

The Depository Trust Company

IMPORTANT

B#: 1659-07

DATE: June 1, 2007

TO: All Participants

CATEGORY: Settlement/Underwriting

FROM: Denise Russo, Director, Product Management

ATTENTION: Managing Partners/Officers, Cashiers, Operations

SUBJECT: Underwriting System Migration and Critical Roll-out Timeframe

DTCC is in the final stage of completing the reengineering of its legacy underwriting system, scheduled to go into production for internal DTC staff on August 6th, 2007 and for customers on September 4th pending SEC approval. The new system will incorporate a more streamlined, flexible and straight through process for underwriter's submitting new issue eligibility requests to DTC. It will allow for increased master file information, a robust prospectus repository, and a dashboard for underwriters to manage deals. Additionally, it will introduce the New Issue Information Dissemination Service (NIIDs), a new service that will disseminate new issue information in real time to industry participants.

This notice contains requirements for municipal and corporate issues once the new system goes live. It also provides a timetable of critical dates to enable firms to prepare for and ensure their readiness for the implementation of the new system. Firms can find additional information about the new underwriting system including a taped webinar that highlights the new underwriting dashboard and web application at <http://www.dtcc.com/reengineering/index.html>

I. Municipal Issues

System Implementation Requirements

Beginning on September 4, 2007 underwriters of municipal issues will need to submit eligibility information through the new underwriting system, UW SOURCE. DTC will no longer accept hard copy questionnaires or submissions over the PTS application, PUND or the web application, WUN. Underwriters will need to submit 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 underwriter's book running vendor. DTC is working with these vendors to ensure their readiness for DTC's implementation.

All firms involved in the new issue process-- DTC participant underwriters, correspondent underwriters, clearing firms and custodian banks must be registered for the new application in order to submit a new issue for DTC eligibility, or in the case of clearing firms and custodian banks, to approve a new issue submitted by a correspondent.

All DTC participant firms should have received a registration application from their DTC Relationship Manager. All correspondent firms, who, have been identified to DTC by their clearing firms should have also received a registration application. If you have not received a registration application please contact Denise Russo, Underwriting Product Manager at 212-855-3731 or drusso@dtcc.com.

New Issue Information Dissemination Service (NIIDS)

DTC's New Issue Information Dissemination Service (NIIDS) will be available and in production for external users on September 4th. In an effort to help firms acclimate to the new system and the new requirements, DTC will make the NIIDS data optional beginning in September and will continue to leave it optional until one month prior to the effective date of the MSRB's rule filing requiring NIIDS, at which time the NIIDS data will become mandatory. DTC strongly urges all municipal underwriting firms to submit NIIDS data beginning in September in order to ensure readiness for the upcoming MSRB mandate. A list of required NIIDS data elements can be found on the underwriting reengineering website at <http://www.dtcc.com/reengineering/index.html>

II. Corporate Issues, including Debt, Equities, Structured Securities and Retail CDs

System Implementation Requirements

Beginning on October 1, 2007 underwriters of corporate issues will have the option of submitting their issues through UW SOURCE, via a file transmission, or continuing to submit a hard copy eligibility questionnaire. DTC will accept file transmissions from the underwriting firm or from the underwriter's book running vendor. DTC is working with these vendors to ensure their readiness for DTC's implementation.

DTC will no longer accept submissions over the PTS application, PUND or the web application, WUN. DTC will continue to accept, through December 2007, hard copy questionnaires for all corporate products. Beginning in January, 2008, DTC will no longer accept the hard copy questionnaires and underwriters will need to submit eligibility information through the new web application, UW SOURCE or through the submission of a file to make their issue DTC eligible.

All firms involved in the new issue process-- DTC participant underwriters, correspondent underwriters, clearing firms and custodian banks must be registered for the new application in order to submit a new issue for DTC eligibility, or in the case of clearing firms and custodian banks, to approve a new issue submitted by a correspondent.

All DTC participant firms should have received a registration application from their DTC Relationship Manager. All correspondent firms, who, have been identified to DTC by their clearing firms should have also received a registration application. If you have not received a registration application please contact Denise Russo, Underwriting Product Manager at 212-855-3731 or drusso@dtcc.com

New Issue Information Dissemination Service (NIIDS)

DTC's New Issue Information Dissemination Service (NIIDS) will be available and in production for external users on September 4th. Corporate underwriters are not required to populate NIIDS data, however, DTC will disseminate data on corporate issues if populated by the underwriter, and if the underwriter elects to disseminate. The NIIDS process for corporate issues will be re-evaluated by DTC and industry participants in 2008.

III. Critical Dates for External Users

2007

May/June- Underwriting firms, clearing firms and custodians complete registration applications for the new Underwriting application UW SOURCE

June - DTC's E-Learning Training Program is offered to Pilot firms.
DTC begins testing with vendors

July- DTC opens up the E-Learning Training program to all firms
Pilot firms begin coordinated testing

August- UW SOURCE in production for internal DTC staff to access.
"Non -pilot" firms who have completed registration can submit test data through the web application, UW SOURCE, to gain familiarity with the system

September- Municipal issues must be submitted through UW SOURCE/file transmission
PUND/WUN retired for Municipal Issues
NIIDS data elements -optional
DTC settlement data elements -mandatory
Vendors live for municipal issues; optional for all other asset classes

October—Corporate issues including Debt, Retail CDs, Structured products and Equity can be submitted through UW SOURCE , file transmission or hard copy questionnaire
PUND/ WUN retired for all corporate products;
Hard copy Questionnaire can still be used through year end
NIIDS data elements -optional
DTC settlement data elements - mandatory

2008

January---Corporate issues must be submitted through the web application UW SOURCE or through a file transmission. DTC will no longer accept paper questionnaires.

TBD—DTC makes the NIIDS data elements mandatory on municipal issues approximately one month prior to the effective date of a rule change by the MSRB.