on the system."

New upload function

DTC recently launched a new settlement transaction file upload function, which will further reduce costs by replacing the existing manual process.

The initial rollout enables customers to more easily submit deliver-order transactions via the Settlement Web application rather than having to key them manually through PTS. Going forward, DTC plans to expand the service to include other settlement-related transactions. @



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.

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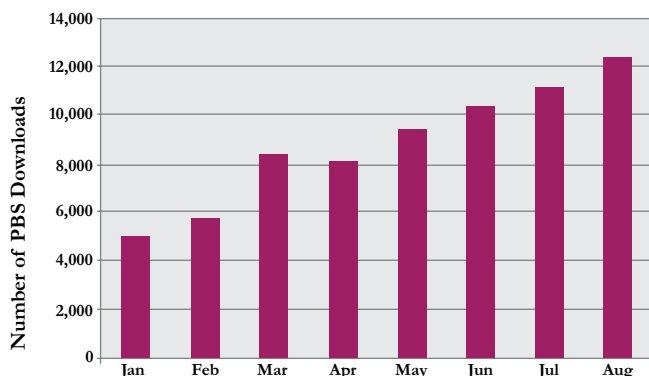
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2009 Growth in PBS Downloads



DTC's legacy "green screen" Participant Terminal System (PTS). PBS has been strengthened over the course of the last several years, culminating in 2008 when all PTS functionality was transitioned to PBS.

"PBS allows customers to perform data downloads and automated ticket printing of their transactions using web-based interfaces," said Susan Cosgrove, DTCC managing director, Clearance and Settlement/Equities. "PBS has reduced inefficiencies, mitigated operational risk