



April 26, 2006

Re.: Endorsement of Paperless Legal Transfers

The Securities Transfer Association (STA) and the Securities Industry Association (SIA), working closely with The Depository Trust Company and other industry members, have been instrumental in the adoption of the Paperless Legals Program, which eliminates the requirements of attaching legal documents (otherwise known as Legal Transfers) to certain securities transactions. Since its implementation in October of 2004, this Program has grown in volume where today over 92% of all incoming legal transfer requests are submitted to DTC through this method.

The Program has brought process efficiencies to both transfer agents and issuers, with the major benefit of improving investor service. Work still needs to be done, however, for participants in the securities industry to realize the full benefits of the Paperless Legal Program.

Additional transfer agents, especially small agents and issuers who act as their own transfer agent must join the Program, with the hope that all agents will participate in the Program in the near future. This “all-in” approach will eliminate any inefficiency brought about by bifurcated processing. Those agents that may have had reservations about the Program in the past should be reassured by both its successful track record, and by the new educational initiatives soon to be launched by the STA and STAMP. These initiatives include an educational website, a certification program for guarantors, and an online connection where guarantors can “Ask the Expert” and get an immediate answer to questions about legal transfers.

Steps must also be taken by all DTC participants to eliminate the inclusion of paper documents on transfer requests. The elimination of these documents will speed processing, eliminate redundancies, reduce rejects, and lower risk and costs.

The SIA Operations Committee and the STA fully endorse the Paperless Legal Program. We urge all industry members to participate in the Program. For more information, please contact Cynthia Jones at cjones@stai.org, Richard Bommer at rbommer@sia.com, or your DTC representative.

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