

# THE DEPOSITORY TRUST COMPANY

# IMPORTANT

**B#:** 9923

**DATE:** April 24, 2000

**TO:** ALL PARTICIPANTS

**FROM:** Michael Lippa, Director, Securities Processing

**ATTENTION:** Managing Partner/Officer, Cashier and Operations Manager

**SUBJECT:** New Envelope for Direct Mail by Depository Withdrawals (DMD)

Withdrawal-by Transfer requests made by Participants who use the Direct Mail by Depository (DMD) service result in the newly issued certificates being mailed directly to the Participant's customer by DTC. In a very small number of cases, customers claim non-receipt of the securities, an indication that the envelope containing the certificates was either lost in-transit or mistaken for "junk" mail and thrown away. Although infrequent, DMD losses usually require Participants to make arrangements with DTC to submit new Withdrawal-by-Transfer requests. The time that elapses between the first request and the completion of the second request, when the customer finally receives the physical securities, can be lengthy and lead to customer dissatisfaction. The process DTC undertakes to obtain replacement certificates for the lost securities is also time-consuming and adds to the cost of the DMD product. In an effort to reduce DMD mail losses and contain costs, DTC is converting from a letter-size to a certificate-size mail envelope on April 27, 2000. More information about this change is provided below but first a brief description about the Direct Mail services available to Participants follows.

### **About DTC's Direct Mail Service**

As part of DTC's Automated Withdrawal by Transfer program, Participants have the option of choosing either Direct Mail by the Agent (DMA) or DMD.

The DMA service enables Participants to request that transferred certificates be mailed directly to

their customers by a participating transfer agent. The DMD service enables Participants to request that transferred certificates be mailed directly to their customers by DTC.

As an additional feature of the DMD service, DTC allows Participants to delay (hold) DMD items for a predetermined number of days before mailing. A Participant may hold an item for one to nine days allowing the Participant to terminate (bust) a DMD item by transmitting an instruction through the DMDH PTS function. Participants may, at their discretion, have a bust item returned to them or redeposited.

### **DMD Enhancement**

On April 27, 2000, DMD withdrawals will be mailed to Participants' customers in larger, certificate-size envelopes (8 ½" x 12 ½" ). This measure is expected to reduce the number of incidents DMD certificates are reported lost through the mail. The return address window of the larger envelope will show the Participant's name along with DTC's return address PO Box number, reducing the chance of a customer mistaking the unopened DMD envelope as "junk" mail. The larger envelope will also enable Participants' customers to receive certificates that have not been folded as is necessary with the current letter-size mailing. The larger envelope will cost Participants an additional \$0.11 per mailing in postage.

Any questions regarding this enhancement may be directed to Out Transfer Manager Tom McGuire at (212) 855-2601 or DMD Supervisor Bob Kautz at (212) 855-2607.

DTC has a dedicated Direct Mail staff with extensive securities processing experience. We believe the staff and service will meet your needs and exceed expectations. We look forward to hearing from you.

*g:imptnote.*