

# The Depository Trust Company

# **IMPORTANT**

**B#:** 5748

**DATE:** March 19, 2004

**TO:** Participants

**CATEGORY:** Settlement/Underwriting

**FROM:** Product Management

**ATTENTION:** Settlement Manager/Managing Director/Cashier

**SUBJECT:** Inventory Management System (IMS) 2004 Update

This notice describes the planned 2004 enhancements and changes to the Inventory Management System (IMS).

IMS modifications scheduled to be introduced on Friday July 9, 2004 for the settlement date of Monday July 12, 2004 include the following:

- Expand authorization and exemption processing to include Night Deliver Orders (NDOs) and broker-to-broker Balance Orders
- Permit the re-introduction of dropped deliveries for NDOs, broker-to-broker Balance Orders and all other participant deliveries, e.g., delivery vs. payment Deliver Orders
- Accept and warehouse deliveries with future settlement dates through the automated or PTS NDO function
- Upgrade the authorization and exemption functionality of CNS transactions through IMS to permit partial and early (S-1) authorizations or exemptions for those securities which the participant has not previously exempted under NSCC exemption rules, i.e., those securities with a level 0 exemption.

Additional IMS modifications are planned for fourth quarter 2004. Notably, the following IMS functionality will be available, but only via **the Participant Browser Service (PBS)**:

- Control the order of all applicable night cycle deliveries using a “submission” profile
- Pre-populate a profile that allows users to dictate the desired recycle order for settlement related transactions. Although transactions will be attempted in the prescribed order, if there are insufficient shares for a high priority transaction, then transactions with a lower priority but sufficient shares will be processed (green profile) subject to other controls.

It is recommended that participants interested in using the IMS submission and recycle profile capabilities scheduled for fourth quarter contact their Relationship Manager to discuss gaining access to PBS.

Attached is a more detailed description of the modifications scheduled for July 9, 2004. Following NSCC’s implementation of the new CNS system, participants that plan to provide NSCC standing instructions to send their balance orders to DTC as delivery versus payment DOs, as well as those participants currently using NSCC’s PDQ muni bond process, should carefully review the section on balance orders and muni DOs. In addition, the PDQ muni bond process for municipal balance orders from NSCC will no longer be processed with Tradesuite deliveries.

The July 9 changes to IMS will coincide with NSCC’s implementation of the new CNS system. As the implementation date nears, another important notice will be issued.

Questions regarding this notice may be directed to the undersigned at (212) 855-3900 or your Relationship Manager.

John Kiechle  
Product Management