

The Depository Trust Company

IMPORTANT

EXECUTIVE NOTICE

B#: 0410

DATE: August 04, 2000

TO: All Participants

CATEGORY: Executive Notices

FROM: DTCC Corporate Information Security

ATTENTION: PTS Users

SUBJECT: Access Security Change Affecting All PTS Users

A major initiative to migrate all Participant Terminal System (PTS) sign-ons to an industry standard security package will be launched in August of 2000. This migration will result in increased control over PTS sign-ons and lay the security foundation to enable the further expansion of DTCC's delivery of Web-enabled technologies over a variety of networks, including the Internet and various private networks. The migration will be phased and continue through mid-year 2001.

As part of this conversion (and as described in Important Notice #Z99-001, dated November 16, 1999), we intend to build on the "access coordinator" structure that was implemented by the clearing corporation a number of years ago. Under this structure, each Participant will have one or more designated Access Coordinators, who will be responsible for "authenticating" those employees able to access our services. This user control over authentication will give Participants and other users helpful flexibility in using their staff resources; it also clarifies that the Participant is fully responsible for the process of identifying its employees who are able to access DTC or NSCC services.

Documentation which provides more information on our migration effort will be sent by your Relationship Management representative to your company's senior contact(s) shortly. In upcoming weeks, each Participant will be contacted by its Relationship Management Representative in connection with this major initiative. The first step for each Participant will be to formally identify its Access Coordinator(s) and execute the appropriate Access Coordinator form(s). Access Coordinators will be responsible for "authenticating" those employees able to access our services. In granting access privileges to a Participant employee, the Participant is responsible (1) for ensuring that the employee appropriately protects those

privileges (e.g., by safeguarding passwords), (2) for what that employee does with those privileges, and (3) for ensuring that those privileges are modified or revoked when necessary (e.g., if the employee changes jobs or leaves. As part of the process of granting access privileges, personal/confidential information about each employee - his or her name and business address, as well as a confidential PIN number and security pass phrase and the month and day of his/her birth - must be provided to DTCC, so that the identity of the user can be verified in the event that he or she requires support from DTCC's Customer Support Center. A new PTS update function "PSWD" is now available to all PTS users for the purpose of collecting this information.

Once a Participant's Access Coordinator(s) has been formally designated by an appropriately authorized individual, DTCC representatives will work with the Access Coordinator(s) to plan the migration of the organization's PTS user IDs to an industry-standard security package. This will permit users to select their own passwords (in accordance with system rules). It will also require that each user have his or her own individual sign-on. With the migration to the new security package, users will be systematically required to change their passwords every 90 days and users that have not been signed-on within a thirty-day period will be prevented from accessing the system.

To facilitate the migration, broadcast messages will be sent out via PTS during the month of August to direct users to the "PSWD" function so that DTCC has the information necessary to verify the identity of every person that is issued a PTS user ID.

Any questions or comments may be directed to your Participant Services Relationship Manager, Stash Jarocki, Corporate Information Security Officer at (212) 855-8831 or Diana King, Systems Security Director at (212) 855-3313.