



<b>B #:</b>	0095-15
<b>Date:</b>	January 26, 2015
<b>To:</b>	All Clients
<b>Category:</b>	Settlement
<b>From:</b>	Settlement Product Management
<b>Attention:</b>	Managing Directors/Vice Presidents/Managers
<b>Subject:</b>	Reminder – Settlement Matching Phase 4

As outlined in DTC Important Notice 2359-14, clients are reminded that DTC is scheduled to begin the implementation of the fourth and final phase of the Settlement Matching initiative, which will subject all Institutional Deliveries to Receiver Authorized Delivery (RAD). The first step of phase four includes a few key changes, which are outlined below:

**January 30, 2015** - DTC will enhance the RAD Limits Configuration screen to include the ID Trades profile setting. Clients will be able to view and modify these profile settings prior to them becoming effective on February 5<sup>th</sup><sup>1</sup> when the initial step down will occur. See Appendix A for more about setting your ID Trades profile.

**February 5, 2015** - Prior to the start of DTC's night cycle for the settlement of February 6<sup>th</sup>, all phase 4 components will be implemented and DTC will set its RAD default limits for ID Receives to \$15 million. On the following morning, clients will be able to access the ID Receiver Recap and ID Receiver Authorization Override screens. See Appendices B and C, respectively.

Following this step, DTC will continue to systemically lower its default RAD limits on ID receives until all ID receives are subject to RAD, upon which time the Settlement Matching initiative will be complete. See Appendix D for the full implementation schedule.

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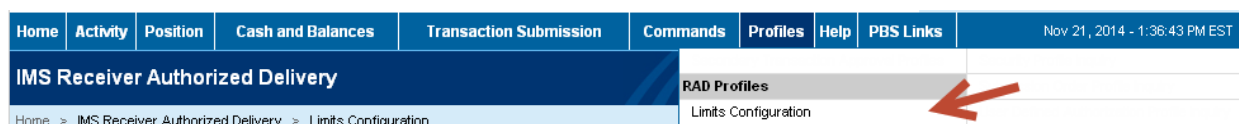
<sup>1</sup>Clients should be aware that any change into or out of an Active setting with a global limit of \$0 will become effective immediately upon approval (not on February 5<sup>th</sup>, 2015). Additionally, the passive setting will not be applied on the night of February 5<sup>th</sup> for February 6<sup>th</sup> settling transactions. Clients will need to provide an active approval for any ID receives equal to or greater than \$15 million for any ID receives setting on February 6<sup>th</sup>. The passive profile setting will begin to be applied on transactions beginning the evening of February 6<sup>th</sup> (with a settling date of February 9<sup>th</sup>).

Questions regarding this important notice may be directed to your Relationship Manager.

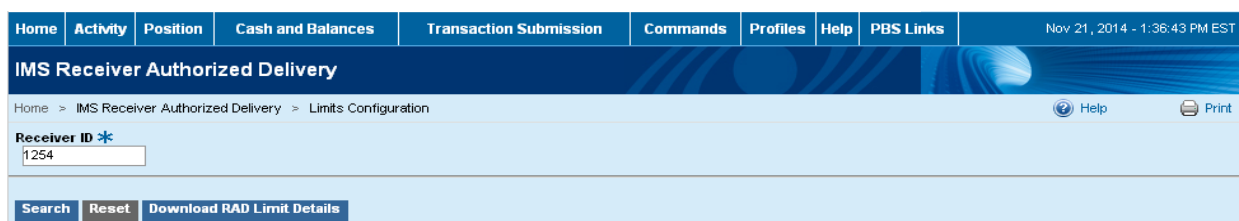
## Appendix A

### Your Profile Settings:

You can view your current ID Trades profile setting by selecting the “Limits Configuration” option under the “Profiles” tab in the Settlement Web’s navigation bar.



To view your profile settings, select your DTC client number, if applicable then click “Search”.



The “Profile Type” that will govern the approval process for your ID Receives is the “ID Trades” profile. The example below shows a “PASSIVE” setting which, as a reminder, is the default setting for this profile and represents what most firms will see when they view their limits configuration screen for the first time<sup>2</sup>.

<sup>2</sup> Early Adopters are the only exception to this rule. Early adopters accessing the limits configuration screen for the first time will see “Active Authorization” in the “Limit Type in Effect” column and a “0” populated in the “Limit in Effect” column.



## IMS Receiver Authorized Delivery

Home &gt; IMS Receiver Authorized Delivery &gt; Limits Configuration

[Help](#)[Print](#)

Receiver ID \*

1254

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## Search Results

Receiver ID: 1254/FTS A/C #1

[Limits Configuration](#) | [Global Limits](#) | [Bilateral Limits](#) | [Profile Changes Awaiting Approval](#)

Profile Type	Limit Type in Effect	Limit in Effect	Bilateral in Effect
DO - MBI	Global Limit	1,000	No
DO - Equity	Global Limit	250	Yes
DO - Corporate Bond	Global Limit	100,000	No
DO - Muni Bond	Global Limit	1,000	No
DO - Stock Loan	Global Limit	250,000	No
Payment Orders	Global Limit	1,000,000	No
ID Trades	Passive Authorization	N/A	N/A

A **passive profile setting** provides receiving clients with a straight-through-processing option from the point of Omgeo affirmation through DTC settlement. Clients leveraging this option will have all applicable ID receives<sup>3</sup> go to RAD where they will be systemically approved by DTC prior to settlement. The impact to clients leveraging this profile setting through implementation will be as follows:

- February 5, 2015: ID receives equal to or in excess of \$15 million will be routed to RAD where they will be approved by DTC; ID receives less than \$15 million will bypass RAD<sup>4</sup>.
- February 12, 2015: ID receives equal to or in excess of \$25,000 will go to RAD where they will be approved by DTC; ID receives less than \$25,000 will bypass RAD.
- February 26, 2015: All ID receives will be routed to RAD where they will be approved by DTC.

Clients that do not want to utilize a passive authorization mode **MUST** override DTC's passive default setting. Properly provisioned users can make profile changes from the "Global Limits" tab and select either the "**Active**" or "**Active w/ DTC Default**" profile setting. Clients are reminded that all profile changes are subject to secondary approval prior to becoming effective.

<sup>3</sup> Applies to any ID deliveries authorized by the deliverer on S-1 prior to the start of the night cycle. As a reminder, DTC will automatically switch all passive receive profile settings to active once DTC's night cycle begins. This "day-side" change to an active approval setting protects the receiving client from passively approving an ID receive in error by routing it to RAD where it awaits receiver action.

<sup>4</sup> As noted on page 1 of this notice, DTC will not begin to apply the passive approval until the evening of February 6<sup>th</sup> for ID receives above \$15 Million.

Home
Activity
Position
Cash and Balances
Transaction Submission
Commands
Profiles
Help
PBS Links
Nov 21, 2014 - 1:36:43 PM EST

IMS Receiver Authorized Delivery

Home > IMS Receiver Authorized Delivery > Limits Configuration
Help
Print

Receiver ID \*  
1254

Search
Reset
Download RAD Limit Details

Search Results

Receiver ID: 1254/FTS A/C #1

Limits Configuration
Global Limits
Bilateral Limits
Profile Changes Awaiting Approval

Action		Profile Type	Status	Current Global Limit	New Global Limit	Comments	Audit
New	Delete						
		DO - MMI	Pending Approval	1,000	1,001		<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	DO - Equity	Active	250	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	DO - Corporate Bond	Active	100,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	DO - Muni Bond	Active	1,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	DO - Stock Loan	Active	250,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	Payment Orders	Active	1,000,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
Action		Profile Type	Status	Current Global Limit	New Global Limit	Comments	Audit
Active	Active w/ DTC Default						
<input type="radio"/>	<input type="radio"/>	ID Passive Authorization	N/A	N/A	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>

Submit
Reset

The active profile setting provides a client with additional time to perform the applicable credit verifications required by routing ID receives to RAD where they await further action<sup>5</sup>.

Clients that want to follow DTC's default limits through the step downs should select the “**Active w/ DTC Default**” option. When this option is selected, the words “DTC Default” will appear in the “New Global Limit” field.

<sup>5</sup> As noted on page 1, clients should be aware that any change into or out of an Active setting with a global limit of \$0 will become effective immediately upon approval (not on February 5<sup>th</sup>, 2015).

Home Activity Position Cash and Balances Transaction Submission Commands Profiles Help PBS Links Nov 21, 2014 - 1:36:43 PM EST

### IMS Receiver Authorized Delivery

Home > IMS Receiver Authorized Delivery > Limits Configuration [Help](#) [Print](#)

Receiver ID \*  
1254

[Search](#) [Reset](#) [Download RAD Limit Details](#)

#### Search Results

Receiver ID: 1254/FTS A/C #1

[Limits Configuration](#) **[Global Limits](#)** [Bilateral Limits](#) [Profile Changes Awaiting Approval](#)

Action		Profile Type	Status	Current Global Limit	New Global Limit	Comments	Audit
New	Delete						
		DO - MMI	Pending Approval	1,000	1,001		<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	DO - Equity	Active	250	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	DO - Corporate Bond	Active	100,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	DO - Muni Bond	Active	1,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	DO - Stock Loan	Active	250,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
<input type="radio"/>	<input type="radio"/>	Payment Orders	Active	1,000,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>
Action		Profile Type	Status	Current Global Limit	New Global Limit	Comments	Audit
Active	Active w/ DTC Default						
<input type="radio"/>	<input checked="" type="radio"/>	ID Passive Authorization	N/A	N/A	<input type="text" value="DTC Default"/>	<input type="text"/>	<a href="#">Audit</a>

[Submit](#) [Reset](#)

The impact to clients leveraging this profile setting through implementation will be as follows:

- February 5, 2015: ID receives equal to or in excess of \$15 million will be routed to RAD where they will await further action by your firm; ID receives less than \$15 million will bypass RAD.
- February 12, 2015: ID receives equal to or in excess of \$25,000 will go to RAD where they will await further action by your firm; ID receives less than \$25,000 will bypass RAD.
- February 26, 2015: All ID receives will be routed to RAD where they will await further action by your firm.

The “Active w/ DTC Default” option negates the clients need to continually reset their global limit to match that of DTC’s step down limit. It is a temporary option that will only be applicable through the final step down. At that time, DTC will consider the global limit within your active profile to be zero until otherwise instructed<sup>6</sup>.

Clients that want to define their own global limit within their active profile should select the “Active” option. When this option is selected, a value must be assigned in the “New Global Limit” field, otherwise you will be informed that the “limit is invalid”.

<sup>6</sup> As a precaution, DTC will not coordinate the implementation of the new global limits screen without the “Active w/ DTC Default” option with the final step down. The new profile screens will be available shortly after the final step down.

Home	Activity	Position	Cash and Balances	Transaction Submission	Commands	Profiles	Help	PBS Links	Nov 21, 2014 - 1:36:43 PM EST
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### IMS Receiver Authorized Delivery

Home > IMS Receiver Authorized Delivery > Limits Configuration [Help](#) [Print](#)

Receiver ID \* 1254


[Search](#) [Reset](#) [Download RAD Limit Details](#)

#### Search Results

Receiver ID: 1254/FTS A/C #1

[Limits Configuration](#) [Global Limits](#) [Bilateral Limits](#) [Profile Changes Awaiting Approval](#)

1 global limit profile update failed.

Action		Profile Type	Status	Current Global Limit	New Global Limit	Comments	Audit	
New	Delete							
		DO - MML	Pending Approval	1,000	1,001		<a href="#">Audit</a>	
<input type="radio"/>	<input type="radio"/>	DO - Equity	Active	250	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>	
<input type="radio"/>	<input type="radio"/>	DO - Corporate Bond	Active	100,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>	
<input type="radio"/>	<input type="radio"/>	DO - Muni Bond	Active	1,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>	
<input type="radio"/>	<input type="radio"/>	DO - Stock Loan	Active	250,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>	
<input type="radio"/>	<input type="radio"/>	Payment Orders	Active	1,000,000	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>	
Active	Action Active w/ DTC Default	Passive	Profile Type	Status	Current Global Limit	New Global Limit	Comments	Audit
<input type="radio"/>	<input type="radio"/>		<div style="border: 2px solid red; padding: 2px;">  Limit is invalid. </div>					
			ID Passive Authorization	N/A	N/A	<input type="text"/>	<input type="text"/>	<a href="#">Audit</a>


[Submit](#) [Reset](#)

DTC will accept any value in “New Global Limit” field, but if you choose to populate this field, clients should take note of the following processing rules:

- “0” (a zero): DTC will consider you to be an early adopter and begin to route all of your ID receives to RAD where they will await further action by your firm.
- A value less than DTC’s default limits: DTC will route ID receives to RAD in accordance with its default limits.
- A value greater than DTC’s default limits: DTC will route ID receives to RAD that are greater than its default limits.
  - If the ID receive is equal to or in excess of the global limit you’ve defined, the ID receive will be routed to RAD where it will await further action by your firm.
  - If the ID receive is less than your global limit BUT equal to or greater than DTC’s default limit, the ID receive will be routed to RAD where it will be systemically approved by DTC (caution: transactions below the global limit but above the DTC default limit will be treated as original deliveries and not override DTC’s risk controls and will be subject to the receiver’s approval).

## Appendix B

The “ID Receiver Recap” screen, located under the “Activity” tab of the navigation bar provides clients with a status summary of their ID receive activity.

Home	Activity	Position	Cash and Balances	Transaction Submission	Commands	Profiles	Help	PBS Links	Dec 5, 2014 - 12:24:17 PM EST
ID Re	Activity Inquiry			IMS Transactions					
	Pending Activity			Total Recap by Transaction Type					
	RAD Transactions			Total Recap By Asset Within Transaction Type					
	RAD Snapshot Inquiry			ID Receiver Recap					
Home	<div><div><a href="#">Help</a></div><div><a href="#">Print</a></div></div>								

The report is divided into two sections. The top section displays your “Potential MITS Receives” as these are items awaiting deliverer authorization. This total will increase as DTC receives additional affirmed instructions from Omgeo and decrease as the delivering client authorizes their ID deliveries. Items become RAD eligible once they’ve received deliverer authorization. The lower section of the report displays the status of your ID receives that are RAD eligible.

Participant ID \*  
00002669

Business Date \*  
12/05/2014

Search

Reset

	Status	Items	Amount
Potential MITS Receives	Awaiting Deliverer Authorization	375	49,398,408.70
RAD Eligible Items (Deliverer Authorized Deliveries)	<a href="#">Unapproved</a>	14,415	2,086,439,147.53
	Approved	0	0.00
	Cancelled	0	0.00
	Dropped	0	0.00
	Total RAD Eligible Items	14,415	2,086,439,147.53

\* Excludes MMI Transactions

## Appendix C

ID receivers electing a passive authorization mode may block specific ID receives from being approved prior to the application of the passive ID Trades profile. The “ID Receiver Authorization Override” screen is located under the “Activity” tab of the navigation bar.

Home	Activity	Position	Cash and Balances	Transaction Submission	Commands	Profiles	Help	PBS Links	Dec 5, 2014 - 9:06:38 AM EST
Settle	Activity Inquiry			IMS Transactions					
	Pending Activity			Total Recap by Transaction Type					
Dashboard	RAD Transactions			Total Recap By Asset Within Transaction Type					
	RAD Snapshot Inquiry			ID Receiver Recap					Print
Settle	Secondary Transaction Approval Inquiry			ID Receiver Authorization Override					Refresh Customize

The new screen will show clients a list of their ID receives for a given settlement date and receiving clients will be allowed to select certain ID receives for which they do not want to passively authorize. Any selected receive will override the receiver’s passive approval profile meaning that DTC will not approve the receive on S-1 from RAD on your behalf. Instead, the transaction will remain unapproved in RAD awaiting further action. The cutoff for clients to submit override instructions is 5:00 p.m. on S-1 because it is at this time when DTC will apply the passive approval setting in your profile to all of your ID receives. Clients are reminded that they may reverse approved items prior to the start of the night cycle either through the settlement web or automated means.

Home	Activity	Position	Cash and Balances	Transaction Submission	Commands	Profiles	Help	PBS Links	Sep 25, 2014 - 3:12:16 PM EDT		
<b>ID Receiver Authorization Override</b>											
Home > ID Receiver Authorization Override <span>Help</span> <span>Print</span>											
Participant ID *		ID Control Number		Business Date *		Intended Authorization Mode					
<input type="text" value="1255"/>		<input type="text"/>		<input type="text" value="09/30/2014"/>		<input type="text" value="All"/>					
CUSIP		Contra		Asset Class							
<input type="text" value="459200101"/>		<input type="text"/>		<input type="text" value="All Classes"/>							
<input type="button" value="Search"/>		<input type="button" value="Reset"/>									
Search Results											
Displaying 6 items <span>Page 1</span>											
Action	Switch to Active	Switch to Passive	Control Number	CUSIP	Asset Class	Shares	Amount	Settlement Date	Contra	Intended Authorization Mode	Audit
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<a href="#">9140925252</a>	459200101	Equities	2,025	16,000,025.00	2014-09-30	00001250	Passive	<a href="#">Audit</a>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<a href="#">9140925262</a>	459200101	Equities	2,026	16,000,026.00	2014-09-30	00001250	Passive	<a href="#">Audit</a>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<a href="#">9140925272</a>	459200101	Equities	2,027	16,000,027.00	2014-09-30	00001250	Passive	<a href="#">Audit</a>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<a href="#">9140925282</a>	459200101	Equities	2,028	16,000,028.00	2014-09-30	00001250	Passive	<a href="#">Audit</a>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<a href="#">9140925292</a>	459200101	Equities	2,029	16,000,029.00	2014-09-30	00001250	Passive	<a href="#">Audit</a>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<a href="#">9140925302</a>	459200101	Equities	2,030	16,000,030.00	2014-09-30	00001250	Passive	<a href="#">Audit</a>
<input type="button" value="Submit"/>		<input type="button" value="Reset"/>									
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## Appendix D



## The Implementation Plan:

1. January 30, 2015: Clients will be able to view and modify their ID Trades profile settings prior to them becoming effective on February 5<sup>th</sup> when the initial step down will occur.
2. February 5, 2015: Prior to the start of DTC's night cycle for the settlement of February 6<sup>th</sup>, all phase 4 components will be implemented and DTC will set its RAD default limits for ID Receives to \$15 million. At this level, approximately 1% of ID receives will become RAD eligible and be processed according to your RAD profile limits<sup>7</sup>. In addition to the new RAD limit for ID receives, clients will be introduced to two new Settlement Web tools:
  - The "ID Receiver Recap" screen – which will provide clients with a status snapshot of their ID receive approvals (see appendix A)
  - The "ID Receiver Authorization Override" screen – which will allow clients to withhold an item from being passively approved (see appendix B)
3. February 12, 2015: DTC's RAD default limits for ID receives will be reduced to \$25,000. At this level, approximately 50% of the remaining ID receives will become RAD eligible. This new limit will be effective for any ID receive, including those staged for night cycle processing on February 12<sup>th</sup> which would then settle on February 13<sup>th</sup>.
4. February 26, 2015: DTC's RAD default limits for ID receives will be set to \$0. This new limit will be effective for any ID receive, including those staged for night cycle processing on February 26<sup>th</sup> which would then settle on February 27<sup>th</sup>. This action will mark the completion of phase 4 and the overall settlement matching initiative.

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<sup>7</sup> It should be noted that RAD output for these new RAD eligible receives will be made available to subscribers at approximately 8:45 p.m. as the night cycle progresses. It is not until the following day, February 6, when DTC will begin to accept RAD updates and make RAD output available as early as 5:00 p.m.