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P&S#:	7183
DATE:	APRIL 4, 2013
TO:	ALL FULL SERVICE NSCC MEMBERS
FROM:	PRODUCT MANAGEMENT
ATTENTION:	P& S, OPERATIONS, CASHIERING, SETTLEMENTS, POST TRADE MANAGEMENT
SUBJECT:	OBLIGATION WAREHOUSE PHASE II ENHANCEMENTS RELEASE REMINDER

Please be reminded that, as announced in Important Notice A# 7600, P&S# 7170, dated March 8, 2013, the National Securities Clearing Corporation (NSCC) will be implementing into production the Phase II Enhancements for the Obligation Warehouse (OW) on the evening of May 2, 2013, with the first effective date in production on **May 3, 2013**.

The OW Phase II Enhancements include the following:

- De-coupling the exclusion indicators for the Continuous Net Settlement (CNS) system and Reconfirmation and Pricing Service (RECAPS).
- Adding a new indicator – X-REORG – to exclude an obligation from being automatically transformed during any of the six mandatory corporate action events applied by OW.
- Automating the closure of obligations in OW that settle through the Envelope Settlement System.
- Supporting the OW Control Number on DTC’s Settlement Money Market Instrument (MMI) Turnaround system, so obligations can be closed upon settlement.
- Enhanced OW Web features, including additional fields on the Obligation Search Engine and OW Web Report Center reports in a new CSV format that can be downloaded into Excel spreadsheets.
- Defining “current price” as a price that is 5 days or newer, instead of 20 days, for use in the RECAPS process.

Participant testing is ongoing and will be supported throughout the implementation. **An additional OW industry-wide RECAPS test is scheduled for Friday April 19, 2013.**

Members should plan to reconcile all obligations on the first week in production, following the implementation, to determine what obligations should be marked with the exclude for RECAPS

indicator, given the Withhold from CNS (a.k.a. X-CNS = yes) will no longer serve the dual purpose. The de-coupling of the exclusion indicators (item 1 above) will be effective during the production RECAPS, scheduled for May 17, 2013.

More information regarding OW is available on the DTCC Learning website under “Equities Clearance/Obligation Warehouse”. The site offers three newly released webcasts and an OW Web demonstration designed to broaden your knowledge about OW. The site also includes a comprehensive OW User Guide.

For additional information, contact your Relationship Manager or Business Operations at 1-888-382-2721, first option 2, then option 2 again.

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