



<b>B #:</b>	1698-12
<b>Date:</b>	November 1, 2012
<b>To:</b>	All Participants
<b>Category:</b>	Operations
<b>From:</b>	General Counsel's Office
<b>Attention:</b>	Managing Partner/Officer; Operations Partner/Officer; Settlement Manager/Cashier; Treasury Operations Manager/Officer
<b>Subject:</b>	DTCC Client Update on Superstorm Sandy – Physical Processing and Custody Services

As previously reported, 55 Water Street has sustained significant water damage as a result of Superstorm Sandy. Electrical power in lower Manhattan, including 55 Water Street, is still off. The building itself remains inaccessible and will be until power is restored and an on-site health and safety inspection can be completed. Though sea water levels have returned to normal, we still believe the lower floors in the building remain flooded, and at this point can make no accurate determination as to the full impact of the water damage.

The DTCC vault and its contents, which include certificates registered to Cede & Co., as well as custody certificates held in customer/firm name and sealed envelopes, are likely damaged. However, all of DTCC's computer records are fully intact, including detailed inventory files of all certificates held in the vault.

Decisions on the specific actions DTCC will take with respect to its vault will only be made as further information about the degree of damage is understood. DTCC asks for its participants' and their clients', issuers' and agents' patience as we work through this situation.

#### **Day-to-Day Cede & Co. Physical Processing**

DTCC has not received any courier or mail shipments since last Friday, October 26, 2012. We are reaching out to the couriers, primarily FedEx and UPS, to make arrangements for all receipted packages to be routed at DTCC's recovery facility in Brooklyn, NY. At this point, each courier continues to experience extreme service delivery delays. This situation continues to rapidly evolve. At this point, we believe the first drop shipments could arrive as early as Friday, November 2. Until further notice, all Participants and Transfer Agents are now directed to route security packages to:

DTCC  
Brooklyn Army Terminal  
3 H – Securities Processing  
140 58th Street  
Brooklyn, NY 11220

DTCC offers enhanced access to all important notices via a Web-based subscription service. The notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit [http://www.dtcc.com/subscription\\_form.php](http://www.dtcc.com/subscription_form.php).

With respect to daily processing of physical securities, DTCC is working to reestablish infrastructure for a near normal processing environment. Critical processing, with respect to Cede & Co processing, will include mechanisms for Participants to receive position credit for deposits, reorg entitlements, and Direct Registration System (DRS) statement withdrawals. DTCC expects to be operational, on a limited basis today, November 1 for Deposit Services, if Participants are able to make delivery to DTCC's alternate recovery center (address above). Other services to follow within the next several days – updates will continue to be published.

Important Note: For securities that are FAST eligible and eligible for the Deposit and Withdrawal at the Custodian (DWAC) function, DTCC strongly asks Participants to contact the respective transfer agent and to ship such securities directly to the agent and utilize DWAC to receive credit.

**For Participants of DTCC's Custody Only Services**

The inability to access Custody-only Securities (i.e., firm and customer name registrations and sealed envelopes) creates unique challenges for DTCC and its Participants. Until a site assessment is complete, no further determination can be made as to the condition of the Custody only vault inventory.

DTCC is actively reestablishing infrastructure to support a limited suite of Custody-related services, which will include NSCC's Envelope Settlement Service (ESS), Direct Clearing and a limited NY Window (receives only) service within the next several days.

Our staff will be contacting participants that are direct users of custody only services to discuss the impact on operations.