

The Depository Trust Company

IMPORTANT

B#: 2036-07

DATE: August 24, 2007

TO: All Participants

CATEGORY: Settlement/Underwriting

FROM: Denise Russo, Director, Product Management

ATTENTION: Managing Partner/Officer; Cashier, Operations

SUBJECT: Amended Timeframe for Underwriting System
Mandatory Implementation-- April 1, 2008

Important Notice B# 1659-07, dated June 1, 2007 announced a migration and implementation plan for DTC's new Underwriting system, UW SOURCE. The timeline called for mandating the use of the new system for municipal issues in September, 2007 and for corporate issues in January, 2008.

Since that time DTC has focused efforts on customer readiness including Web testing with customers, the launch of the Underwriting UW SOURCE e-learning curriculum and registration of customers for the new web application. We continue to work closely with the book running systems in their testing of the automated file transmissions in preparation for an end to end test of the system with select customers, shortly.

DTC also continues to work with the Municipal Securities Rulemaking Board (MSRB) and the Securities Industry and Financial Markets Association (SIFMA) to address industry issues and to ensure customer readiness and a smooth transition to the new underwriting platform.

DTC's new Underwriting system, including the optional NIIDS component is expected to be available (pending SEC approval) at the end of September, 2007. However, based on customer feedback to extend our testing period for underwriting firms and vendors, and the MSRB's decision to mandate the use of the New Issue Information Dissemination Service (NIIDS) in mid 2008, DTC has decided to extend the mandatory

date for external use of the new underwriting system, to April 1, 2008 to allow underwriting firms additional time to prepare.

Please note that municipal underwriters and vendors will be using this period of time (the Test Period, where NIIDS is optional at DTC) to become accustomed to the new method for dissemination of municipal securities information. Dissemination Agents may therefore input incomplete NIIDS Data Elements while getting acquainted with NIIDS. During the Test Period no one should rely on NIIDS Data Elements disseminated through DTC but rather must continue to use existing authorized sources of such information.

Underwriting firms and vendors will be able to use the new system when DTC goes live and take advantage of functionality like the Underwriter Dashboard to help manage their deals. Underwriters will be able to submit their eligibility information through the new web application, UW SOURCE or through the submission of a file. DTC will accept file transmissions from an underwriting firm or from the underwriters book running vendor.

Firms will be able to continue to use the current processes for making an issue DTC eligible-- the hard copy questionnaires or submissions over the PTS application, PUND or the web application, WUN, until April 1, 2008 when the new system will be mandatory.

DTC will be sending additional updates specifically related to migration, implementation and testing in the next couple of months. Questions on the underwriting redesign should be addressed to Denise Russo at 212-855-3731 or drusso@dtcc.com

Important Dates

August 07

- DTC opens up the E-Learning Training program to all firms
- Vendors begin sending test files to DTC

Sept.07-March08

- Pilot firms begin testing with their vendors in an end to end test
- The new underwriting system, UW SOURCE, is in production
- Optional use of the new system and NIIDS by underwriters and vendors
- Use of paper questionnaire, PUND and WUN accepted by DTC for all asset classes

April 08

- All asset classes must use the new web application, or automated transmission of a file
- PUND, WUN and paper questionnaire retired for all products
- Municipal issues must supply all required NIIDS data on issues closing on or after April 1 in order to close the issue at DTC

Mid 08

MSRB rule requiring the use of NIIDS becomes effective