

# GCA VS

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## Newsletter

D T C C ' s G l o b a l C o r p o r a t e A c t i o n s U p d a t e

*The GCA VS Newsletter is a periodic e-mail newsletter about global corporate actions from The Depository Trust & Clearing Corporation (DTCC), the leading source of corporate actions announcements in the world. It keeps our customers, vendor partners and other market participants apprised of key developments that we are undertaking across global corporate action announcements.*

Depending on firewall configurations, you may need to copy and paste any link listed below into your browser to connect to the articles.



### GCA Gets More Timely Part 1 - Intra-Day Feeds from DTC

DTC currently publishes all of its corporate action announcement data as end-of-day batch publication files, with the exception of collateralized mortgage obligation (CMO) information. These end-of-day files are sent to all DTC participants, to GCA VS, and to other data vendors and service providers. GCA VS, like many DTC customers, has to do manual searches via the DTC Participant Terminal System (PTS) to find intra-day updates.

For the past several months, GCA VS has been working with DTC to develop special, intra-day files that would improve timeliness and operational efficiency. “Dividend events” (including principal and interest payments, cash dividends, dividend reinvestments, capital gains, special cash distributions, spinoffs, stock splits and stock dividends) will be received six times a day; “redemption events” (partial and full calls) will be received six times a day; and “reorganization events” (including tenders, mergers, conversions and puts) will be received three times a day.

“This is something that only GCA VS customers will benefit from,” said Brett Lancaster, vice president, DTCC Solutions LLC. “Even DTC customers will not get these intra-day files, as they will continue to get the normal end-of-day file.”

The feeds from DTC will be incorporated into the expanded number of daily publication cycles provided by GCA VS to its customers that began in January. The number of output files available was increased in January from 7 to 15 publication cycles.

According to Lancaster, having intra-day feeds with the extra publication cycles will mean that GCA VS customers will get automatic updates, e.g. when a rate changes, or when there is an extension to an expiration date, during the day. “Our clients will no longer have to do manual trawling for updated data on DTC systems,” he said.

The “go-live” date for the intra-day feeds is scheduled for mid-July.



## GCA Gets More Timely Part 2 - Direct Feeds from Newswires

In addition to taking intra-day feeds from DTC, GCA VS is enhancing its data sourcing by supplementing its existing sources with information from press releases and newswires. The new capability encompasses some 18 newswires from around the world and only gets press releases that are focused on corporate action events.

“As a press release is, typically, one of the fastest ways that an issuer can inform the market of a corporate action event,” Lancaster said, “by adding them to the service, it improves our timeliness. They act as the trigger for us to go and do all the necessary research to complete the announcement. This gives us a jump-start on the data vendors, and means that we have the most timely announcement information possible.”

This enhancement, which combines Internet web technology and direct feeds, is initially being rolled out for U.S. securities in three phases. The first phase addresses voluntary announcements, and this will be completed by the end of June. The second addresses simple events, and this will be completed by Q3 08. The last phase addresses dividend events, and is scheduled to be completed by Q4 08. Non-U.S. securities will be addressed in 2009.



## GCA Gets More Timely Part 3 - Changing the SLAs

As a major upgrade, and driven by customer demand, the service is in the process of changing its formal SLAs. The Service Level Agreement (SLA) defines the target timeframe by which the service is contractually obligated to get the event into “clean” and “approved” status.

“We have already hired 10 additional staff,” Lancaster said. “I am delighted that we have already completed half the event types, including all the more complex, ‘voluntary’ events, and these have been successfully moved to Added Date +1 day. These events are now in the best state that they can possibly be within 24 hours of being announced in the market.”

Those complex events already converted are: bankruptcy, bonus rights issues, calls/installment, change in domicile, class action lawsuits, consent, conversion – voluntary, coupon distribution –cash/stock, dividend reinstatement, exchanges (both mandatory and voluntary), full call convertible, merger – voluntary, put – voluntary, redemption of rights, redenomination, reorganization (both mandatory and voluntary), right distribution, rights subscription, spinoff – voluntary, stock/cash option dividend, subscription offer, tender offer, warrants exercise, warrants expiration, and “unknown.”

All remaining events, with the exception of cash dividends, full calls and partial calls will be moved to Added Date +1 day by the end Q3 08.



## GCA Helps Drive Industry Standards

Recognizing the importance of international standards, and their key role in reducing costs and risk for the industry, The Depository Trust & Clearing Corporation (DTCC) is making sweeping changes in the way it delivers corporate action announcements and receives election responses by adopting the ISO 15022 standard.

These wide reaching changes are part of the multi-year “CA Re-engineering” initiative that spans all announcements from DTC and GCA VS. This initiative creates a single corporate action engine across “announcements” and “processing” that uses the existing GCA VS platform. The initiative is important as it directly affects all DTC and GCA VS clients that take corporate action data.

All existing legacy files (e.g. DIVANN, REDEM and REORG) as well as interface systems (e.g. RIPS, DIVA) will be decommissioned and replaced with new publication files in an industry-standard ISO 15022 format, a proprietary XML format that will adopt the new ISO 20022 format when available, and a new unified, Web-based user interface. Although GCA VS customers will also have to make some mapping changes, these changes will be limited as the new structure (single event ID, new event types, new options and payouts structure) closely follows the existing GCA VS structure.

For DTC customers, the changes are much larger, as the existing structure of “function codes” and “envelopes” is being entirely replaced. The announcements phase will go live in 2010, and all legacy files will be decommissioned two years later.

The change marks a significant milestone in the adoption of international standards for corporate action messaging by DTCC. In preparation, DTCC has been working with SWIFT Standards and the U.S. market to ensure that the existing ISO 15022 model can be sufficiently enhanced to accommodate the depository’s needs and the needs of the U.S. market. For instance, the current ISO 15022 standard does not fully support all the data elements that DTC currently requires for the processing of corporate actions, e.g., chill dates.

DTCC and SWIFT Standards hosted working sessions in January and March to validate the requirements for the proposed changes to ISO 15022 (the next formal standards release is “SR 2009”) with representatives from the U.S. market. The January session validated the changes with global custodians, including JPMorgan, Citi and BNY Mellon. The March session brought key broker dealers, such as Bank of America, Goldman Sachs, Pershing, Merrill Lynch and Morgan Stanley, to the table along with some members from the Global Custodian meeting for continuity purposes. The attendees represented both their firms and also the SIFMA Corporate Actions Division, ISITC Corporate Actions Working Group (U.S. National Market Practice) and Global Securities Market Practice (SMPG).

Throughout May, DTCC refined the formal Change Requests for SR 2009 by working with the ISITC Corporate Actions Working Group. The resultant 10 Change Requests were submitted to SWIFT Standards at the end of May. Following that, a group of global experts (the Maintenance Working Group) will be meeting in August to review the complete list of proposed changes for U.S. and other markets.

Once completed, all accepted changes will be incorporated into DTCC's file layout specifications for CA Re-engineering, and these will be made available on the DTCC web site (<http://www.dtcc.com/products/gca/>, then follow the "Corporate Actions Reengineering" link) when they are updated at the end of October.

While the updates to ISO 15022 are important, perhaps of greater significance is the development of the next generation standard, ISO 20022, targeted for release in Q4 2010. Although this new standard is still in the early stages of development, it will be based largely upon ISO 15022 and will support XML messaging. To help guide its development, SWIFT Standards established a Corporate Actions Industry Consultation Group, which includes DTCC, as well as other key market firms/organizations.

DTCC is committed to help drive international standards and ensure that they meet the needs of the industry, by investing in ISO 15022 and ISO 20022. The aim is that DTCC and its global customer base will utilize these standards holistically and seamlessly. This, in turn, drives up STP rates, drives down cost and drives out risk.



## China Earthquake and a Power Outage in London Test GCA's BCP Capability

The 7.9 magnitude earthquake that struck parts of China in mid-May led to a full evacuation of DTCC's Shanghai office, putting the company's business continuity plan for the Global Corporate Actions (GCA) business to the test.

The day of the earthquake, despite devastating loss of life and injuries from near the epicenter and uncertainty across China, GCA processing proceeded seamlessly and was completed on time.

"Our customers experienced no impact to their operations, thanks to soundness of our continuity plan and the efforts of our staff in Shanghai, London and New York under difficult conditions," said Andrew Barnes, DTCC director of operations in Shanghai.

The Shanghai office is located more than 1,000 miles from the epicenter of the quake, but it still had a major impact. DTCC evacuated its Shanghai office when the earthquake hit in the early afternoon. Fortunately, no employees were injured, and the building was not damaged, although it remained closed to staff for the rest of the day due to continuing aftershocks.

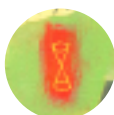
"It was like trying to catch your balance on a ship in heavy seas," said Barnes, who was in a stairwell at the time. "The whole building swayed for about 10 minutes."

To ensure uninterrupted processing for the GCA business, DTCC automatically redirected the Shanghai workload to staff in London and New York. However, in an unusual turn of events, a flood in DTCC's London office building triggered a complete power outage at that location, forcing the GCA London staff to leave the premises, as repairs took several hours. Given the need to complete a large amount of outstanding work, managers from the three locations implemented the continuity plan that called for many London-based employees to work remotely, mostly from their homes, with New York staff picking up the balance of the workload.

“We quickly identified who would assume responsibility for the outstanding work, tapping our employees’ market-specific expertise to get the job done,” said Julie Willmott, DTCC manager of GCA London operations. “The remote London staff partnered with the New York team, working long hours to clear the backlog and meet our deadlines.”

The day’s events were another example of the value of having a tested, well-thought-out continuity plan in place, Joe Raniere, manager for DTCC’s GCA New York Operations said. “At the end of the day, we were able to complete all the work; we even managed to exceed our contractual targets for the day.”

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## Upcoming Industry Events

DTCC will be attending, speaking and/or exhibiting at many industry conferences in 2008 to inform you of how its Global Corporations Actions Validation Service can help you manage your Corporate Actions processing needs more efficiently and with less risk. We look forward to seeing you at these and other events.

**June 19 – Securities Operations Forum, 17th Annual Securities Operations Conference, New York**

**Sept. 7-9 – ISITC Conference, Atlanta**

**Sept. 24 – Financial Markets World, Corporate Actions World 2008, New York**

*We hope you find the GCA VS Newsletter to be useful and encourage you to share it with your colleagues. **If you would like to add others to the email list, or if you have any questions, comments or suggestions, please send them to: [gcanewsletter@dtcc.com](mailto:gcanewsletter@dtcc.com). Please include your full name, title, functional area, company and email address. We want to hear what you’re interested in. If you’d like to stop receiving the newsletter, simply send a message asking to be removed from the email list, and include your name, company and email address. The newsletter is also available on the DTCC.com web site at [www.dtcc.com/gca](http://www.dtcc.com/gca).***