

The Depository Trust Company

IMPORTANT

B#: 2743-07

DATE: December 21, 2007

TO: All Participants

CATEGORY: Executive Notices

FROM: Paula Arthus, Managing Director, Relationship Management

ATTENTION: Managing Partner/Officer/Operations Manager

SUBJECT: 2008 Fee Revisions

DTC's Operations and Planning Committee has approved fee revisions for 2008 to selected DTC product lines, as described below. These fee adjustments are a continuation of DTC's efforts to move all product lines toward full cost recovery and equitable pricing. The revisions are expected to reduce participant service fees for existing "core" services by a net of \$48.1 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 fees to realign fees with costs scaled to reflect processing complexity. This is offset by a reduction in Underwriting service fees (with the implementation of the new Underwriting Service).
- Elimination of certain Participant Output Services fees.

The Operations and Planning Committee also approved certain disincentive fees to discourage behavior that keeps the industry from achieving peak efficiency.

Additional disincentive fees for 2008 include:

- Disincentive fees relating to underwritings of non-conforming structured securities (i.e., issues with structural elements that prevent agents from making timely announcements on income distributions), being returned to holders of these non-conforming structured securities as compensation for their additional costs in processing them. (This is consistent with rule changes recently filed with the SEC –



2008 DTC Participant Fee Changes

Fee ID	Service	Existing Fee	Proposed Fee	Per
Custody and Asset Servicing				
Custody Services				
Custody (Core Services)				
286	Trailing document	\$ 6.50	\$ 9.00	Per item
Deposit Services				
Branch Deposits (Non-Core Services)				
235	Return of legal deposits submitted through PELD or PEND	\$ 6.50	\$ 9.00	Per item
285	Trailing document submitted through PEND	\$ 6.50	\$ 9.00	Per item
Branch Deposits (Exception Processing)				
161	Addition of branch item	\$ 6.50	\$ 10.00	Per item
Deposit Automation Management (DAM)				
132	Registered certificate deposit	\$ 4.00	\$ 6.00	Per deposit
Reorganization Deposits				
207	Mandatory (regular or legal)	\$ 53.00	\$ 60.00	Per deposit
221	Redemption or call (regular or legal)	\$ 53.00	\$ 60.00	Per deposit
Restricted Deposits				
233	Before 2:00 p.m.	\$ 55.00	\$ 60.00	Per deposit
641	After 2:00 p.m. eastern time	\$ 70.00	\$ 75.00	Per deposit, plus pass-through fees imposed by the transfer agent
Dividend Service				
Dividend Credits				
262	Election of Cash-in-Lieu/Roundup service (CRS)	\$ 20.00	\$ 30.00	Per election
Municipal Bearer Bond Service				
379	Muni bearer interest payment	\$ 7.50	\$ 20.00	Per credit, plus fee 584 (coupon clipping and collection), if applicable
169	CUSIP number on shell (Coupon collection service)	\$ 24.00	\$ 50.00	Per shell
327	Customer-assigned identifier (instead of CUSIP number) on shell (Coupon collection service)	\$ 26.00	\$ 65.00	Per shell
252	Rejected shell (Coupon collection service)	\$ 40.00	\$ 75.00	Per shell
Reorganization Services				
Program Servicing Fee				
627	Warrants	\$ 13.00	\$ 35.00	Per CUSIP holding in program
628	Conversions	\$ 13.00	\$ 35.00	Per CUSIP holding in program
Instruction Fee				
526	Voluntary exchanges, including puts, tenders, warrants, rights and conversions - Standard	\$ 35.00	\$ 50.00	Per letter of transmittal
Reorganization				
212	CMOP service	\$ 9.90	\$ 15.90	Per CMOP includes two DO (day) fees



2008 DTC Participant Fee Changes

Fee ID	Service	Existing Fee	Proposed Fee	Per
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Withdrawal Services

Withdrawal-by-Transfer

422	Direct mail of WT by DTC (surcharge)	\$ 7.00	\$ 10.00	Per assignment, plus fee 540, if applicable
603	Direct mail by transfer agent (DMA) - Certificate	\$ 25.00	\$ 50.00	Per item, plus fee 124
123	Undeliverable DMD (surcharge)	\$ 35.00	\$ 45.00	Per return

Underwriting Services

PUND/WUN Reduction

146	PUND - Reduction CD	\$ (25.00)	\$ -	Per issue
143	PUND - Reduction Muni Single	\$ (52.00)	\$ -	Per issue
145	PUND - Reduction Muni Multi	\$ (107.00)	\$ -	Per issue
143	PUND - Reduction Corp	\$ (52.00)	\$ -	Per issue
145	PUND - Reduction Multi Issues	\$ (107.00)	\$ -	Per issue
144	PUND - SBA Issues	\$ (18.00)	\$ -	Per issue

Settlement Services

Book -Entry Delivery, Excluding MMIs

112	Reclaim Receive or Delivery	\$ 0.500	\$ 0.400	Per receive or delivery
182	Receive, regardless of time	\$ 0.120	\$ 0.065	Per item, charged to receiver
237	Submission of DO between participant accounts within a collateral group	\$ 0.350	\$ 0.250	Per transaction, charged to deliverer
652	Deliver, opening in day cycle to cutoff, stock loans and returns - Registered issue	\$ 0.300	\$ 0.200	Per item

Book-Entry Delivery through CNS excluding MMI

390	Delivery to CNS	\$ 0.100	\$ 0.070	Item delivered; charged to both sides
657	Receive from CNS	\$ 0.050	\$ 0.025	Per item received; charged to both sides

Collateral Loans

102	Valued pledge or release	\$ 0.83	\$ 0.65	Line item, payable by both the pledgee and pledgor for each transaction.
399	Option security pledged, released, or substituted via PTS or PBS	\$ 0.14	\$ 0.10	Line item, payable by both the pledgee and pledgor for each transaction.

Inventory Management Services

592	Customized submission or recycle	\$ 0.05	\$ 0.04	Per transaction that is processed out of order from the DTC default submission or recycle order
107	Inventory Management System (IMS) delivery	\$ 0.006	\$ -	Per delivery

Municipal Bearer Bond Service

183	Received DO, regardless of time	\$ 0.120	\$ 0.065	Per item received
240	DO between participants in a collateral group	\$ 0.350	\$ 0.250	Per transaction; billed to deliverer only



2008 DTC Participant Fee Changes

Fee ID	Service	Existing Fee	Proposed Fee	Per
Payment Order Service				
186	Premium Payment Order (PPO) or securities payment order (SPO) delivery or receipt	\$ 0.090	\$ 0.060	Per item delivered or received
665	ID Net receive or delivery	\$ -	\$ 0.025	Per receive or delivery

Participant Output Services (Fees being eliminated) Settlement Reports

223	Dropped deliveries, dropped CODs, and cash dividend reports	\$ 30.00	\$ -	Per month per report series, plus 0.10 per line item
224	Additional line item (dropped CODs, and cash dividend reports)	\$ 0.10	\$ -	Per line item
575	\$150.00 per request	\$ 150.00	\$ -	Applies to the following master files: Asset and Mortgage-Backed Securities (AMBST), Corporate Bond, Derivatives and Trust (CRPMST), Equity and Equity Type (EQTMST), Government Securities (GOVMST), Money Market Instruments (MMIMST), Listing of All Agent Information for MMIs Only (AGNTMF), Listing of All Agent Information for Non-MMIs (NAMMMF)
576	\$300.00 per request	\$ 300.00	\$ -	Applies to the following file: Municipals (MUNMST)

Hard Copy Reports

157	Daily Position Statement by CUSIP Activity	\$ 20.00	\$ -	Per hard copy; also furnished on request
134	Daily Activity Statement	\$ 20.00	\$ -	Per hard copy; also furnished on request

Network Services

Participant Terminal System

344	Inquiry via PTS or PBS	\$ 0.10	\$ -	Per inquiry
344	SMART messages (including unsolicited message, MQ, printer ticket, or ticket reprint)	\$ 0.10	\$ -	Per message or ticket reprint
356	Original issuance information, using GWIZ via PTS or Security Detail via PBS	\$ 0.25		Per inquiry
357	DTC Processing information, using GWIZ via PTS or Security Detail via PBS	\$ 0.20		Per inquiry



2008 DTC Participant Fee Changes

Fee ID	Service	Existing Fee	Proposed Fee	Per
172	Preupdate edit	\$ 0.10	\$ -	Per edit; allows a participant to edit a DO or withdrawal instructions before it updates in DTC's system
141	Broadcast message	\$ 0.18	\$ -	Per 300-character message, per addressee; applies when a participant sends messages to other participants in the DTC terminal network

Receiver Authorized Delivery (RAD)

249	Receiver authorization	\$ 0.10	\$ -	Per item, charged to receiver and deliverer
142	Receiver cancellation	\$ 0.65	\$ -	Per item, charged to deliverer
646	Failure of receiver to authorize or cancel	\$ 4.00	\$ -	Per item, charged to receiver

Collateral Loans

211	Detailed daily report of a bank or broker participant's DTC collateral loans valued to the market	\$ 0.03	\$ -	Per line item, no minimum charge applies to each participant subscribing to the report service charged to receiver and deliverer
204	Individual daily copy collateral loan report on request	\$ 25.00	\$ -	Per copy



2008 DTC New Participant Fees

Fee ID	Service	Existing Fee	Proposed Fee	Per
Securities Processing				
Custody				
Custody Exception Processing				
650	Research	\$ -	\$ 55.00	Per inquiry

Issuer Services				
US Tax Withholding Service				
658	US Tax Withholdings Adjustments - self tenders	\$ -	\$ 2 - \$500	0.5% of tax relief secured with a minimum fee of \$2 and a maximum fee of \$500 per election

Underwriting Services				
Underwriting - UW (SOURCE)				
660	Basic BEO (Multiple) - UW (SOURCE)		\$ 175.00	Per basic BEO issue regardless of numbers of CUSIPs, plus unusual expenses; applied to most security type
661	Basic BEO (single) - UW (SOURCE)		\$ 230.00	Per basic BEO issue single CUSIP, plus unusual expenses; applied to most security type
662	Complex BEO - UW (SOURCE)		\$ 305.00	Per complex BEO issue regardless of numbers of CUSIPs, plus unusual expenses; applied to the following security types: Derivatives (municipal, equity, or debt), Closed-end funds, Limited partnership common stock, Unit equity or debt, CMO plus surcharge, ABS
663	CD - BEO - UW (SOURCE)		\$ 170.00	Per CUSIP, plus unusual expenses



2008 DTC Participant Disincentive Fee Changes

Fee ID	Service	Existing Fee	Proposed Fee	Per
Custody and Asset Servicing				
Maintenance of Long Position				
373	Issue that remains nontransferable after 6 years (surcharge)	\$ 7.00	\$ 10.00	Per issue per month
Custody Services				
<i>Custody (Exception Processing)</i>				
121	Rejects - Transfer	\$ 75.00	\$ 100.00	Per reject
225	Reorg Rejects	\$ 75.00	\$ 100.00	Per reject
Deposit Services				
<i>Legal Deposits</i>				
310	DAM Legal Deposit - No Exam	\$ 10.00	\$ 25.00	Per deposit
<i>Deposit Automation Management (DAM)</i>				
117	Deposit Reject	\$ 75.00	\$ 100.00	Per reject; applies to
<i>Branch Deposits (Exception Processing)</i>				
225	Reorg Reject	\$ 75.00	\$ 100.00	Per reject
245	Same Day Rejects	\$ 15.00	\$ 25.00	Per deposit
314	BDS Legal Deposit	\$ 50.00	\$ 65.00	Per deposit
Withdrawal Services				
<i>Urgent Withdrawal, or Certificates-on-Demand</i>				
117	Transfer Reject	\$ 75.00	\$ 100.00	Per reject; applies to corrected or returned to a participant because of participant error
284	Critical COD	\$ 120.00	\$ 300.00	Per request
<i>Municipal Bearer Bond Services</i>				
220	Bearer COD	\$ 120.00	\$ 300.00	Per COD
<i>Withdrawals by Transfer</i>				
243	Rush W/T	\$ 200.00	\$ 300.00	Per assignment
345	WT Direct Mail by DTC - DMD	\$ 40.00	\$ 80.00	Per assignment
345	WT - Pickup or Interface	\$ 40.00	\$ 80.00	Per assignment
124	DRS Certificate Surcharge	\$ 30.00	\$ 45.00	Per certificate, plus fee and application mailing charge excluding TA charges
Underwriting Services				
659	Structured Securities	\$ -	\$ 4,200.00	
664	Surcharge for fail to submit data elements	\$ -	\$ 2,000.00	

not yet approved – that seek to implement an approach agreed with industry experts to alleviate this longstanding industry problem.)

- Disincentive fees for underwriters who submit incomplete information.
- Additional disincentive fees related to rejects and exceptions for Custody and Deposits.

DTC will introduce associated fees for new capabilities in Tax Services and Securities Processing as well as new Underwriting fees for the New Issue Information Dissemination Service (NIIDS).

The details of these revisions to DTC's fees can be found on the attached 2008 DTC 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 A# 6551 / P&S# 6121 and FICC Important Notice MBS199-07.) All fees (unless otherwise noted) are scheduled to become effective **January 2, 2008** for billing in February 2008.

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