

THE ASSOCIATION OF GLOBAL CUSTODIANS

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VIA ELECTRONIC DELIVERY

Pierre Francotte
Chief Executive Officer
Euroclear S.A.

Don Donahue
Chairman and Chief Executive Officer
The Depository Trust and Clearing Corporation

RE: Depository Bank Loan Services – Interoperability Efforts

Dear Sirs:

We write on behalf of the members of the Association of Global Custodians (the "Association") in furtherance of the interaction members have had with your personnel regarding the design and development of bank loan product services at each depository and our related discussions about the critical importance service and access efficiency in new products. Bank loans are a pivotal and attractive asset type for investors, and they remain a challenging product to service for all parties involved, including global custodians. Association members continue to believe that this product area presents an excellent opportunity to both Euroclear and DTCC to reshape the industry by providing efficiencies and mitigating risks.

As you likely know, over the past two years Association members have met periodically with your personnel by conference call and also in person to review the separate bank loan product offerings that are under development at each of your depositories. Members greatly appreciate the candor and transparency of your personnel during those sessions. We believe that the interactions and information exchanges have been valuable, and members remain committed to cooperative interaction with your organizations on this and many fronts. Members also recognize your two organizations' independence and the separate business realities that you each face.

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Nonetheless, members wish to emphasize the importance – perhaps particularly in this product area -- of a suitable range and degree of interoperability as the foundation for cost-effective investor servicing and successful growth of global services. Increasingly, more and more of members' global investor clients are purchasing this asset class in multiple markets from multiple locations; hence a single -- or at least a consistent, interoperable -- solution will enable global custodians to provide a standardized service level. In particular in this product area, global custodians will need quality information in reasonably common form to assist investors in projecting cash forecasts for income events and in reconciling positions. Members also believe that it will be of high value to ensure that bank loan information resident in either depository is accessible by global custodians through a common portal. Those two product design components – quality information in common form for forecasts/reconciliation and shared-portal information access – are likely to be critical to cost-sensitive investors and to the overall attractiveness of the product offering.

It appears to members to date that the discussions between your depositories toward a basic level of interoperability has gained limited traction. Members encourage you to consider a greater commitment to those discussions and to the goal of achieving a fair degree of interoperability – in the interest of the investor community and investor-servicing intermediaries. Members stand ready to participate in those discussions as useful to you, and appreciate greatly your efforts to date and going forward.

As always, we thank you in advance for your consideration of Association members' views on this matter. If you have questions or would like to confer about these comments, please contact Debbie Mercer-Miller (212.816.6861) or the undersigned at 312.861.2620.

Sincerely yours,



Dan W. Schneider
Baker & McKenzie LLP
Counsel to the Association

Cc: Jurgen DeWeghe
Chris Childs