



B #:	0056-12
Date:	January 13, 2012
To:	All Participants
Category:	Underwriting
From:	General Counsel's Office
Attention:	Managing Partner/Officer; Operations, Underwriters, Agents, Trustees, Issuer's Counsel, and Other Affected Parties
Subject:	Operational Arrangements Necessary for an Issue to Become and Remain Eligible for The Depository Trust Company's ("DTC") Services

The purpose of this notice is to announce the posting on DTCC's website of the document containing DTC's Operational Arrangements ("OA") necessary for an issue to become and remain eligible for DTC services. The OA contains several revisions to those issued in January 2009 many of which reflect clarifications and improvements in DTC's processes for making securities eligible and for the associated processing of corporate action events, as well as to mitigate the risk associated with these processes.

Specifically, OA has been updated to reflect changes that have been previously filed with and approved by the United States Securities and Exchange Commission ("SEC") (but as to which the OA was not previously updated). The changes reflected in the January 2012 OA filed with the SEC are as follows:

- In March of 2010, DTC filed a rule change with the SEC in which it modified the required notification method for the assumption or termination of transfer agent services, (*See* section II of the OA document).
- In May of 2010, DTC filed a rule change with the SEC in which it updated its Procedures regarding the Participant Tender Offer Program ("PTOP"). The change was proposed in order to provide Participants with a streamlined efficient process for making elections in regard to all corporate action events which DTC deemed appropriate for processing, (*See* section VI of the OA).
- In November of 2010, the SEC approved a DTC rule filing in which DTC proposed to automate the approval process relating to providing trustee access to the Security Position Report ("SPR") Service at the point of eligibility, (*See* section VI and Exhibit B, respectively, of the OA).
- In April of 2011, the SEC approved a DTC rule filing in which DTC amended its Rules relating to the requirement to maintain a balance certificate in the Fast Automated Securities Transfer Program ("FAST"). The OA has been updated accordingly to specify that FAST agents for issues that utilize the Direct Registration System ("DRS") will no longer need to maintain a balance certificate, (*See* section II of the OA).
- In August of 2011, the SEC approved a DTC rule filing in which DTC amended its Rules relating to the early redemption of certificates of deposit, (*See* section I (C) of the OA).

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Also included in the OA is guidance for Issuers and their Agents as to the key criteria applied by DTC to determine that securities are initially, and may continue to be, eligible for its book-entry delivery and depository services; much of which was covered in DTC's Important Notice B# 0006-11, dated Jan. 12, 2011, subject "Information for Securities to be made DTC-Eligible". The OA has been updated to be consistent with the Important Notice and to clarify DTC's eligibility criteria, (*See* section I, Eligibility Requirements of the OA).

For purposes of consistency, DTC has also included an Important Legal Information Section in the OA, which adopts current language from DTC's Rules and Procedures. (*See* page *ii* of the OA).

DTC has modified the following processes in order to mitigate any risk associated with processing:

- DTC will require that an Issuer or Agent obtain a new CUSIP number from Standard & Poor's CUSIP Service Bureau in order to facilitate the adequate processing of a corporate action event, such as an interest payment. This change will reduce the number of processing problems associated with such events by facilitating the payment of holders in a timely manner and at the correct accrual period, (*See* section II of the OA).
- DTC added language to the OA which established that the record date for equity securities must coincide with the established ex-date announced by the applicable stock exchange on which the security is listed. Additionally, DTC will require that if a security is listed on an exchange or trading in the secondary market, the Issuer must distribute a shareholder notice to the respective exchange, announcing the Issuer's intent to effect a corporate action. These changes are consistent with current practice and will mitigate risk associated with corporate action announcements in that they will allow DTC to process corporate actions in agreement with the marketplace, (*See* section III and VI, respectively, of the OA).
- DTC has updated the OA in order to reflect an established practice relating to reorganization payments. This update will allow for timely processing of payments. DTC has requested that agents send payments in same-day funds no later than 1:00 pm eastern time and, for payments of \$1 billion or more, no later than 12:00 pm eastern time, (*See* section III(C)(3) of the OA).
- DTC will require that Agents or Issuers annually certify that their bank account numbers on DTC's records are accurate with respect to the return of erroneous payments, (*See* section III of the OA).
- DTC is codifying an established practice as it relates to reduction of Payment on Treasury or Repurchased Securities. This practice is currently reflected in the principal and income section of the OA and DTC has applied the practice to stock dividends and mandatory reorganization. Failure of a Participant to comply with notification to DTC to effect timely adjustments to the Participant's accounts could jeopardize the same-day distribution of payments to the Participant and beneficial owners holding through it. DTC has also added that instructions submitted to DTC outside of the established timeframes will subject a Participant issuing such untimely instructions to a disincentive fee, (*See* section IV and VI, respectively, of the OA).

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- DTC has made corrections and clarifications to its notification and processing requirements as they relate to corporate action events. These changes reflect current practice with agents and include requirements for what needs to be provided to DTC in the event that the terms of an offer are amended, (*See* section VI of the OA).

Additional updates have been made to OA to show changes in DTC department names, telephone numbers, and email addresses, as well as to reflect technological advances. In several cases, DTC has updated the mechanisms for delivery (*e.g.*, e-mail, Participant Browser Service (“PBS”) and other acceptable electronic communication mediums) of certain documents/information (*i.e.*, instructions, notices, spreadsheets, etc.) to DTC.

The OA continues to accommodate agents’ and underwriters’ need for flexibility. The overwhelming majority of new issues of securities can be made DTC-eligible, as can the vast majority of already outstanding issues.

All agents remain required to sign the Operational Arrangements Agents Letter (*See* Exhibit A of the OA). In this statement a trustee or agent appointed for an issue being considered for eligibility covenants to DTC that it will comply with applicable provisions in the OA. Agents that have signed in the past need not re-execute as the past statements indicate compliance with the OA as they are amended from time to time. In addition, Letters of Representations need not be re-executed by Issuers that have signed in the past in order to indicate agreement to these updated arrangements. The Letters of Representations also state that issuer will comply with the requirements stated in OA, as they may be amended from time to time. Although Issuers of certificated securities are not required to execute Letters of Representations, to induce DTC to make any security DTC-eligible and for such security to remain DTC-eligible, Issuers and its Agents are expected to comply with the requirements stated in OA. The previous sentence applies to all DTC-eligible securities, whether they are certificated or un-certificated. All Issuers and Agents of DTC-eligible securities are expected to comply with the requirements set forth in OA.

The OA document is accessible via DTCC’s website at <http://www.dtcc.com/legal/eligibility/index.php>.

Participants and others wishing to discuss these arrangements may contact the Underwriting Department at (866) 724-4402.