

THE DEPOSITORY TRUST COMPANY

IMPORTANT

B#: 5377

DATE: December 14, 1998

TO: All Participants

FROM: Participant Services Division

ATTENTION: Managing Partner/Officer, Cashier, Contingency Planning Officer

SUBJECT: PTS Share Agreements

As we approach the millennium, uninterrupted processing is of ever increasing importance within the financial services community. This is evidenced by the major industry campaign which has been underway for some time to ensure that the processing capabilities of all involved entities are year 2000 (Y2K) compliant.

In addition to Y2K compliance, another important factor in ensuring uninterrupted processing is the ability to operate in the event of a disaster. DTC continually urges Participants to examine the extent to which they are prepared to operate with the depository in the event of an unforeseen emergency. In this regard, Participants are encouraged to install back-up systems to be used in the event of a communications line or equipment problem that prevents their ability to interface with DTC, or a fire, explosion etc. which prohibits access to the work site.

One such back-up possibility is a PTS Share Agreement¹ which enables a Participant to access its DTC account(s) through another Participant's PTS equipment. A share agreement can also be reciprocal, enabling either Participant to access its DTC account(s) through the other's PTS

¹ between two direct Participants

equipment. To be most effective, share agreements should be executed with Participants in different buildings and/or locations, thereby limiting the possibility of both being affected by the disaster.

In view of the ever growing importance of uninterrupted processing, DTC strongly urges Participants to review their existing Share Agreements and, where necessary, establish new or additional ones. If none presently exist, Participants should establish unilateral or reciprocal Share Agreements.

To establish a PTS Share Agreement, a Participant must send the completed agreement (see attached exhibits) on its letterhead to DTC's Director of Compliance at the address shown. PTS Share Agreements will result in the following actions by the Participant's Relationship Manager upon being informed of a disaster:

- C verify the existence of the Share Agreement, and contact the other Participant to determine which of its terminals and printers will be used for the emergency period,
- C set up temporary password[s] and printer access, and notify both Participants,
- C delete the temporary password[s] and printer access once the emergency has been resolved

To terminate a Share Agreement, the Participant should notify the Director of Compliance in writing by registered mail at least 10 business days prior to the effective date.

For additional information on PTS Share Agreements, contact your Relationship Manager or Ingrid Williams of DTC's Compliance Department at [212] 855- 4948.

Ken Scholl
Vice President