

<b>B #:</b>	1244-15
<b>Date:</b>	July 10, 2015
<b>To:</b>	All Clients
<b>Category:</b>	Securities Processing and Settlement
<b>From:</b>	DTC Product Management
<b>Attention:</b>	Managing Directors/Vice Presidents/Managers
<b>Subject:</b>	FAST Deposit and Memo Seg Enhancements

The Depository Trust Company's (DTC) Deposit/ Withdrawal at Custodian (DWAC) service provides Participants with the ability to make electronic book-entry deposits and withdrawals of eligible securities into and out of their DTC book-entry accounts using a Fast Automated Securities Transfer service (FAST) transfer agent as the distribution point. Participants submit their physical securities and/or transfer instructions for approval directly to a FAST eligible transfer agent. After the transfer agent approves the transfer, the Participant enters the transaction via the DTC's Participant Deposit/Withdrawal at Custodian (PDWC) user interface or via automated file transfer, CF2DWX, and the transfer agent then approves the transaction via the interface or through an automated message<sup>1</sup>.

While this functionality has satisfactorily met our Participants' needs, recent discussions with the industry have highlighted the opportunity to enhance the process. As such, DTC is pleased to announce that DWAC functionality will be enhanced to facilitate the inclusion of shareholder registration names and Memo Segregation (Memo Seg) updates as outlined below. These changes are targeted for implementation on October 30<sup>th</sup>, 2015.

### Shareholder Registration

DTC is currently working with the industry to expand the FAST service to include eligibility for more securities, including microcap securities<sup>2</sup>. The inclusion of microcaps into the FAST program will lower physical securities processing costs for Participants and further the industry goal of Dematerialization. As part of this expansion, DTC requires Participants to provide the shareholder registration name for DWAC transactions for microcap securities priced at less than \$1, which is needed for monitoring. A new shareholder registration name field will be added on the PDWC screen and the CF2DWX file. Shareholder registration details will continue to be **optional** for securities priced at \$1.00 and above. Screenshots of the revised PDWC screens in PTS and PBS can be found in Appendix A. Links to the revised file specifications can be found in Appendix B.

<sup>1</sup> For deposits, the requesting participant's position in its DTC account is increased as is DTC's FAST balance in the issue. For withdrawals, the requesting participant's position in its DTC account is debited, as is DTC's FAST balance in the issue.

<sup>2</sup> DTC considers issues priced at less than \$1.00 to be microcap securities.

DTC offers enhanced access to all important notices via a Web-based subscription service. The notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit [http://www.dtcc.com/subscription\\_form.php](http://www.dtcc.com/subscription_form.php).

## **Memo Segregation**

The PDWC screen and CF2DWX file will be enhanced to allow Participants to instruct for automatic Memo Seg updates upon completion of DWAC deposits for Participants turned on for Memo Seg processing<sup>3</sup>. This enhancement will help provide regulatory relief to Participants and will allow for more accurate protection of Participant fully paid for securities. These DWAC and Memo Seg entries will be processed as one transaction to ensure that shares are not delivered to settle another obligation, and as such will have the same IMS TID and RAD Sequence number on the respective DWAC and Memo Seg output. Screenshots of the revised PDWC screens in PTS and PBS can be found in Appendix A. Links to the revised file specifications can be found in Appendix B.

## **Testing**

DTC will make these revised screens and file specifications available in the UTOR Testing Environment beginning on September 14<sup>th</sup>, 2015. Participants interested in testing should make sure that they have the proper connectivity and entitlements by contacting [pipequests@dtcc.com](mailto:pipequests@dtcc.com). To learn more about connecting to the UTOR Testing Environment should refer to DTC Important Notice 0361-14, or click the following link: <http://dtcc.com/~media/Files/pdf/2014/3/17/0361-14.pdf>. Further questions about connectivity can be directed to CAPS DTC Support at (888)382-2721 opt 5, 3.

Further questions regarding this Important Notice should be directed to your relationship manager.

---

<sup>3</sup> Clients unsure of their Memo Segregation status should contact their relationship manager.

# APPENDIX A

```
*****
*****
*****
THE DEPOSITORY TRUST COMPANY
DEPOSIT/WITHDRAWAL AT CUSTODIAN
DEPOSIT/WITHDRAWAL INSTRUCTIONS
*****
*****

D/W    PREVENT  +MEMO    QUANTITY    REFERENCE ID
      PEND    SEG      WHOLE      FRAC
*****
REG HOLDERS NAME:
COMMENTS:
ADR.TA:

REG HOLDERS NAME:
COMMENTS:
ADR.TA:

REG HOLDERS NAME:
COMMENTS:
ADR.TA:

PART CONTACT NAME:      PHONE:      -      EXT:
PRESS ENTER TO VALIDATE OR PF1/13 TO UPDATE
PF1/13 UPDATE  PF2/14 TA-ADR  PF7/19 MENU  PF8/20 END FUNCTION  PF9/21 SIGNOFF
```

The screenshot shows the DTCC PBS - Securities Processing Services web interface. The page title is "Deposit/Withdrawal At Custodian - Deposit/Withdrawal Instructions". The form is titled "Instruction Form" and is marked as "Required".

D/W	Prevent Pend	+Memo Seg	CUSIP	Quantity Whole	Quantity Frac	Reference ID
[Select]	<input type="checkbox"/>	<input type="checkbox"/>				
Reg Holders Name: <input type="text"/>						
Comments: <input type="text"/>						
[Select]	<input type="checkbox"/>	<input type="checkbox"/>				
Reg Holders Name: <input type="text"/>						
Comments: <input type="text"/>						
[Select]	<input type="checkbox"/>	<input type="checkbox"/>				
Reg Holders Name: <input type="text"/>						
Comments: <input type="text"/>						

Below the table is a "Contact Information Form" section, also marked as "Required". It includes fields for "Part Contact Name", "Phone", and "Ext".

At the bottom of the page, there are two buttons: "TA-ADR" and "Update".

## APPENDIX B

### **DTC Proprietary Messaging:**

DWAC Input to DTC File Specifications (CF2DWX):

<http://dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/CCF/securities%20processing/15CF2DWX.pdf>

\*Memo Segregation Output from DTC File Specifications (MEMOSG):

<http://www.dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/CCF/settlement/06MEMOSG.PDF>

### **ISO 15022 Messaging:**

ISO15022 DWAC Input to DTC File Specifications (MT524):

[http://www.dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/user%20documentation/ISO%2015022%20Settlement/DWAC\\_ISO\\_15022.pdf](http://www.dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/user%20documentation/ISO%2015022%20Settlement/DWAC_ISO_15022.pdf)

\*Memo Segregation Output from DTC File Specifications (MT548):

[http://www.dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/user%20documentation/ISO%2015022%20Settlement/MT548\\_Long\\_Version\\_Accounting\\_for\\_Settlement\\_Matching.pdf](http://www.dtcc.com/~media/Files/Downloads/Settlement-Asset-Services/user%20documentation/ISO%2015022%20Settlement/MT548_Long_Version_Accounting_for_Settlement_Matching.pdf)

**\*Note that the Memo Segregation output specifications are NOT changing as a result of this initiative, and are only for client reference.**