

CSDs: DTC (USA)

Date: 17 Apr 2009

SMI Markets: USA

CMIRR Markets: USA

DTC to Enhance SPP Reversal Process

The Depository Trust Company (DTC) announced a proposal to enhance its Settlement Progress Payment (SPP) reversal process, in an aim to simplify the SPP return and Principal and Interest (P&I) withdrawal process to facilitate participants to withdraw funds intraday.

In order to increase efficiency in processing, DTC will create a single function, whereby a Participant may request the return of an SPP or early P&I withdrawals in full or in part. Participants that wish to request the return of their SPPs or the withdrawal of their P&I will be required to submit wire instructions to DTC's Account Administration area. In order to ensure systemic compliance with the Federal Reserve's and Department of the Treasury's wire transfer requirements, Participants will be required to submit wire instructions with their Settling Bank as the bank to which the SPP returns and P&I withdrawal funds should be sent. Participants will also be required to include all beneficiary information as specified in the attached SPP/ P&I Wire Instructions Form.

This proposal is expected to be implemented on 7 May 2009 pending approval of the Securities and Exchange Commission (SEC). For more information please refer to the official link available at: http://www.dtcc.com/downloads/legal/imp_notices/2009/dtc/set/4582-09.pdf

CSD Risk Impact

DTC (USA)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA+

Flash Impact = Positive

Allowing Participants to request a portion of their available SPP credits (in addition to the full amount) would increase their intra-day liquidity and potentially reduce costs incurred in overdrafts.

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: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

Allowing Participants to request a portion of their available SPP credits (in addition to the full amount) would increase their intra-day liquidity and potentially reduce costs incurred in overdrafts.

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