

# The Depository Trust Company

# IMPORTANT

**B#:** 1333-07

**DATE:** April 4, 2007

**TO:** All Participants

**CATEGORY:** Executive Notices

**FROM:** General Counsel's Office/Underwriting

**ATTENTION:** Managing Partner, Operations/Compliance/Underwriting Officers

**SUBJECT:** OFAC Certification of Officers and Directors of Issuers from High-Risk Countries

The Depository Trust Company ("DTC") will be filing a proposed rule change with the Securities and Exchange Commission ("SEC") to help assure DTC's compliance with requirements of applicable laws, including economic sanctions and embargo programs administered under regulations issued by the Office of Foreign Assets Control ("OFAC"). The OFAC regulations require the blocking or rejecting of transactions for specified countries, entities and individuals appearing on the OFAC Specially Designated Nationals and Blocked Persons list and OFAC's sanctions programs ("the OFAC list").

The proposed rule change being filed by DTC will require domestic<sup>1</sup> Participants, acting in the role of an underwriter or a clearing agent for an underwriter that is not a DTC Participant, to provide DTC with a **certification that they have screened the names of the officers and directors of issuers from high-risk countries appearing on regulatory/government watch lists**, against the OFAC list and no valid matches were identified. The regulatory/government watch lists include OFAC, Financial Crimes Enforcement Network ("FinCEN") Section 311 - Special Measures, and Financial Actions Task Force ("FATF") Non-Cooperative Countries and Territories (NCCT). The three watch lists currently identify thirteen countries –

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<sup>1</sup> For the purpose of this OFAC certification requirement, a "domestic participant" is defined as a firm that is organized or incorporated in the U.S. and is subject to the Executive Orders, laws and regulations administered by OFAC (the "OFAC Sanctions Programs"). U.S. branches and subsidiaries of foreign firms that are subject to the OFAC Sanctions Programs are also considered domestic.

Balkans, Belarus, Burma (a.k.a., Myanmar), Democratic Republic of the Congo, Cote d'Ivoire (Ivory Coast), Cuba, Iran, Iraq, Liberia, North Korea, Sudan, Syria, and Zimbabwe. The current lists of high-risk countries can be viewed at the OFAC, FinCEN and FATF websites. The OFAC certification will be required to make foreign issues, incorporated or organized in these high-risk countries, eligible for DTC services.

DTC receives a very small number of eligibility requests for foreign issues that are incorporated or organized in high risk countries.

Subject to SEC approval, DTC plans on implementing this new procedure sometime in June 2007 and no systemic changes will be required by Participants. Initially, the certification will take the form of a hardcopy document that Participants will complete and submit to DTC's Underwriting department as an issue eligibility document. Later in the first quarter of 2008, when DTC launches the new Underwriting system, the certification will be incorporated into the new functionality and Participants will be able to provide DTC with the OFAC certification electronically by checking a certification box.

A subsequent important notice will announce the official implementation date for this new procedure and will also provide the official OFAC certification hardcopy document to be used initially. Prior to migrating to the electronic OFAC certification in the new Underwriting system, DTC will publish an important notice informing participants of the change.

General questions regarding this notice may be directed to your DTCC Account Executive or to Relationship Services. Specific questions related to the Underwriting operations process should be directed to Robin Bainlardi, Director of Underwriting Operations (212-855-3793). Other questions or comments concerning the OFAC regulations being implemented at DTC should be directed to Patrick Mapp, Compliance Director (212-855-3690).