

# The Depository Trust Company

# **IMPORTANT**

**B#:** 1838

**DATE:** April 19, 2001

**TO:** All Participants, Limited Participants, Transfer Agents

**CATEGORY:** Executive Notices

**FROM:** Agent Liaison

**ATTENTION:** Managing Partner/Officer, Cashier, Ops. Mgrs., Trf. Mgrs.

**SUBJECT:** Addendum to the Announcement of the Depository's  
Direct Registration System Profile Surety Program  
for the Profile Modification System

On February 21, DTC announced the implementation of the Direct Registration System Profile Surety Program (PSP). (For more information on PSP and a copy of the PSP application forms, please refer to Important Notice B# 1058 dated February 21, 2001 and reprinted on March 21, 2001.)

PSP provides for a surety bond to back the representations a guarantor makes under the screen-based indemnity contained within the Profile Modification System (Profile) and an additional layer of protection for industry members using the Direct Registration System (DRS) and Profile. DTC developed PSP to foster cooperation and coordination among transfer agents, issuers and banks and broker/dealers by addressing the concern of risk resulting from unauthorized instructions to transfer investors' DRS book-entry positions.

## **Change From the Original PSP Important Notice**

When the original Important Notice was distributed in February, all participants and limited participants/transfer agents were informed that they were required to obtain a surety coverage and be assigned a valid PSP number by DTC by April 20, 2001. As applications for PSP are still being received, we have extended the deadline for non-PSP number Profile transactions until close of business May 3. **Beginning on May 4, any Profile electronic instruction will require the initiating entity to input a valid PSP number.** (Applications for participation in PSP will continue to be accepted after May 3.)

## **DRS Update - Additional Information**

At a DRS Joint Industry meeting on April 12, industry members, including the Securities Transfer Agent Association (STA) and Securities Industry Association (SIA), agreed on the following course of action relative to DRS and Profile:

- The SIA members will review their processing and their programming, if necessary, to take steps to change the default for withdrawal-by-transfer (WT) requests from “C” for certificate to “S” for statement for DRS eligible issues. DTC is exploring programming changes to convert DRS indicators left blank to “S” as the default. All such changes will be implemented by November 1, 2001.
- The STA will undertake efforts to begin to migrate DRS eligible issues to Profile for those issues not yet in Profile. (There are 280 DRS eligible issues with 33 participating in Profile.) The migration to Profile will be completed by November 1, 2001.
- In May, DTC will file a rule change with the SEC to implement the above two initiatives.

## **Questions or Comments**

**Participants** with general questions about DRS, Profile and PSP should contact their DTCC Relationship Manager.

**Limited participants/transfer agents** who have questions about this notice should contact their Agent Liaison Relationship Manager, or call (212) 855-4438.

Joe Trezza  
Director