

The Depository Trust Company

IMPORTANT

B#: 0605

DATE: September 14, 2000

TO: All Participants

CATEGORY: Settlement/Underwriting

FROM: Ralph Monda, Managing Director

ATTENTION: Managing Partner/Officer/Settlement Manager

SUBJECT: July 6, 2000 System Outage - Final Status

As you know, DTC experienced a significant system outage on July 6 which resulted in extensions of the Federal Reserve's Fedwire with settlement processing completed at 9:45 p.m. Briefly, here's what happened:

During the morning of July 6, due to a bug in the microcode of an IBM optical jukebox used to store optical document images, an error occurred causing a logic loop which resulted in the issuance of thousands of error messages to an IBM software product which manages systems storage (SMS). By reason of SMS receiving so many error messages, the overall response time to Participants began to deteriorate, but the amount of the total systems resources devoted to SMS wasn't significant enough itself to prevent the system from reacting to Participant activity. However, we then lost Direct:Connect, which is more commonly known to Participants as the Network Data Mover. We believe this failure was connected to SMS, which was attempting to process the error message backlog. DTC then IPL'd the system and was in the process of recovering when it lost access to its database management system, DB2. Working with IBM, we were finally able to reinstate DB2 at approximately 7:45 p.m. and then resume production processing.

What's Been Done

First and foremost, the bug referred to in the microcode of the optical jukebox has been fixed, as have the two bugs associated with the loss of the database, and all systems have been functioning normally since the July 6 occurrence. DTC continues to review the implications of significant system problems to its end of day settlement process and their potential effect on Participants.

We appreciate all the cooperation exhibited by Participants during this particular confluence of events on July 6, and we are working hard to prevent any reoccurrence.