

**Bold, underlined** text indicates additions.

**~~Bold, Strike-through~~** text indicates deletions.

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**The Depository Trust Company,**  
a subsidiary of The Depository Trust & Clearing Corporation

## **OPERATIONAL ARRANGEMENTS**

(Necessary for Securities to Become  
and Remain Eligible for DTC Services)

**March [Month] 2020 [YEAR]**



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**[To be updated upon implementation of the proposed rule change]**

I. *Eligibility Requirements*

A. Standards

1. Submission of an Eligibility Request to DTC

Only Participants can request that DTC make a security eligible. It is therefore incumbent on an Issuer to have a relationship with an underwriter or other financial institution that is a Participant or is directly associated with a Participant that is willing to sponsor the eligibility process for the Issuer's securities. A Participant may submit an eligibility request through the underwriting services of DTC at the time a security is initially being offered and distributed to the marketplace or at a later time for already issued and outstanding securities. (New securities that result from reorganizations of already held and Eligible Securities<sup>1</sup> are also reviewed for continuing eligibility.)

Participants<sup>2</sup> are required to provide an eligibility request for specified securities to Underwriting by the submission of all required Issuer and securities data and all related offering documents, at a minimum, through the online Securities Origination, Underwriting and Reliable Corporate Action Environment ("UW SOURCE") **or Underwriting Central ("UWC")** system(s) to be considered for full service eligibility at DTC. (See **the Underwriting section of DTCC's website at <https://www.dtcc.com/settlement-and-asset-services/underwriting>** for more information on UW SOURCE **and UWC.** ~~at: <http://dtcc.com/matching-settlement-and-asset-services/underwriting/uw-source-info>~~).

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**6. Signature**

There are circumstances in which DTC may, at its option, in lieu of relying on an original manual signature, rely on an electronic signature (and the signature shall be considered, and have the same effect as) a valid and binding original manual signature. These circumstances include: where such signature is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex). In many cases documents signed and submitted by non-U.S. entities are required to be sent with an original manual signature. Certain documents, such as legal opinions, must be delivered to DTC in hard copy and require original manual signatures.

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<sup>1</sup> Eligible Securities, as used in this document, has the meaning provided in the DTC Rules.

<sup>2</sup> Underwriters with an approved correspondent relationship with a Participant may also request DTC eligibility for a new security being offered and distributed.

## **B. Documentation**

### **1. Requirements for Book-Entry-Only (“BEO”) Securities**

#### **a. Letters of Representations (“LOR”)**

The minimum requirement for a Participant to request a Security to become eligible at DTC is the submission of an offering document and a completed eligibility request in UW SOURCE **or UWC**. (See Section I (A), Eligibility Requirements.) In addition, Issuers of BEO issues must submit to DTC a fully executed LOR on DTC’s preprinted form. This LOR represents the Issuer’s agreement to comply with the requirements set forth in this OA, as amended from time to time.

BEO securities are DTC-eligible securities for which (i) physical certificates are not available to investors and (ii) DTC, through its nominee, Cede & Co., will hold the entire balance of the offering, either at DTC or through a FAST Agent in DTC’s Fast Automated Securities Transfer (“FAST”) program. Issuers of BEO securities, **that are either FAST or where a physical master certificate is delivered to DTC**, must submit to DTC ~~an~~ LOR among the Issuer, its Agent (as applicable) and DTC, prior to such issue being determined to be eligible. For corporate and municipal securities, there are two acceptable forms of LOR: a Blanket Issuer Letter of Representations (“BLOR”) or an Issuer Letter of Representations (“ILOR”). A BLOR is Issuer-specific and applicable to all DTC-eligible securities (debt and/or equity) of the same Issuer. Once a BLOR is on file for an Issuer, a new BLOR is not required for future issuances unless the Issuer’s name changes (in which case an opinion of counsel may also be required). An ILOR may be used for discrete issuances, and is applicable only to that issue of securities, such as trust issuances. In all LORs, Issuers represent that they will comply with this OA, as amended from time to time.

#### **b. Required Riders to LOR**

Riders are required for all Rule 144A Securities, Securities issued under Regulation S, Securities denominated or having payments in non-US currencies, and Securities of a U.K. issuer. All relevant CUSIP numbers must be listed on each applicable rider.

Copies of LORs and riders may be obtained from DTCC’s website at <http://www.dtcc.com/legal/issue-eligibility>. For current forms of the BLOR and ILOR, respectively, please refer to <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/BLOR-Template.pdf>, and <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/ILOR-Template.pdf>.

Note: Sample offering document language describing book-entry-only issuance can be found in “Schedule A” to the DTC BLOR or ILOR form.

#### **c. Electronic Certificates for Retail CDs**

**Issuers leveraging the use of electronic master certificates for Retail CDs must submit to DTC on DTC’s form, a fully executed BLOR and its associated Rider, for each base CUSIP issuing Retail CDs through the electronic process. For the current form of the E-CD BLOR please refer to <https://www.dtcc.com/legal/issue-eligibility>.**

For more information, contact DTC’s Underwriting Department customer help line at (866) 724-4402.

**e-d. Agreements of Underwriter, Issuer and Agent**

By any request for eligibility and by deposit of securities which are made eligible at DTC, the Underwriter, Issuer and Agent, as applicable, each acknowledge and agree to the terms set forth below. With respect to an Issuer, these terms are also reflected in the applicable LOR.

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- iii. In the event of a redemption, acceleration, or any other similar transaction necessitating a reduction in the aggregate principal amount of securities outstanding or an advance refunding of part of the securities outstanding, DTC, in its discretion ~~may~~ (i) may request Issuer or Agent to issue and authenticate a new security certificate; or (ii) may make an appropriate notation on the affected security certificate held in custody by DTC or its agent indicating the date and amount of such reduction in principal, except in the case of final maturity, in which case the security certificate will be presented to Issuer or Agent prior to payment, if required.

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**d-e. LOR Requirements for Certificated Securities**

Issuers of Securities which allow for physical security certificates to be available to investors (“Certificated Securities”) are typically not required to sign a LOR; however, in some cases, the applicable Issuer and/or Agent may be required to sign ~~an~~ LOR (and cause the securities to be held in BEO form at DTC).

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***C. Additional Considerations***

**1. Retail Certificates of Deposit**

The following additional eligibility requirements apply to Retail (Brokered) Certificates of Deposit (CDs):

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**c. Electronic Master Certificates**

**In lieu of issuing and delivering physical master certificates to DTC, the Underwriter can facilitate issuance of Retail CDs for state and federally chartered banks in electronic form by using specific master certificate templates (“System E-CD Templates”) provided by DTC through UWC.**

**The relevant data (e.g., maturity date) will be populated into a System E-CD Template as entered by the Underwriter into the UWC application. It is the responsibility of the Underwriter to disseminate the populated electronic master certificate to the Issuer for electronic signature via UWC. The Issuer must electronically sign the electronic master certificate prior to closing.**

**Each electronic master certificate is stored in a secure electronic vault maintained by DTC.**

**For Retail CDs that do not conform to the System E-CD Templates, a physical master certificate must be delivered to DTC prior to closing.**

**Note: Whether issued in electronic or physical form, securities should be delivered to DTC by no later than noon ET on the business day prior to the Closing Date as outlined in Exhibit B.**

**IMPORTANT LEGAL NOTICE:**

**DTC DOES NOT VALIDATE, CERTIFY, REPRESENT OR SEEK TO CONFIRM (i) THE VALIDITY OF THE DATA ELEMENTS ENTERED BY A PARTICIPANT, THEIR CORRESPONDENT UNDERWRITERS AND OR VENDORS INTO UWC (TOGETHER WITH ANY OTHER PERSON USING UWC, "UWC USERS") OR (ii) THE FITNESS OF THE ELECTRONIC MASTER CERTIFICATES FOR ANY PURPOSE. USE OF UWC AND/OR ELECTRONIC MASTER CERTIFICATES BY ANY UWC USER SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY AND ALL CLAIMS (WHETHER DIRECT OR INDIRECT) AGAINST DTC AND ITS AFFILIATES, AND AN AGREEMENT THAT DTC AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY LOSS, COST, EXPENSE OR LIABILITY IN RELATION TO THE USE OF UWC AND/OR DISSEMINATION OR USE OF RELATED DOCUMENTATION.**

**EACH PARTICIPANT AGREES TO INDEMNIFY AND HOLD HARMLESS DTC AND ITS AFFILIATES FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, COSTS, JUDGMENTS, CHARGES AND EXPENSES ARISING OUT OF OR RELATING TO ANY USE OF UWC BY THE PARTICIPANT AND/OR ANY UWC USER, INCLUDING BUT NOT LIMITED TO ANY ISSUANCES OF CERTIFICATES OF DEPOSIT AND RELATED TRANSACTIONS BY SUCH PERSON OR ITS AFFILIATES, AGENTS, CUSTOMERS OR DESIGNEES.**

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*Exhibit B*

**UNDERWRITING STANDARD TIME FRAMES**

*Information and/or Materials Needed by DTC to Process an Underwriting and Notify DTC Participants in a Timely Fashion*

<b>Information and/or Materials Needed</b>	<b>Time Frame</b>
<p>Submitted to DTC via <u>UW SOURCE or UWC</u>: Preliminary offering document (e.g., official statement, prospectus, offering memorandum) which provides issue information (e.g., Issuer name, description of the Security, denominations, name of the trustee, paying agent, transfer agent, and if applicable, other features of the Security, such as an early redemption;</p> <p>Identity of the lead underwriter; and CUSIP number(s); and principal/share amount, as applicable per CUSIP; and interest rates and maturity dates, as applicable per CUSIP.</p>	<p>At least <i>six</i> (6) business days prior to the Closing Date.</p> <p>Note: Late surcharges will be billed accordingly as outlined in the DTC Fee Schedule.</p>

<p>Note 1: UW SOURCE will indicate to the submitter the required data, dependent upon the Security type, at the time of the eligibility submission.</p>	
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<p>Note 2: For municipal issues, required trade and settlement eligible data submitted NIIDS– refer to Section I(C)(3).</p>	
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# UNDERWRITING

## SERVICE GUIDE

AUGUST 10, 2018 [Date]



Copyright

## Important Legal Information

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[To be updated upon implementation of the proposed rule change.]

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## ABOUT UNDERWRITING SERVICES

### Overview

DTC, through its underwriting department ("Underwriting Department"), serves the financial industry by making securities eligible for depository services. Through DTC, Participants have the ability to distribute new and secondary offerings quickly and economically by electronic book-entry delivery and settlement. These securities are then available for depository services. DTC maintains a master file of all CUSIP numbers representing securities made eligible at DTC.

This guide describes services offered through Underwriting and related requirements.

In addition, DTC's Operational Arrangements ("OA"), available at <http://www.dtcc.com/~media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>, set forth the criteria for an issue to become and remain eligible at DTC and should be used in conjunction with this Service Guide. The OA outlines the various eligibility requirements, including, but not limited to:

- Securities Eligible for DTC's services
- Standard time frames for providing underwriting information to DTC
- Documentation including Letters of Representations and applicable riders
- Opinions of counsel
- Ownership thresholds

Glossary Term	Abbreviation	Definition
book-entry-only security	BEO	An issue authorized for deposit at DTC in the form of one or more global certificates for each tranche of an issue. Ownership positions and transactions in each security are reflected in DTC's records and in the records of participating banks and brokers. Transaction confirmations and periodic account statements provided to investors identify securities the investor owns and report on activity in the investor's account.
Blanket Letter of Representations	BLOR	An agreement accepted by DTC from <del>municipal</del> issuers in which the issuer agrees to comply with the requirements stated in the Operational Arrangements, as they may be amended from time to time. DTC requires an issuer to submit a BLOR only once for all its future <del>municipal issues</del> <u>issuances</u> distributed through DTC.
closing date		The date on which the Underwriting Department will distribute an issue to the underwriter's DTC participant account for book-entry delivery and settlement upon notification by both the underwriter and the issuer that an issue has closed. Also referred to as the distribution date.
CUSIP number		The identification number created by the American Banking Association's Committee on Uniform Security Identification Procedures (CUSIP) to uniquely identify issuers and issues of securities and financial instruments. The CUSIP number consists of nine digits; the first six digits identify the issuer and have been assigned to issuers in alphabetic sequence, and the next two characters (alphabetic or numeric) identify the issue. The ninth digit is the check digit.
data distribution box	DD	A receptacle located in the central delivery area of DTC used for distributing hard-copy reports and notices to participants.
Fast Automated Securities Transfer	FAST	An arrangement between DTC and transfer agents to eliminate the movement of securities certificates. By signing the Balance Certificate Agreement with DTC, agents agree to maintain DTC-eligible inventory in the form of jumbo certificates registered in the name of DTC's nominee name, Cede & Co. DTC and FAST agents electronically reconcile the results of participants' daily deposit and withdrawal activities.
flipping		The sale of shares of a security in the secondary market during the stabilization period or penalty-bid period.
global		An issue that is eligible to trade and settle at a domestic as well as an international depository.
initial public offering	IPO	A corporation's first offering of stock to the public. In an IPO, a corporation must comply with registration requirements of the Securities and Exchange Commission (SEC).
lead manager		The institution that organizes and leads a syndicate of underwriters in purchasing and distributing shares of an offering to investors. Also known as lead underwriter.
Letter of Representations	LOR	An agreement that contains certain representations that must be made to DTC by the issuer and others before various issue types (for example, book-entry-only issues, Rule 144A issues, and Regulation S issues) can be made eligible for DTC's services.

offering documents	A formal written offer to sell securities that sets forth the plan for the proposed business enterprise (or the facts concerning an existing one) that an investor needs in order to make an informed investment decision.
operational arrangements	The requirements for an issue to become eligible for DTC services that incorporates standards for income, reorganization, and redemption payments ("Principal and Income Payments"), adopting the guidelines set by the U. S. Working Committee Group of Thirty (G-30) Clearance and the Settlement Project Same-Day Funds Task Force (P Task Force).
penalty-bid period	Established time period in which the lead manager has the right to penalize syndicate members for their customers' flipping activity.
private placement	The sale of securities directly to private persons, institutional investors, or both outside a public offering. Unlike a public offering, a private placement does not have to be registered with the SEC.
SEC-registered company	An offering of securities that is filed with the Securities and Exchange Commission (SEC).
stabilization period	The duration of time immediately after the closing of an issue during which the lead manager may purchase securities in the open market in order to stop a decline in the price of the securities.
syndicate	A group of investment banks assembled by a lead manager to underwrite a new issue. Also known as a selling group.

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## CLOSING

The Closing area is responsible for ensuring that the lead underwriter's participant account is credited on settlement date with the position for the new issue.

When an issuer or its agent and the underwriter call the Closing area to confirm that the issue has closed and verifies pertinent data, the Closing area releases the position from an internal DTC account and credits the lead underwriter's participant account, provided that DTC received the certificates or that the FAST balance was approved. Once the issue has closed and position is released into the underwriter's DTC participant account, pending deliveries from the underwriter to the syndicate members are made within minutes.

The DTC Closing Desk can be reached by calling the Underwriting Hotline at 866-724-4402.

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### **Note**

Occasionally the issuer or its agent sends DTC a letter of authorization informing DTC that only persons designated in the letter are authorized to release position to the participant's DTC account.

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## Understanding Relevant Dates

See Exhibit B of the Operational Arrangements for the “Underwriting Standard Time Frames” which provide the time frames for information and materials needed by DTC to process an underwriting in a timely manner.

## Associated Participant Terminal System (PTS) Functions

You can use the following PTS functions in association with Closing.

This function	Allows you to
<b>ART</b>	<del>Inquire about the details of transactions processed by DTC.</del>
FRAC	Confirm or reject FAST Underwriting Shipment Control Lists (SCL)
	<p><b>Note</b></p> <p>This function is generally available to transfer agents only. Agents are encouraged to update FRAC before an issue closes in order to ensure timely updates to an underwriter's account and to more quickly identify possible discrepancies in amounts or CUSIP numbers.</p>
GWIZ	View the details of DTC-eligible issues.
<b>PUND</b>	<del>Add, update, or inquire about an issue; delete a pending transmission; or get a certificate-denomination breakdown.</del>

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## MONEY MARKET INSTRUMENTS PROGRAM

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## Associated PTS Functions

You can use the following PTS functions in association with the Money Market Instrument Program:

This function	Allows you to
<b>IMPP</b>	<del>View Important Notices about underwriting, transfer agents, and money market instruments.</del>
MMBI	Inquire about information on bankers' acceptances.
MMII	Issue, inquire about, withdraw, or cancel instructions for all money market instruments.
MMIQ	Inquire about instructions for all money market instruments.
MMUW	Inquire about information on current underwriting notices.

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## PACKAGING INQUIRIES

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The Packaging area inspects the physical certificates received from transfer agents, counsel, and Participants for NON-FAST securities to verify certain information about the issue previously entered via UW SOURCE. Issuers (or their underwriters) are required to submit the certificates to DTC by noon on the day prior to closing date in accordance with DTC's OA.

For BEO securities, DTC requires a deposit of one or more certificates registered in the name of DTC's nominee name, Cede & Co., for each maturity of the securities. If the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued for each \$500 million of principal amount and an additional certificate will be issued for any remaining principal amount of such issue.

If registered certificates cannot be made available to DTC according to this schedule, the lead underwriter must submit a signed Letter of Securities Possession in order to process the distribution of the issue by book entry on the closing date.

### **Retail (brokered) Certificates of Deposit:**

**In lieu of issuing and delivering physical master certificates to DTC, the Underwriter can facilitate issuance of Retail CDs for state and federally chartered banks in electronic form by using available master certificate templates through the Underwriting Central system ("UWC"), in accordance with the provisions of the OA.**

**Each electronic master certificate deposited at DTC is stored in a secure electronic vault maintained by DTC.**

### **IMPORTANT LEGAL NOTICE:**

**DTC DOES NOT VALIDATE, CERTIFY, REPRESENT OR SEEK TO CONFIRM (i) THE VALIDITY OF THE DATA ELEMENTS ENTERED BY A PARTICIPANT, THEIR CORRESPONDENT UNDERWRITERS AND OR VENDORS INTO UWC (TOGETHER WITH ANY OTHER PERSON USING UWC, "UWC USERS") OR (ii) THE FITNESS OF THE ELECTRONIC MASTER CERTIFICATES FOR ANY PURPOSE. USE OF UWC AND/OR ELECTRONIC MASTER CERTIFICATES BY ANY UWC USER SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY AND ALL CLAIMS (WHETHER DIRECT OR INDIRECT) AGAINST DTC AND ITS AFFILIATES, AND AN AGREEMENT THAT DTC AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY LOSS, COST, EXPENSE OR LIABILITY IN RELATION TO THE USE OF UWC AND/OR DISSEMINATION OR USE OF RELATED DOCUMENTATION**

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