

The Depository Trust Company

IMPORTANT

B#: 2381-07

DATE: October 16, 2007

TO: All Participants

CATEGORY: Compliance

FROM: General Counsel's Office

ATTENTION: Managing Partner/Officer

SUBJECT: Proposed Rule Change - ID Net Service (SR-DTC-2007-14)

The Depository Trust Company ("DTC") has filed a rule change with the Securities and Exchange Commission ("SEC"), pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934. The purpose of the proposed rule change is to provide for the settlement of institutional transactions in conjunction with the National Securities Clearing Corporation ("NSCC") through a service called the "ID Net Service."

NSCC and DTC will jointly provide the ID Net Service for affirmed institutional equity transactions in order to streamline clearance and settlement and possibly provide for reduced fails in the institutional equity market. The ID Net Service will accept eligible affirmed institutional transactions and net the broker side of each transaction with the participating broker's other CNS obligations. Receive and deliver obligations to bank counterparties acting as custodians for institutions will be facilitated via two NSCC accounts established at DTC, with NSCC acting as agent for the brokers.

Eligibility for the ID Net Service will require that a participating broker be a Member of NSCC and a Participant of DTC, and that a participating bank be a Participant of DTC. In addition, eligibility for ID Net processing will be based on the underlying security being processed, the type of transaction submitted for processing and the timing of affirmation. Participation in the ID Net Service will be voluntary and will be governed by the rules and procedures applicable to the ID Net Service further described in the rule filing.

The full text of the proposed rule filing is available at our website, www.dtcc.com. Questions or inquiries regarding this Important Notice or the proposed Rule change may be directed to Allison Finnegan (212-855-3283) or John Petrofsky (212) 855-7634 at The Depository Trust Company, 55 Water Street, 22nd Floor, New York, N.Y. 10041; any such comments will be forwarded to the SEC. Written comments may also be addressed to the SEC at 100 First Street, N.E., Washington, D.C. 20549. We request that you provide DTC with a copy of your comments.

Larry E. Thompson
Managing Director and General Counsel