

The Depository Trust Company

IMPORTANT

B#: B#9652-06

DATE: May 01, 2006

TO: All Interested Parties

CATEGORY: Executive Notices

FROM: General Counsel's Office

ATTENTION: Managing Partner/Officer, Operations Partner/Officer

SUBJECT: Approval of Rule Filing 2006-03 - Participant
Surveillance Procedures

On April 14, 2006, the Securities and Exchange Commission approved The Depository Trust Company's ("DTC's") rule filing 2006-03.

As explained in the filing, DTC has developed criteria for placing members on surveillance for internal monitoring purposes. Specifically, all broker-dealers from which DTC requires the submission of FOCUS or FOGS reports, and banks from which DTC requires the submission of CALL reports (with certain limited exceptions for banks that do not make loans or take deposits), are assigned a rating that is generated by entering financial data of the Participant into a matrix (the "Matrix") developed by DTC's Risk Management staff. Those Participants with a "weak" rating, or deemed to pose a relatively higher degree of risk to DTC, are placed on an internal "watch list", and monitored more closely. Participants that do not fall into the categories of banks and broker-dealers mentioned above are not currently included in the Matrix process, but are monitored by DTC's Risk Management staff using financial criteria deemed relevant by DTC.

Questions or inquiries regarding this Important Notice should be addressed to Allison Finnegan, Senior Associate Counsel, at (212) 855-3283.