

<b>B #:</b>	B# 2041-12
<b>Date:</b>	December 28, 2012
<b>To:</b>	All Participants
<b>Category:</b>	Compliance
<b>From:</b>	General Counsel's Office
<b>Attention:</b>	Managing Partner/ Officer Cashier/ Operations Management
<b>Subject:</b>	DTC Advance Notice 2012-810 - reducing liquidity risk relating to MMI processing

On December 28, 2012, The Depository Trust Company ("DTC") filed an advance notice (DTC-2012-810) (the "Advance Notice") with the Securities and Exchange Commission (the "SEC") pursuant to Section 19(b)(3) and Rule 19b-49(n) of the Securities Exchange Act of 1934. The purpose of the Advance Notice is to reduce liquidity risk relating to DTC processing of maturity and income presentments and issuances of Money Market Instruments ("MMIs"). More specifically, DTC is proposing to modify its risk management controls applicable to MMI processing and, on a limited basis, eliminate certain intraday reversals of MMI transfers. DTC is also proposing to change the current LPNC risk management control in order to increase withholding from one to two largest provisional credits (on an acronym basis). This will provide increased risk protection in the event of transaction reversals due to multiple issuer defaults or a single issuer default with two or more MMI programs.

DTC has conducted a simulation analysis to measure the impact of an increase in LPNC controls from one to two on settlement blockage intraday during peak processing periods. DTC analyzed the blockage level for both the IPAs and custodians/dealers as separate segments since each react to the additional blockage in different ways. The results of the simulation analysis indicated that there will be no material change in transaction blockage. Additionally, the proposed changes will provide additional risk protection to DTC and the financial system as a whole.

The full text of the advance is available at our website, [www.dtcc.com](http://www.dtcc.com). Questions or inquiries regarding the proposed rule change may be directed to Javette Laremont, Product Management at email [jlaremont@dtcc.com](mailto:jlaremont@dtcc.com) or (212) 855-2414 or Candice Fordin, Associate Counsel at email [cfordin@dtcc.com](mailto:cfordin@dtcc.com) or (212) 855-7632; any such comments will be forwarded to the SEC. Written comments may also be addressed to the Secretary of the Commission, Securities and Exchange Commission, 100 First Street, N.E., Washington, D.C. 20549. We request that you provide DTC with a copy of your comments.