

The Depository Trust Company

IMPORTANT

B#: 6490

DATE: June 11, 2004

TO: All Participants

CATEGORY: Executive Notices

FROM: Network Operations

ATTENTION: Executive Management, CIO, CTO, Network Management

SUBJECT: Contingency Telecommunications Requirements - Update

In the aftermath of the events of September 11, 2001, The Depository Trust Company (DTC), like many of its customers, took a number of steps to enhance its internal business continuity plans. At the same time, as a centralized processing hub for the industry, DTC recognized a responsibility to ensure that linkages with our customers can withstand a future crisis. Clearly, the failure of any single party in the clearance and settlement process can affect the continuity and certainty of settlement generally. As part of the process to ensure certainty of transaction completion, DTC established new standards in 2003 to protect the industry as a whole, initially by requiring backup telecommunications links for all Depository Trust Company participants.

As announced in October 2002, DTC now requires the depository's high-volume participants using CPU-to-CPU links to transmit to the depository instructions for the settlement of transactions **to have contingency communications equipment installed and operational at an alternate location** in addition to their existing primary telecommunications links.

The alternate location must have a fully functional system that is capable of supporting all of the participant's critical interactions with the depository in the event the participant's primary location is unavailable. In addition, the contingency site communications equipment must use a dedicated line with

equivalent capacity to the primary connection, and must use a different central switching office than the primary site.

DTC also now **requires its high-volume participants to test connectivity between their alternate locations and the DTC data centers at least once a year.** This requirement for testing took effect in 2003. Tests can be arranged by contacting DTC at least three weeks in advance of a planned test.

The DTC mainframe-to-mainframe connectivity protocols that are affected by the new requirement include:

- Connect:Direct (NDM),
- File Transfer Protocol (FTP),
- Mainframe Dual Host (MDH),
- Message Queuing (MQSeries), and
- CCF-VTAM.

PTS (and the replacement PBS) connections and Web services are not affected by this requirement.

In addition to this Important Notice, firms affected by this new requirement will be notified individually by letter and/or phone.

Similar communications will be sent to the entire DTCC customer base regularly, reiterating the standards for each of the subsidiaries, including National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), and Emerging Markets Clearing Corporation (EMCC).

We have assembled a highly skilled team that is ready and willing to assist you in meeting this new standard. If you have any questions or need further information, please contact Kenneth Wright, BCP Project Manager at 212-855-1368 or contact the undersigned at 212-855-8176.

We appreciate your continued cooperation and support in this critical industry-wide effort.

George Perretti
Managing Director