

The Depository Trust Company

IMPORTANT

B#: 4803

DATE: May 13, 2003

TO: All Participants

CATEGORY: Executive Notices

FROM: Jack R. Wiener; General Counsel's Office

ATTENTION: Underwriting Department; Compliance Department;
International Department; and Legal Department

SUBJECT: DTC-Eligibility for Regulation S Issues;
Chill Restrictions will Not be Accepted

This Important Notice relates to how Regulation S issues for which DTC-eligibility is sought must be structured.

Elimination of Reg. S Chills. Specifically, from July 1, 2003, on, DTC will no longer honor requests to impose a chill on Reg. S issues during the first 40 days after issuance.¹

Benefit. This change will benefit all DTC Participants that wish to hold Reg. S securities for their non-U.S. beneficial owner customers (and will also benefit the customers themselves), inasmuch as it will now allow them to hold such securities through the Participants' DTC accounts even during the first 40 days after issuance.

¹ This 40-day period, in the case of Reg. S Category 1 securities, coincides with the period when Section 4(3) of the Securities Act is not available for sales of such securities in the U.S., and, in the case of Reg. S Category 2 and Category 3 securities (limited here to straight debt securities), coincides with the applicable distribution compliance period.

As with Rule 144A securities, DTC will not monitor the compliance of any transactions in Reg. S securities with any provisions of Reg. S (or of any other exemptions or safe harbors from registration under any state or federal securities laws), but rather will leave such matters to the parties to the transaction.

Background. The chill restriction had previously been imposed by a number of law firms, not by the Securities and Exchange Commission. Over the course of the past year, DTC has discussed with SEC Staff and with securities lawyers from a number of firms whether it is necessary or appropriate to continue to impose such a chill on the ability of DTC Participants to hold Reg. S securities. As a result of these discussions, we now find ourselves unable to honor requests to chill Reg. S issues.²

If you have any questions or would like further background, please feel free to contact Jack R. Wiener, Managing Director & Deputy General Counsel, at JWiener@DTCC.com or 212-855-3280.

Jack R. Wiener
Managing Director & Deputy General Counsel
General Counsel's Office

² **Category 3 Issues.** With respect to Reg. S Category 3 debt securities (as defined in Reg. S), an issuer may make the following arrangements with DTC. In the event that DTC-eligibility is sought for such an issue, the issuer may request that DTC allow for beneficial owners to exchange their interests in a temporary global security for interests in definitive securities by certifying (through DTC Participants) as to their status as non-U.S. persons. Certain restrictions will in such cases apply to beneficial owners of interests in a temporary global security; for example, such beneficial owners will not be entitled to receive any payments of interest, principal, or other amounts payable in respect of such interest. Issuers or Participants interested in establishing such arrangements with DTC with regard to a specific Category 3 issue should contact the General Counsel's Office at the time that they structure the issue.