

# The Depository Trust Company

# **IMPORTANT**

**B#:** 0486

**DATE:** August 15, 2000

**TO:** All Participants, Depository Facilities, Pledgee Banks  
and Transfer Agents

**CATEGORY:** Operations

**FROM:** Alan Hutton, Vice President, Securities Processing

**ATTENTION:** Managing Partner/Officer/Cashier

**SUBJECT:** SPECIAL ALERT REGARDING PREVIOUSLY CANCELED SECURITIES

Reference is made to DTC's Important Notices B # 10,271-91 (dated November 22, 1991), B# 2,698-92 (dated March 30, 1992), B# 1654 (dated September 3, 1997), and B# 2498 (dated January 5, 1998) regarding previously canceled certificates reported to us as being in circulation.

DTC has recently been advised that canceled certificates totaling millions of dollars have been reported in circulation in London. These canceled certificates are being offered for sale and/or being pledged as collateral for loans.

Once again, all DTC Participants, Depository Facilities and Pledgee Banks are strongly urged to take whatever precautions are necessary in order to protect themselves and their customers in light of this continuing problem and to notify correspondent firms and other parties that may be affected by this problem.

As a reminder, federal securities law (Section 17A(d) of the Securities Exchange Act of 1934 and Rule 17A(d)-12 thereunder) require that transfer agents assure that all securities that they custody are handled in a manner reasonably free from risk of theft or other loss. The Comptroller of the Currency, in enforcing those laws, has in the past indicated that a transfer agent should perforate or otherwise mark canceled certificates, store them in a secure area for not less than six years, destroy them by shredding or otherwise mutilating them, and adequately verify functions performed by outside contractors entrusted with destruction of the certificates.

If you have any questions regarding this notice or need additional information, please contact your Participant Relationship Manager or Corporate Trust Services.