

CSDs: DTC (USA)

Date: 19 Sep 2008

SMI Markets: USA

CMIRR Markets: USA

## DTC to Increase its Liquidity Resources

The Depository Trust Corporation (DTC) has proposed to increase its fails management resources to USD 3.2 billion in order to ensure that the settlement obligations would be completed in case of a participant's inability to settle. The proposal is due to regulators' concerns about DTC's potential to financially respond to potential defaults given that financial firms have become more and more interdependent.

DTC currently maintains liquidity resources of USD 2.5 billion which include USD 600 million in the Participants' Fund and a committed line of credit of USD 1.9 billion.

The plan is to increase the Participants' Fund to USD 1.3 billion and limit the aggregate net debit cap of affiliated family to USD 3 billion.

Interested parties can give their comments on the proposed changes to the Securities and Exchange Commission (SEC) and the rule will then become effective 35 days after it has been approved.

The full details of the proposed rule are available at: [http://www.dtcc.com/downloads/legal/rule\\_filings/2008/dtc/2008-12-amendment.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2008/dtc/2008-12-amendment.pdf)

## CSD Risk Impact

### DTC (USA)

Impacted Risk Type: Counterparty Risk

Current Rating = AA+

Flash Impact = On Watch

The proposed change would be positive as it would increase the financial resources of DTC in case of a default of a participant. However, counterparty risk has been set 'On Watch' until the rule is approved.

## Market Information Impact

### USA

This information affects the data contained in the Settlement sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### USA

Market Rating: AA-

Market Flash Impact: On Watch

Impacted Risk Type: Counterparty Risk

Current Rating = AA

Flash Impact = On Watch

The proposed change would be positive as it would increase the financial resources of DTC in case of a default of a participant. However, counterparty risk has been set 'On Watch' until the rule is approved.

## For further information contact:

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