

# The Depository Trust Company

# IMPORTANT

**B#:** 0607-06

**DATE:** November 27, 2006

**TO:** All Participants

**CATEGORY:** Executive Notices

**FROM:** James Koster, Managing Director, Relationship Services

**ATTENTION:** Managing Partner/Officer/Operations Manager

**SUBJECT:** 2007 Fee Revisions

DTC's Operations and Planning Committee has approved fee revisions for 2007 to selected DTC product lines, as described below. These fee adjustments are a continuation of DTC's efforts to move all product lines towards full cost recovery and are expected to reduce participant service fees for existing "core" services by a net of \$33.2 million over the next year. These changes include:

- Decreases to Settlement Services fees as part of DTC's continuing efforts to "right-size" its fees
- Increases in Securities Processing, Custody and Asset Servicing and Underwriting service fees to realign fees with costs scaled to reflect processing complexity

In addition, the Operations and Planning Committee approved certain disincentive fees to discourage behavior that keeps the industry from achieving peak efficiency. Changes in these disincentive fees for 2007 include: fee increases for Withdrawals by Transfer, Deposit Services (to encourage the use of the paperless legal deposit services) and Custody Services (to encourage the elimination of positions in non-transferable securities).

DTC will introduce new services and associated fees for Reorganization photocopy and research services, as well as new Underwriting fees for the New Issue Information Dissemination cost recovery Service (NIIDS).

The details of these revisions to DTC's fees can be found on the attached 2007 DTC, NSCC and FICC Service Fee Revision document. Appropriate rule filings will be made with the Securities and Exchange Commission. Concurrent with the implementation of DTC fee changes, NSCC and FICC are also issuing Important Notices for fee changes (see NSCC Important Notice 5916 and FICC Important Notice MBS182.06.) All fees (unless otherwise noted) are scheduled to become effective January 2, 2007 for billing in February 2007.

If you have any questions regarding the fee revisions that will become effective in 2007, or would like to discuss the impact these changes will have to your firm's bill, please contact your Relationship Manager.



## 2007 DTC Participant Fee Changes

Service	Existing Fee	Proposed Fee	Per
<b>Custody and Asset Servicing</b>			
<b>Custody Services</b>			
Custody (Core Services)			
Trailing document	\$ 4.50	\$ 6.50	Per item
<b>Deposit Services</b>			
Branch Deposits (Core Services)			
Regular deposit received from a branch	\$ 4.50	\$ 6.50	Per deposit
Branch Deposits (Non-Core Services)			
Return of legal deposits submitted through PELD or PEND	\$ 3.75	\$ 6.50	Per item
Branch Deposits (Exception Processing)			
Processing of trailing documents or items submitted through PEND	\$ 4.00	\$ 6.50	Per item
Deposit Automation Management (DAM)			
Registered certificate deposit	\$ 3.00	\$ 4.00	Per deposit
Record date or cutoff date deposit (surcharge)	\$ 6.00	\$ 15.00	Per deposit
Nontransferable issue	\$ 6.25	\$ 15.00	Per deposit
Reorganization Deposits			
Redemption or call (regular or legal)	\$ 31.50	\$ 53.00	Per deposit
Restricted Deposits			
Restricted Deposit Before 2:00 p.m.	\$ 45.48	\$ 55.00	Per deposit
Processing of trailing documents	\$ 5.00	\$ 6.50	Per item
RDS mail forwarding	\$ 18.52	\$ 30.00	Per item
<b>Dividend Service</b>			
Dividend Credits			
Stock dividend payment	\$ 10.00	\$ 12.00	Per credit
DRP instruction to receive stock in lieu of a cash dividend	\$ 20.00	\$ 22.00	Per allocation
Automatic reinvestment of dividend	\$ 10.00	\$ 12.00	Per allocation
<b>New York Window Services</b>			
Deliveries			
ESS or FOSS delivery	\$ 11.50	\$ 15.00	Per delivery
ESS or FOSS reclaim delivery	\$ 11.50	\$ 15.00	Per item
OTW delivery (including government securities)	\$ 19.00	\$ 25.00	Per delivery
OTW reclaim delivery	\$ 17.50	\$ 25.00	Per item
Receives			
ESS or FOSS receive	\$ 11.50	\$ 15.00	Per receive
OTW receive (including government receives)	\$ 17.50	\$ 25.00	Per receive
ESS or FOSS reclaim receive	\$ 11.50	\$ 15.00	Per item
OTW reclaim receive	\$ 19.00	\$ 25.00	Per item
<b>Reorganization Services</b>			
Program Servicing Fee			
Warrants	\$ 10.00	\$ 13.00	Per CUSIP holding in program
Conversions	\$ 10.00	\$ 13.00	Per CUSIP holding in program



## 2007 DTC Participant Fee Changes

Service	Existing Fee	Proposed Fee	Per
<b>Instruction Fee</b>			
Mandatory Exchanges, including calls, redemptions, prerefundings, defeasances - Full Call	\$ 19.00	\$ 20.00	per participant position
Mandatory Exchanges, including calls, redemptions, prerefundings, defeasances - Partial Call	\$ 25.00	\$ 26.00	per participant position
Mandatory Exchanges, including calls, redemptions, prerefundings, defeasances - Maturity	\$ 15.00	\$ 16.00	per participant position
Physical processing of mandatory exchange, partial call, full call or maturity (surcharge)	\$ 4.50	\$ 5.00	Per item

<b>Reorganization</b>			
IVORS	\$ 1.71	\$ 2.00	Per redemption or sale

### Withdrawal Services

#### Withdrawals-by-Transfer

Direct mail of WT by DTC (surcharge)	\$ 5.00	\$ 7.00	Per assignment
Hold and bust - Assignment held by depository upon return from transfer agent	\$ 3.50	\$ -	Per item
Hold and bust - Assignment canceled in transfer	\$ 3.50	\$ -	Per item
Hold and bust - Assignment canceled in hold status	\$ 3.50	\$ -	Per item

### Global Tax Services

#### Domestic Tax Reporting Service

DTax via the Web	\$ 5,000.00	\$ -	Per year for unlimited interactive inquiries and an unlimited number of users
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### Participant Output Services

#### Output Services

##### Legal Notices

Legal notices via the PTS function LENP - Via hard copy	\$ 0.48	\$ 0.75	Per page per side
Legal notices via the PTS function LENP - Via imaging—fax or e-mail (IFE)	\$ 0.41	\$ 0.60	Per page per side

### Settlement Services

#### Book-Entry Delivery, Excluding MMIs

##### Registered issue

Registered issue Deliver, prior night cycle	\$ 0.17	\$ 0.12	Per item; charged to deliverer; applies to each DO submitted
Reg issue opening in day cycle-deliver-excluding Stock Loan	\$ 0.45	\$ 0.40	Per item; charged to deliverer; applies to each DO submitted
Reg issue opening in day cycle-deliver-Stock loan	\$ 0.45	\$ 0.30	Per item; charged to deliverer; applies to each DO submitted
Receive, regardless of time	\$ 0.27	\$ 0.12	Per item; charged to receiver; applies to each DO submitted
ACATS DO Deliver, via IMS authorization, night cycle	\$ 0.17	\$ 0.12	Per item
Institutional Delivery	\$ 0.13	\$ 0.05	Per delivery
Submission of a DO between participant accounts within a collateral group	\$ 0.40	\$ 0.35	Per transaction, charged to deliverer
Cancellation of pending DO	\$ 0.45	\$ 0.20	Per item



## 2007 DTC Participant Fee Changes

Service	Existing Fee	Proposed Fee	Per
Dropped DO not completed because of insufficient position, insufficient collateral, deliverer or net debit cap, receiver	\$ 0.22	\$ 0.25	Per item

### Book-Entry Delivery through CNS excluding MMI

CNS Delivery	\$ 0.10	\$ 0.05	Per transaction received; charged to both sides
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### Inventory Management System

Customized submission or recycle	\$ 0.06	\$ 0.05	Per transaction that is processed out of order from the DTC default submission or recycle order
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### Payment Order Service

Premium Payment order (PPO) or securities payment order (SPO) delivery or receipt	\$ 0.11	\$ 0.09	Per item delivered or received
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### Subaccounting

Partial segregation movement	\$ 0.13	\$ 0.10	Per movement; applies to segregation of a portion of a participant's security position
Memo Segregation	\$ 0.045	\$ 0.020	Per request

### Underwriting Services

#### Eligibility Surcharges

CMO/ABS	\$ 50.00	\$ 150.00	Per CUSIP (first five CUSIPs are free), plus BEO complex eligibility fee
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### Web Fees

#### LENS (Legal Notices system)

Accessing a notice	\$ 5.00	\$ 9.00	Per Notice
Subscription	\$ 1,100.00	\$ 1,700.00	Per Month
E-mailing of notice to one or more recipients	\$ 5.00	\$ 9.00	Per e-mail form



## 2007 DTC New Participant Fees

Service	Existing Fee	Proposed Fee	Per
<b>Custody and Asset Servicing</b>			
<b>Reorganization</b>			
Voluntary Exchange/Tender Offers			
Self help: photocopy	\$ -	\$ 55.00	Per inquiry
Self help: research	\$ -	\$ 55.00	Per inquiry
IVORS Plus	\$ -	\$ 3.00	Per transaction
<b>Underwriting Services</b>			
<b>Underwriting</b>			
NIIDS Recovery	\$ -	\$ 10.00	Per Underwriting



## 2007 DTC Participant Disincentive Fee Changes

Service	Existing Fee	Proposed Fee	Per
<b>Custody and Asset Servicing</b>			
<b>Securities Processing</b>			
Maintenance of Long Position			
Issue that remains nontransferable after 6 years (surcharge)	\$ 5.00	\$ 7.00	Per issue per month

### Custody Services

#### Custody (Exception Processing)

Rejects - Transfer	\$ 50.00	\$ 75.00	Per reject
Rejects - Reorg	\$ 50.00	\$ 75.00	Per reject
Rejects - Foreign security from custodian	\$ 50.00	\$ 75.00	Per reject
Rejects - Custody Deposits	\$ 37.93	\$ 75.00	Per reject
Rejects - Government security	\$ 50.00	\$ 75.00	Per reject

### Deposit Services

#### Branch Deposits (Core Services)

Legal deposit received from a branch	\$ 30.00	\$ 50.00	Per deposit
Total Branch Deposits (Core Services)			

#### Branch Deposits (Exception Processing)

Processing of deposit rejected same day	\$ 6.00	\$ 15.00	Per deposit
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#### Legal Deposits

Full-service deposit	\$ 30.00	\$ 50.00	Per deposit
Basic deposit	\$ 5.00	\$ 10.00	Per deposit
Total Legal Deposits			

#### Restricted Deposits

Restricted deposit after 2:00 p.m. eastern time	\$ 55.00	\$ 70.00	Per deposit
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### Withdrawal Services

#### Urgent Withdrawal or Certificate-on-Demand

Critical withdrawal request	\$ 90.00	\$ 120.00	Per request
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#### Withdrawals-by-Transfer

Generation of WT (DMD or window pickup)	\$ 28.00	\$ 40.00	Per assignment
Direct mail by transfer agent (DMA)	\$ 16.00	\$ 25.00	Per item
Rush WT	\$ 90.00	\$ 200.00	Per assignment
Request of certificate for DRS-eligible issue (surcharge)	\$ 20.00	\$ 30.00	Per certificate, plus fee and applicable mailing charge excluding transfer agent charges
Rejected WT or COD	\$ 50.00	\$ 75.00	Per reject; applies to corrected or returned to a participant because of participant error

#### Municipal Bearer Bond Service

COD - First 10 certificates	\$ 45.00	\$ 120.00	Per COD
Total Municipal Bearer Bond Service			



## 2007 DTC Participant Disincentive Fee Changes

Service	Existing Fee	Proposed Fee	Per
<b>Global Tax Services</b>			
US Tax Withholding Service			
Post payable adjustment	\$ 38.00	\$ 100.00	Per adjustment
Pre-Payable Date Manual Adj	\$ -	\$ 300.00	Per adjustment



## 2007 NSCC Participant Fee Changes

Service	Existing Fee	Proposed Fee	Per
<b>Clearing Services</b>			
<b>Automated Customer Account Transfer Services (ACATS)</b>			
Asset Input			
Asset addition, change or deletion	\$ 0.12	\$ 0.05	Per asset deleted
Receive and Deliver Instructions			
Receive/deliver instruction	\$ 0.25	\$ 0.10	Per instruction issued
Settled positions			
Settling charge per assets received	\$ 0.12	\$ 0.05	Per item settled by the receiving firm
Transfer Initiation Form (TIF)			
TIF input	\$ 0.40	\$ 0.15	Per TIF entered
<b>Clearance</b>			
Continuous Net Settlement			
Delivery to CNS - day (short covers)	\$ 0.75	\$ 0.40	Per Item
Delivery to CNS - night (short covers)	\$ 0.30	\$ -	Per Item
Receipt from CNS (allocations of long positions)	\$ 0.30	\$ -	Per Issue
Reorganization			
Short broker	\$ 15.00	\$ 35.00	Per reorganization
<b>Trade Comparison and Recording Services</b>			
<b>Other Comparison and Recording Fees</b>			
Reconfirmation and Pricing Service (RECAPS)			
CUSIP submission for pricing *	\$ 0.50	\$ -	Per submission
<b>* Fee change effective 3/2007</b>			
<b>Mutual Funds</b>			
<b>Networking</b>			
Transaction fees	\$ 0.25	\$ 0.15	Per 100 records



## 2007 NSCC New Participant Fees

Service	Existing Fee	Proposed Fee	Per
<b>Clearing Services</b>			
<b>Clearance</b>			
Corporate Actions			
CNS Stock Div Payment (Long)	\$ -	\$ 12.00	Per Item
CNS Cash Div & Int Payment (Long)	\$ -	\$ 1.40	Per Item
Research on invalid CNS dividend or interest claim	\$ -	\$ 70.00	Per Item
CNS Stock Div Payment (Short)	\$ -	\$ 12.00	Per Item
CNS Cash Div & Int Payment (Short)	\$ -	\$ 1.40	Per Item
CNS Mandatory reorgs	\$ -	\$ 2.50	Per Item



## 2007 NSCC New Participant Disincentive Fees

Service	Existing Fee	Proposed Fee	Per
<b>Clearing Services</b>			
<b>Clearance</b>			
CNS Fails To Deliver To CNS			
Aged Fails 31 - 60 Days	\$ 0.25	\$ 0.50	Per item
Aged Fails 61 - 90 Days	\$ 0.25	\$ 0.75	Per item
Aged Fails Greater Than 90 Days	\$ 0.25	\$ 1.00	Per item



## 2007 FICC New Participant Fees

Service	Current Fee	Proposed Fee	Per
<b>MBSD</b>			
EPN *			
Pool Substitution (CC) Send:			
Opening of business to 11:00 am	\$ -	\$ 0.15	Per million current face
11:00 am to 12:00 pm	\$ -	\$ 0.75	Per million current face
12:00 pm to 12:15 pm	\$ -	\$ 1.50	Per million current face
12:15 pm to end of day	\$ -	\$ 0.15	Per million current face
Pool Substitution (CC) Receive:	\$ -	No Charge	
Pool Substitution (CC) DK Send or Receive:	\$ -	No Charge	
Pool Substitution (CC) Retransmission Request	\$ -	No Charge	

**\* Fees effective upon service introduction**