

# The Depository Trust Company

## **IMPORTANT**

### Reference to DTCC Important Notice Z0010

**B#:** 6248

**DATE:** April 23, 2004

**TO:** All Participants

**CATEGORY:** Executive Notices

**FROM:** Jim Umberger, Managing Director, Customer Access

**ATTENTION:** Senior Operations and Technology Officers

**SUBJECT:** SMART Strategies - Telecommunications Upgrades  
Through 2005 - CUSTOMER ACTION REQUIRED

#### **Summary**

DTCC's Securely Managed and Reliable Technology (SMART) is the technology backbone that supports clearance and settlement in the U.S. capital markets. It comprises a nationwide complex of networks, processing centers and control facilities. SMART allows streamlined access into all services offered by DTCC and all of its subsidiaries. Managed end-to-end, SMART is designed to withstand catastrophic disaster scenarios, ensuring that time-critical activities occur – no matter what.

DTCC has undertaken a number of efforts to upgrade the reliability of its services to the highest possible level. Some of these require customers to change their telecommunications interfaces with DTCC. Others require the completion of DTCC's long-term efforts – first announced in 2000 – to eliminate legacy technologies that limit resiliency and increase costs.

This notice details SMART technology changes affecting customers through December 31, 2005, all of which have a direct impact on customers' business with DTCC. Each of these changes is summarized below, along with implementation dates and required actions. Additional information can be found in "The Complete Guide to SMART" which is available from your relationship manager.

DTCC's Relationship Managers are contacting each customer with more details of the changes that affect that customer. In order to complete changes before the announced retirement dates, customers are advised to establish an executive sponsor for these efforts and an IT deployment coordinator. Results will be most cost effective and reliable if these representatives are empowered to act on behalf of all business units and IT groups.

Changes are [summarized in the table on page 5](#). A table with details for each product and file is available to customers on the product support sites for Mutual Funds, ACATs and Insurance; and on the Members Pages at [www.dtc.org](http://www.dtc.org) and DTCC's Customer Desktop. Customers without userids authorized to access this site should first visit <http://www.dtc.org/dtccpublic/html/T&C.htm> or contact their DTCC Relationship Manager.

### **Access to Clearing Services**

As announced in previous Important Notices [Z#0008](#), dated October 30, 2003, and [Z#0009](#), dated January 15, 2004, significant changes are underway for services provided by the National Securities Clearing Corporation (NSCC), the Government and Mortgage-Backed Securities Divisions of the Fixed Income Clearing Corporation (FICC), and the Emerging Markets Clearing Corporation (EMCC). The changes will significantly upgrade business continuity capabilities for these services while reducing operational costs. [These notices are available at <http://www.dtcc.com/CustomerFocus/impnot.htm>.]

Effective December 31, 2004, the services of these clearing corporations will no longer be accessible via the legacy Broker and Access networks currently supported by the Securities Industry Automation Corporation (SIAC). Access will be provided only through direct SMART connections and via [SFTI\\*](#) into SMART. Customers currently accessing any of these services via their own circuits connected to the SIAC legacy networks must convert to direct SMART connections or to SFTI connections into SMART by December 31, 2004. All clearing corporation users of DATATRAK, AUTOROUTE, and MQ must be prepared to communicate via DTCC's SMART directly, or to SMART through its interconnectivity with SFTI. When planning for a move to SMART or to SMART via SFTI, customers should leave ample time, if necessary, for lines to be ordered, installed, and tested. When scheduling this transition, customers should also be mindful of the need to complete their internal changes prior to any scheduled year-end change freezes. Customers who cannot complete this transition by year-end 2004 will have to bear any financial burden associated with maintaining legacy SIAC facilities beyond December.

Users of the NSCC XML-based Fund/SPEED service must connect directly to SMART.

At this writing, one Clearing service, Electronic Pool Notification (EPN) offered by the Mortgage-Based Securities Division of FICC, is accessible only through dedicated private connections. Work is underway to allow accessibility to EPN through SMART or SFTI later this year. Details will be announced in an FICC Important Notice this summer.

### **DTCC File Delivery Applications and Protocols**

In accordance with plans first announced in 2000, after December 31, 2005, DTCC will support only ftp (the TCP/IP file transfer protocol) and the Sterling Commerce product Connect:Direct (formerly known as Network Data Mover or "NDM" and referred to below as NDM) for file transfer. Legacy options will be retired as follows:

- RJE/NJE has been retired from use with the Computer-to-Computer Facility (CCF). DATATRAK and AUTOROUTE will no longer support RJE or NJE over SMART or via SFTI into SMART. Coincident with their conversions this year from the SIAC legacy networks to SMART and/or SFTI, customers must adopt a supported file transfer application: either ftp or NDM. Customers electing to use NDM over their SFTI connections for access to SMART services must use the TCP/IP version of NDM. Customers connecting directly to SMART may continue using the SNA version of NDM through December 31, 2005, but must be prepared to convert to the TCP/IP version of NDM by that date.
- CCFUSER(VTAM) will continue to be supported through December 31, 2005, by which time customers must have converted their file transmissions to ftp or NDM(TCP/IP).
- Connect:Direct/NDM with SNA transport will not be supported after December 31, 2005.

Customers should keep in mind that coordination and testing will be required and should schedule accordingly. Any customers not prepared to communicate via ftp or NDM on and after January 1, 2006 should expect to bear DTCC's full cost for the continuing maintenance and operation of legacy interfaces.

### **DTCC's Terminal-based Interfaces**

This effort addresses the evolution of DTCC's ubiquitous customer interface, the Participant Terminal System (PTS) into the Participant Browser Service (PBS), a browser-based interface with all the same functions as PTS and much improved navigation and help facilities. Customers should note several milestones:

- **Leased Terminal Equipment.** DTCC is no longer providing leased terminal equipment to customers. After December 31, 2004, DTCC will no longer maintain or repair any terminal equipment installed on customer premises. Customers are free to continue using this equipment, to engage in any service contracts they deem necessary, or to dispose of it as they see fit.
- **PTS Jr.** is the dial-up terminal alternative to PTS. DTCC will shortly announce a dial-up service that will support all communications applications, including browsers accessing PBS. All PTS functionality is included in PBS except Ticket Printing, although the information currently presented on tickets is accessible through PBS Settlement, Dividend, and Reorg functions, and screen prints are available if hard copy is required. Users of PTS Jr. software will be provided instructions for accessing the new dial-up software this summer. These users may adopt PBS at their own pace, but PTS Jr. software will not be supported after December 31, 2004.
- **PTS.** The retirement of all "green screen" 3270-based applications represents the culmination of DTCC's Participant Browser Services effort. DTCC has encouraged customers to migrate toward the browser-based replacement system, PBS, since 2003 in order to realize immediate benefits from improved navigation and greatly reduced training time for new employees. DTCC now plans to retire the 3270 terminal system at the end of 2005.

### **DTCC Message-based Communication**

The supported mechanism is IBM Websphere MQ over TCP/IP channels through SMART or via SFTI into SMART. DTCC will work with customers desiring a quasi-synchronous interface to implement multiple queues so that the customer can wait for a successful response from one message before submitting the next message.

Customers using the depository's proprietary Mainframe Dual Host (MDH) must transition to Websphere MQ. In accordance with its previously announced plans, DTCC will retire MDH by December 31, 2005. Since MDH interfaces often involve application programs, customers should ensure that their schedules include adequate time for any required application development work.

PC Web Direct and other Services accessible via the Internet remain unchanged.

### **Network Consolidation and Standardization**

Historically, customers have been required to maintain separate network connectivity for each of DTCC's subsidiaries and/or product lines. DTCC's costs for providing these services were recovered through a variety of different practices. The upgrades and conversions described in this Notice will result in a standard set of network connections and a simplified set of communications applications and protocols that provide the customer access to all products and services offered by all DTCC subsidiaries.

Access to all services over a single network connection, the use of graphical user interfaces instead of character terminals, and the increased use of data-rich XML and ISO-standard messages limits the usability of the low-speed circuits that have often been deployed in SMART. New SMART connections will be fractional T1/DS1 services ranging from 128kbps to 1.5mbps.

This standardization of services has allowed DTCC to negotiate more favorable arrangements with its telecommunications providers that result in lower pass-through costs for these T1 services. Standardization will also allow DTCC to reduce future support costs. Any 56kbps or smaller connections remaining in service on January 1, 2005 will be charged at the rate of \$1,500 per month.

A new dial-up service will provide an economical alternative for customers not requiring 128kbps or higher bandwidth. This service will also provide cost-effective capabilities in most locations with established marketplaces outside the U.S. Further details will be available this summer.

### **Next Steps**

DTCC Relationship Managers are contacting customers with more details of the changes that affect each customer, and to coordinate necessary activities. Relationship Managers are first contacting the members of NSCC, FICC, and EMCC that need to complete connectivity changes by year-end 2004. In order to complete changes before the announced retirement dates, DTCC strongly recommends that customers establish an executive sponsor for these efforts and an IT deployment coordinator. Results will be most cost effective and reliable if these representatives are empowered to act on behalf of all business units and IT groups.

Customers ready to undertake upgrades are invited to initiate discussions through their Relationship Managers.

DTCC has dedicated a highly skilled team to helping customers plan and schedule these changes. You may direct questions or requests for further information to your relationship manager. He or she is prepared to coordinate a project plan and ensure the availability of any DTCC resources required to meet these deadlines.

## DTCC Communications Options

Communications Application	<i>Through December 31, 2005</i>		<i>Effective January 1, 2006</i>		Notes
	Direct to SMART	via SFTI into SMART	Direct to SMART	via SFTI into SMART	
DATATRAK	ftp NDM (TCP/IP) * NDM (SNA) *	ftp NDM (TCP/IP) *	ftp NDM (TCP/IP) *	ftp NDM (TCP/IP) *	
AUTOROUTE	ftp NDM (TCP/IP) * NDM (SNA) *	ftp NDM (TCP/IP) *	ftp NDM (TCP/IP) *	ftp NDM (TCP/IP) *	
WebSphere MQ	TCP/IP VTAM/SNA	TCP/IP	TCP/IP	TCP/IP	Access via SFTI into SMART permitted only for Clearing services
Participant Browser Service (PBS)	TCP/IP (https)	Not Supported	TCP/IP (https)	Not Supported	
CCF	ftp NDM (TCP/IP) * NDM (SNA) * CCFUSER(VTAM)	Not supported	ftp NDM (TCP/IP) *	Not supported	
MDH	VTAM LU6.2	Not supported	Not supported	Not supported	Replaced by Websphere MQ
Participant Terminal System (PTS)	SNA/SNI	Not supported	Not supported	Not supported	Replaced by PBS

Corrected 5-23-2005

\* NDM refers to the Sterling Commerce product Connect:Direct, formerly known as Network Data Mover.