

The Depository Trust Company

IMPORTANT

Implementation Date Change

B#: 1463

DATE: February 09, 2001

TO: All Participants

CATEGORY: Dividends

FROM: DTC Dividend Department

ATTENTION: Managing Partner/Officer/Cashier, Dividends/Operations

SUBJECT: New Dividend Function Codes

DTC is postponing the commencement date of the new dividend function codes from announcements record March 1, 2001 to announcements record **May 1, 2001**. This will give participants additional time to make the necessary program modifications to accept the new function codes in the affected CCF files detailed later in this notice. The following eleven new function codes will allow for a more detailed identification of income allocations. A more detailed explanation appears on the following pages.

<u>New Function/ Activity Code</u>	<u>Description</u>	<u>Type</u>
03	Foreign Debt Unfavorable Tax Rate	Cash
04	Foreign Debt Favorable Tax Rate	Cash
05	Foreign Debt Exempt Tax Rate	Cash
31	Automatic Dividend Reinvestment	Stock
32	Long Term Capital Gains	Cash
33	Short Term Capital Gains	Cash
34	Return of Capital	Cash
36	Sale of Rights ADR	Cash
38	Pay in Kind Bonds	Stock
39	Rights Distributions	Stock
40	Foreign Tax Refunds	Cash

Foreign Debt:

Unfavorable (03)

Interest payments on foreign debt issues at an unfavorable tax rate are currently announced using a function code 13. The new function code 03 will replace function code 13 for all foreign debt announcements at an unfavorable rate. These announcements may be eligible for TaxReliefsm via EDS.

Favorable (04)

Foreign debt issues at the favorable tax rate will be announced with the new function code 04 instead of the existing function code 37, which will now be used only for foreign equities.

Exempt (05)

Foreign debt issues at the exempt tax rate, e.g. Japanese bonds, will be announced with the new function code 05. Function code 35 will continue to be used for foreign equities.

Automatic Dividend Reinvestment (31)

Currently, issues with the automatic dividend reinvestment feature are announced using function code 30 and appear in EDS although they are not eligible for EDS elections. Consequently, automatic dividend reinvestment issues will be announced with the new function code 31 and will no longer appear in the EDS forecast since elections are not required. All EDS eligible DRP issues will continue to be announced with a function code 30.

Capital Gains:

All types of capital gains distributions are currently announced using the function code 49 with additional information added to the comments field in DIVA. The following new function codes will help Participants better classify distributions for tax purposes.

Long Term Capital Gains (32)

Short Term Capital Gains (33)

Return of Capital (34)

Function code 49 will continue to be used for unclassified capital gains distributions.

Sale of Rights ADR (36)

The new function code 36 will be used for announcing cash proceeds from the sale of rights related to ADR holders. Function code 47 will be used exclusively for the redemption of rights on domestic issues.

Pay in Kind Bonds (38)

Pay in Kind (PIK) debt issues will be announced using the new function code 38. PIK distributions are currently announced using function code 11, which will still be used for spin-offs.

Rights Distributions (39)

The new function code 39 will be used for announcing the distribution of rights. At present, rights distributions are announced using function code 11.

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Foreign Tax Refunds (40)

Tax refunds of foreign dividends, e.g. Germany, will be identified using the new function code 40. Currently, foreign tax refunds are announced as special distributions with a function code 43.

CCF Files

The CCF files listed below as well as the related intra day files for announcements, cash settlement, and stock distributions, will be modified to include the new function codes. Consequently, programming should begin as soon as possible in preparation for the new codes.

<u>CCF File Description</u>	<u>CCF File Name</u>	<u>Intra Day File Name</u>
Reorg/Dividend Participant Statement	REORDP	N/A
Dividend Participant Statement	DIVRDP	N/A
Dividend/Proxy Announcements	RDPRPT	DVCHGA – DVCHGI
Elective Dividend Service	RDPEDS	N/A
Elective Dividend System Notices	DTFEDS	N/A
Elective Dividend DRP Confirms	EDRSR1	N/A
Projected Cash Allocations	CSHPRJ	N/A
Dividend/Reorg Cash Settlement	CSHSET	CSHSTA – CSHSTG
Unallocated Cash Dividends/Interest	CSHUNL	N/A
Projected Stock Distributions	STKPND	N/A
Stock Overnight Distributions	STKDIS	N/A
Stock Distributions	STKSTL	STKSTA – STKSTI
Unallocated Stock Distributions	STKUND	N/A

PTS Online Functions

The new function codes will also appear in the PTS functions DIVA/DPAL or SDAR for both cash and stock distributions.

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Cash Settlement Reporting – Hard Copy

Three new categories will be established on the hard copy Settlement Statement to better organize settlement reporting.

Foreign Bonds (function codes 03, 04, and 05)

Sale of Rights for ADRs (function code 36)

Foreign Tax Refunds (function code 40).

All other new cash function codes will be displayed under the following existing categories for hard copy settlement reporting:

Cash Dividends will include Long Term Capital Gains (function code 32), Short Term Capital Gains (function code 33), and Return of Capital (function code 34).

Stock Settlement Reporting – Hard Copy

The three new stock function codes will be displayed under the following existing categories for hard copy settlement reporting.

Dividend Reinvestment will segregate Automatic Dividend Reinvestment (function code 31) from EDS eligible Dividend Reinvestment (function code 30). Please note that the automatic dividend reinvestment CUSIPs will not appear in EDS since they are not eligible for elections.

Stock Distributions will include Pay in Kind Bonds (function code 38) and Rights Distributions (function code 39).

Questions about this notice may be directed to Mike Ames at 212-855-4535 or Janice Sasso at 212-855-4541 of DTC's Dividend Department as well as your Relationship Manager.