

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.

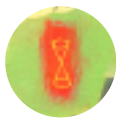
Depending on firewall configurations, you may need to copy and paste any link listed below into your browser to connect to the articles.



SLA Re-cast - Q3 Update

The Global Corporate Action Validation Service (GCA VS) is nearing completion of a major upgrade which changes the formal Service Level Agreement (SLA) to make the service more timely. The SLA provides the time in which the service is contractually obligated to get the event into a clean, scrubbed, state with all the information available in the market. All event types, with the exclusion of cash dividends (CD's) and U.S. full/partial calls will be moved to Added Date +1.

“With the new staff we have hired,” Brett Lancaster, vice president, DTCC Solutions LLC, said, “clients should see clean data, much faster. The recasting of the SLAs is on track to be completed by the end of September.”



ISO15022 SR09 Standard - Q3 Update

As part of its ongoing efforts to help drive standards, and as a result of working with the ISITC Corporate Actions Working Group, DTCC submitted 10 formal change requests, comprising 37 data elements, to SWIFT for consideration for the ISO15022 SR09 standard early this year. At the August meeting of SWIFT's Business Validation Group in Brussels, the committee accepted 34 data elements, proposed alternative mappings for 2 fields, and 1 field was rejected.

“We are delighted that DTCC is able to play such a prominent role in the definition of future standards, especially considering the impact of forthcoming Corporate Actions Re-engineering initiative, which will adopt the ISO standard for its publication output,” said David Hands, DTCC director, Product Management. “That will bring every DTC participant and every GCA client into alignment with standards. DTCC, ISITC and SWIFT are now turning their collective attention towards how ISO15022 SR2010/11/12, ISO20022 and XBRL can all mesh together towards a harmonious end-state.”

SWIFT is scheduled to release these SR09 changes in November 2009.



Browser Enhancements - Scheduled for Q4

The GCA Validation Service (GCA VS) will be introducing a number of enhancements to its browser to enhance its usability. The new functionality will allow customers to:

- View and download attached documents, such as the prospectus, letter or transmittal or press release, from the event view. The functionality supports both attached documents and attached web links
- Have multiple security IDs returned, e.g. SEDOL, ISIN, CUSIP, within the search result list, rather than just one security ID
- Customize and save their search parameters, including the concept of “today” rather than hard coded dates
- Create personalized ‘watch lists’ of securities, which will allow precise searching and tracking of relevant events
- View the summary of the payout details on the search result list
- Submit a Help Desk ticket directly from the event view or the security view
- Search by sub-event type
- Define, at the firm-level, groups of countries and/or event types that can then be searched on and tracked as a group
- Easily identify the last “published time” for a specific event

All of these enhancements were the result of direct requests from customers or from the Working Group.

“We are committed to continuous improvement,” said Dianna McCaffrey, DTCC product manager. “Browser operations are key to a number of customers and their ability to get easy access to corporate actions information, and we intend on continuing to make that access easier and more capable in the coming months.”

The target date for deployment of the new browser functionality is currently the end of October.



Customer Satisfaction Survey - How GCA Scored

Once a year, all GCA customers are formally surveyed to assess customer satisfaction. This is part of DTCC’s wider survey across all of its products and services. Clients rate the main aspects of the service and give an overall rating. Across the board, all scores are up from last year:

Overall - scored 92% (80% in 2007)

Mandatory Events - scored 90% (85% in 2007)

Voluntary Events - scored 85% (61% in 2007)

Online Browser Tool - scored 59% (88% in 2007)

Help Desk - scored 88% (73% in 2007)

Working Group - scored 100% (83% in 2007)

“I am truly delighted,” said Brett Lancaster, vice president, DTCC Solutions LLC. “We have worked hard to provide a quality service that provides value to clients, and this is recognized by our client base. However, we are not done, the work doesn’t stop, and next year we have a number of enhancements that are being scheduled, as well as working on the new CA re-engineering platform. There’s no rest for the team.”



XBRL - The Long Term Solution

Not content with continuous service improvement, GCA VS has much, much bigger strategic plans in place to resolve the root cause of the corporate actions issue, once and for all. The plans span three separate, but related, initiatives: implementing DTC's "Corporate Actions Re-engineering" project; driving standards and introducing the use of XBRL for corporate actions.

Firstly, DTCC is undertaking its Corporate Actions Re-engineering Initiative. This is a major, multi-year project to rewrite all DTC's corporate action systems, covering announcements, elections and payments. Initially, the new system will create corporate action announcements in both ISO 15022 and XML formats, using the GCA platform, with the aim of migrating to ISO 20022. Announcements will continue to be published in legacy formats until two years after the project goes live. This change is important, because it ensures that all of DTC's participant clients and all GCA clients, which is essentially all of the North American market, will actively adopt and use industry standards.

Secondly, DTCC has committed to the premise that all DTCC data should be aligned with industry standards. Accordingly, DTCC is actively working with formal standards bodies and industry associations (SWIFT Standards, SIFMA, ISITC, ISO) to drive industry standards and market practice. We are helping to shape the future definition of ISO15022 and ISO20022, and will, in turn, ensure alignment with the re-engineering project.

Lastly, and possibly the most important, DTCC is driving issuer-based "data tagging" of all key data elements by the originating Issuer/Agent, via XBRL. The ultimate source of all corporate action announcements is the issuer, or the issuer's agent. The issuer has an obligation to disseminate the corporate action to the marketplace, and this is typically achieved by issuing either a press release or a formal prospectus. Press releases and prospectuses are physical paper documents that describe in words the underlying details of the corporate action announcement. They are written in free text, without recourse to formal standards or market practice and without the data elements being "fielded."

This is the originating source of corporate actions risk, and this needs to be fixed.

Within the U.S., the Securities and Exchange Commission (SEC), which regulates securities activities, is enforcing the delivery of "meaningful, accurate, timely, easy-to-use data" for the entire financial services industry.

At a higher level than just corporate actions, in May 08 the SEC, under the stewardship of Chairman Christopher Cox, mandated that the top 500 companies in the U.S. "field" and "electronically tag" all data elements within GAAP financial reports, using XBRL. The expectation is that this becomes mandatory for all companies by the end 2010.

Similarly, it is expected that SEC will turn its attention towards one of the largest risk areas remaining in the industry - corporate actions - and will, hopefully, mandate that data use XBRL, in addition to financial reporting data. To that end, the DTCC, XBRL, SWIFT Standards and representatives from the industry are starting to work

together to ultimately develop the tags and protocols issuers could use to electronically “field” all corporate actions data within the press release or the proxy document, aligned to the ISO standard and using the XBRL technology.

It is expected that “plug-in” extensions that enable XBRL for corporate actions will be available for Microsoft Word and other word processors. The issuer, agent or publisher will simply highlight and tag all relevant data elements within MS Word as they are writing the press release or prospectus. The electronically tagged data elements are stored as machine readable fields when the document is saved as a pdf document, and these data elements can easily be extracted when the document is read.

If achieved, this SEC rule filing would ensure that all U.S. corporate action announcements are sourced directly from the source, in machine readable format, according to the industry standard. Following this path will fundamentally change the corporate action industry. The result should be (very) high STP rates, lower rate of manual exceptions and lower risk.



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.

Sept 15-19 – SIBOS, Vienna, Austria

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

Oct 1-3 – ACSDA Seminar, Toronto, Canada

Oct 2 – Securities Operations Forum 17th Annual Securities Operations Conference, New York, NY

Oct 13-15 – Informa 3rd Clearing, Settlement and Custody Asia, Singapore

Oct 22 – Financial Technologies Forum 2nd Annual Corporate Actions Processing Conference, New York, NY

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. 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.