

The Depository Trust Company

IMPORTANT

B#: 0510

DATE: January 08, 2001

TO: All DTC Participants

CATEGORY: Settlement/Underwriting

FROM: Settlement Department

ATTENTION: Settlement Manager/Managing Director/Cashier

SUBJECT: Mandatory Deliverer's & Receiver's Internal Customer
Account Numbers

On July 13, 2001, DTC will begin to mandate the use of the receiver's and deliverer's internal customer account numbers (ANs) on all **free of value (free)** deliver orders (DOs) processed through the Deliver Order functions (DO & NDO) in the Participant Terminal System (PTS) and all automated DO input sources, i.e., Computer-to-Computer Facility (CCF), Computer-to-Computer Facility II (CCFII), and Mainframe Dual Host (MDH).¹ DTC will mandate the use of the internal customer account number fields by input source in phases. As stated, the first phase will begin on July 13, 2001, at which time free deliver orders submitted through **PTS** will require both the deliverer's and receiver's internal customer account number fields to be populated. Transactions submitted through PTS without this information, on or after that date, will be rejected by DTC. The exact date that Participants will be required to populate these fields when submitting free DOs through MDH, CCF, and CCFII has not been determined, but will occur shortly after July 13, 2001. Participants will be notified of the exact dates for these input sources in a future Important Notice.

¹Currently internal customer account information is required on other types of deliver order transactions, i.e., Initial Public Offerings (IPOs) and Automated Customer Account Transfers (ACATs). The processing of these transactions will be unaffected by this new procedure and will remain unchanged.

Background

Participants have requested that DTC require delivering Participants to input both (receiver's and deliverer's) internal customer account numbers on all original and reclaimed **free deliver orders** processed through all input sources. Mandating the use of ANs will assist receiving Participants with their internal matching processes. Many Participants incorporate matching processes into their operations by maintaining a "receive file" which represents all of their expected receives for the current settlement day. As transactions are delivered to the receiving Participant, the receiving Participant's internal system compares the received transactions against its internal receive file and attempts to find a match. Two of the elements Participants' internal systems compare are the "receiver's and deliverer's internal customer account numbers." Therefore, if the receiver's and deliverer's ANs do not match to any transaction on the receiver's internal receive file, even if all other elements (contra, shares, settlement value, CUSIP, etc.) match, the transaction is either automatically reclaimed or routed to an exception queue. Transactions placed in exception queues must be researched manually. This often involves a call from the receiver to the deliverer. Either way, unmatched transactions result in processing inefficiencies for both Participants involved in the transaction.

Editing

Although Participants will be required to populate the receiver's and deliverer's internal customer account number fields, DTC will not be able to verify that the information is correct. However, Participants are urged to populate these fields with the correct data since doing otherwise will only increase the likelihood of erroneous reclaims. It should be noted, however, that receiver's and deliverer's internal customer account numbers may not exist for certain types of free deliver orders and when this is the case, Participants should enter NA (not applicable) in these fields.

Automated input and output

Currently, CCF, CCFII, and MDH have specific fields for the receiver's and deliverer's internal customer account numbers. Unfortunately, these fields are rarely populated. As a result, DTC has been asked to mandate the use of these fields. In addition, DTC has been asked to request that Participants begin to populate these fields immediately even though their use will not become mandatory until sometime after July 13, 2001. DTC strongly urges Participants to begin making the necessary internal system modifications required to comply with the mandatory use of these fields. Participants will be notified of the exact CCF, CCFII, and MDH input and output field locations for the receiver's and deliverer's customer internal account numbers in an upcoming issue of the CCF & MDH Newsletter. Participants can also obtain this information by contacting the Participant Interface Planning Department at (212) 855-2693. Participants should note that only free deliver orders entered through the deliver order functions will contain deliverer's and receiver's account information. Deliver orders generated from Investors' Voluntary Redemptions & Sales (IVORs) or Reorganization instructions will not contain customer account information.

PTS input

In addition to the automated input sources mentioned above, Participants can also submit their deliver orders through the PTS Day Deliver Order (DO) function and the Night Deliver Order (NDOM) function. For Day DOs, there are three separate options for the input of original deliveries: DO option #1 (Day DO), DO option #2 (Day DO Extended), and DO option #4 (Day DO IPO). Both DO options 2 & 4 have specific fields for deliverer's and receiver's internal customer account numbers, but option 1 does not. As a result, DO option #1 will be enhanced to include specific fields for ANs before July 13, 2001.

Similar to the Day Deliver Order Menu, the Night Deliver Order Menu (NDOM) also contains several options. As with the Day DO options, all night options will be enhanced to provide specific locations for internal customer account information before the mandate.

The new fields will be consistent in length (17 bytes) to the existing receiver's and deliverer's internal customer AN fields contained in CCF, CCFII, MDH, and Day DO option #2. The date the new fields will be available will be announced in a future Important Notice.

PTS output

Currently, PTS Deliver Order tickets contain specific fields for the receiver's and deliverer's internal customer account numbers for DOs entered through PTS functions which contain these fields. Once all of the PTS deliver order functions have been enhanced to include specific fields for internal customer account numbers, this information will appear on all PTS Deliver Order tickets.

Viewing the Receiver's and Deliverer's Account Number through PTS

Currently, Participants can view a transaction's internal customer account numbers through the PTS Automated Transaction Processing Activity Menu (ATAM) function. Account numbers are contained in the comments fields on the ATAM details screen and will continue to be displayed there after the mandate.

Questions regarding this notice may be directed to the undersigned at (212) 855-5906 or your Relationship Manager.

Julie Krill
Manager
Settlement