The Depository Trust Company, a service company owned by members of the financial industry, is a national clearinghouse for the settlement of trades in corporate and municipal securities. DTC also performs securities custody services for its participating banks and broker-dealers. In 1991, those Participants delivered $13.9 trillion of securities through the depository's book-entry system, and securities in its custody reached $5.5 trillion at yearend. DTC's primary mission is to reduce the cost of securities services offered to the public by its Participants. It does so through its automated systems, its telecommunications links with about 550 Participants and others, and its relationships with the hundreds of firms that serve as transfer agents, paying agents, exchange agents, and redemption agents for securities issuers.

<table>
<thead>
<tr>
<th>HIGHLIGHTS</th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total for the Year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Book-entry deliveries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market value (In trillions)</td>
<td>$13.9</td>
<td>$ 8.8</td>
</tr>
<tr>
<td>Number (In millions)</td>
<td>73.2</td>
<td>67.9</td>
</tr>
<tr>
<td>Cash dividend and interest payments (In billions)</td>
<td>$267.4</td>
<td>$238.2</td>
</tr>
<tr>
<td>Reorganization, redemption, and maturity payments (In billions)</td>
<td>$234.9</td>
<td>$196.7</td>
</tr>
<tr>
<td><strong>At Yearend</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligible securities issues</td>
<td>929,166</td>
<td>827,910</td>
</tr>
<tr>
<td>Value of securities on deposit (In trillions)</td>
<td>$5.46</td>
<td>$4.10</td>
</tr>
<tr>
<td>Number of shares on deposit (In billions)</td>
<td>129.5</td>
<td>117.9</td>
</tr>
<tr>
<td>Principal amount of corporate debt on deposit (In trillions)</td>
<td>$1.5</td>
<td>$1.2</td>
</tr>
<tr>
<td>Principal amount of municipal debt on deposit (In trillions)</td>
<td>$1.01</td>
<td>$.86</td>
</tr>
<tr>
<td>Participants</td>
<td>548</td>
<td>568</td>
</tr>
<tr>
<td>Broker-dealers</td>
<td>360</td>
<td>379</td>
</tr>
<tr>
<td>Banks</td>
<td>180</td>
<td>181</td>
</tr>
<tr>
<td>Clearing agencies</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>
A MESSAGE FROM MANAGEMENT

Greater equity trading and underwriting volumes in 1991, higher securities values, and the depository's growing commercial paper program combined to make year-on-year gains even larger than usual. Results in two key services are noteworthy: Book-entry deliveries reached almost $14 trillion and securities in custody nearly $5.5 trillion at yearend.

Foreseeable increases in custody-related services and continuing expense control efforts allowed the depository once more to reduce its schedule of service fees to users. Moreover, with trading-related transactions higher than forecast, DTC was able to make general refunds to users of almost $21 million in excess revenues.

In most respects during 1991, it was business as usual for the depository — delivering its menu of services to Participants, introducing a host of service improvements, and determining user priorities for service development over the long term. The latter effort was aided by the issuance of one of DTC's periodic Program Agenda Proposals, a tool by which management and the Board of Directors establish Participants' preferences for future services.

In the category of business not quite as usual, the depository's book-entry-only commercial paper program — with no certificates available to investors — completed its first full calendar year of operation. After processing $1.8 trillion in issuances during the year, DTC held commercial paper amounting to $177 billion at yearend. This was 33% of total estimated commercial paper outstandings, despite restraints during the expansion on the number of eligible issuer programs.

The pages that follow describe the range of DTC services, relate annual service activity and transaction volumes, and provide other information of interest to those with securities in our custody. We view this report as a document of record, for better or worse, which accounts for its ample supply of numbers.

Let it be recorded also that 1991 was the year in which Conrad F. Ahrens retired at yearend upon reaching the mandatory retirement age of 65. Mr. Ahrens came to DTC in 1979 as President and Chief Operating Officer, after more than 20 years in securities operations and administration at Citibank. From his Citibank post during the early 1970s, he played a key role in the Banking and Securities Industry Committee effort to create DTC and persuade banks to convert to its use. What he contributed to the depository then and thereafter will not soon be forgotten. What his successor as President and Chief Operating Officer, William E. Jaenike, will contribute is readily apparent to all who have known him during his 18 years at DTC.

I know that Mr. Ahrens would wish to join me in concluding with a sincere vote of thanks to the many individuals and industry committees that advise DTC on service development, and to all depository employees who make possible the high level of service to users to which DTC aspires.

William T. Dentzer, Jr.
Chairman and Chief Executive Officer
MISSION AND EVOLUTION


depository Trust's mission is to reduce the cost of securities processing by financial intermediaries serving the public, while increasing accuracy, security, and speed. To do this, DTC continually makes more issues eligible for depository services—to reduce the number of certificates the financial community handles—automates and standardizes the flow of information, achieves economies of scale, and acts as a central "switch" for the flow of data, securities, and funds between its Participants and issuers' agents.

DTC's services begin when participating banks and broker-dealers deposit securities with it, or when an underwriting is distributed through the depository. Participants can then affect the resulting securities positions through instructions to the depository to perform various functions, such as deliver securities to another party by book-entry on DTC's records and collect payment for that delivery.

The depository can best be understood as an agency with three functions:
1. A custodian for the securities of its Participants—$5.5 trillion at yearend 1991.
2. An accounting system whose books record all activity affecting the securities in its custody, such as deliveries between its users—$13.9 trillion last year.
3. A group of communications systems for post-trade processing used by its Participants to connect with DTC and through it to other depository users, transfer agents, and other agents acting for securities issuers.

In the early 1970s, DTC's emphasis was on adding banks to its original broker-dealer user base in order to immobilize stock certificates held by banks and substitute book-entry deliveries for the physical exchange of certificates. At that time, DTC's intermediary role with issuers' agents was as a kind of central post office through which users could route paper instructions, seeking newly registered certificates for customers, and receive payments due.

As the depository expanded, it sought ways to make it unnecessary for Participants to withdraw certificates in order to present them for tender offers and other reorganization activity. This meant establishing means for users to reach agents through DTC under procedures that, given the large sums involved, protected all concerned.

In more recent years, after DTC took on more custody-related processing tasks for Participants, it added to user efficiencies by giving them on-line access to DTC's data base, providing quick answers to their account activity queries.

In order to maximize its usefulness to Participants, DTC has continually sought to make more securities issues, and more types of securities, eligible for its services. Having begun with New York Stock Exchange-listed stocks, the depository added stocks listed on the American Stock Exchange, then over-the-counter and other equity issues, and then listed and unlisted corporate debt.

In 1981, the depository began to make bearer municipal bonds eligible for its services, followed by registered municipal bonds. A number of types of securities that settle only in same-day funds were added, beginning in 1987. That process is continuing, with commercial paper becoming eligible in October 1990. With the addition of more than 100,000 municipal bond and other issues each year for the last seven years, more than 929,000
security issues are now eligible for book-entry and other DTC services.

Another continuing DTC effort has been to reduce paper instructions and reports to and from Participants and to replace them with electronic communications. Beginning with the exchange of magnetic tapes, migrating to dedicated and dial-in telecommunications networks, and then to exchanging data computer-to-computer, each step was designed to help users reduce costs and errors wherever possible. The great bulk of depository services are now accessed and delivered through DTC's Participant Terminal System of almost 1,400 terminals and printers across the country, as well as computer-to-computer interfaces with more than 350 Participants.

Since Participants' customers want several million newly registered certificates each year, DTC has continually sought to make the transfer process more efficient. DTC's role in this process was first spelled out to the industry in 1974: Where possible, DTC would place securities held in its custody with transfer agents under its Fast Automated Securities Transfer (FAST) program; collect and distribute transfer data in automated form, standardizing them to meet agent requirements; and encourage agents to mail new certificates to users' clients directly, with safeguards and necessary reporting to Participants.

Progress along those lines is continuing. As 1991 closed, DTC had almost $2.4 trillion of securities with FAST agents, received over 99% of Participant transfer instructions in automated form, had 51 transfer agents accepting automated instructions, comprising about 66% of its transfer volume, and helped make 39% of newly registered certificates from agents available to users' clients by direct mail.

At yearend 1991, the market value of DTC Participant bank and broker assets held at DTC, and held for DTC's account by its depository counterparts in Chicago and Philadelphia, amounted to $5.43 trillion, 98.6% of the total market value of securities held by all three depositories.

More important, the depository's 548 Participants, acting for themselves and almost 4,700 bank and broker-dealer correspondents and their customers, had immobilized virtually all institutionally owned eligible securities and a rising percentage of retail investor-owned securities in a system that could safely accommodate peak levels of trading volume.

While data for some types of securities are not available, the depository now has in custody for its Participants approximately:

- 74% of the shares of companies represented in the Dow Jones Industrial Average,
- 67% of the shares of all NYSE-listed U.S. companies,
- 46% of the shares of NASDAQ- and 42% of American Stock Exchange-listed U.S. companies,
- 77% of the corporate debt listed on the NYSE, and
- 89% of the principal amount of outstanding municipal bonds.

The nature of DTC's growth can be seen in the table on the following page, which shows activity in selected services at five-year intervals.
## DTC Service Growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Daily</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NYSE shares traded (in millions)</td>
<td>21.2</td>
<td>46.9</td>
<td>141.0</td>
<td>178.9</td>
</tr>
<tr>
<td>NASDAQ shares traded (in millions)</td>
<td>6.7</td>
<td>30.9</td>
<td>113.6</td>
<td>163.3</td>
</tr>
<tr>
<td>AMEX shares traded (in millions)</td>
<td>2.6</td>
<td>5.3</td>
<td>11.8</td>
<td>13.3</td>
</tr>
<tr>
<td><strong>At Yearend</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants</td>
<td>258</td>
<td>374</td>
<td>533</td>
<td>548</td>
</tr>
<tr>
<td>Eligible issues</td>
<td>9,870</td>
<td>20,459</td>
<td>371,921</td>
<td>929,166</td>
</tr>
<tr>
<td>Market value on deposit (in billions)</td>
<td>$111</td>
<td>$560</td>
<td>$2,547</td>
<td>$5,458</td>
</tr>
<tr>
<td><strong>Total for the Year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Book-entry deliveries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value (in billions)</td>
<td>$309</td>
<td>$1,650</td>
<td>$8,080</td>
<td>$13,853</td>
</tr>
<tr>
<td>Number (in millions)</td>
<td>16</td>
<td>34.2</td>
<td>63.8</td>
<td>73.2</td>
</tr>
<tr>
<td>Cash dividend &amp; all interest payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value (in billions)</td>
<td>$3.5</td>
<td>$27.9</td>
<td>$120.7</td>
<td>$267.4</td>
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<tr>
<td>Payments to DTC (in thousands)</td>
<td>NA</td>
<td>35</td>
<td>570</td>
<td>1,714</td>
</tr>
<tr>
<td>Reorganization, redemption, &amp; maturity payment value (in billions)</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>$235</td>
</tr>
<tr>
<td>Underwritings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value (in billions)</td>
<td>NA</td>
<td>$84</td>
<td>$382</td>
<td>$560</td>
</tr>
<tr>
<td>Number</td>
<td>NA</td>
<td>1,099</td>
<td>15,745</td>
<td>17,709</td>
</tr>
<tr>
<td>Underwritings of book-entry-only issues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value (in billions)</td>
<td>0</td>
<td>0</td>
<td>$77†</td>
<td>$313</td>
</tr>
<tr>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>131†</td>
<td>10,915</td>
</tr>
<tr>
<td>Institutional Delivery system</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Users (At yearend)</td>
<td>158</td>
<td>669</td>
<td>6,491</td>
<td>8,171</td>
</tr>
<tr>
<td>Total confirmations (in millions)</td>
<td>.3</td>
<td>.3</td>
<td>17.1</td>
<td>24.3</td>
</tr>
<tr>
<td>Total affirmations (in millions)</td>
<td>.1</td>
<td>1.0</td>
<td>10.0</td>
<td>14.8</td>
</tr>
<tr>
<td>Deliveries (in millions)</td>
<td>.04</td>
<td>.8</td>
<td>7.7</td>
<td>10.5</td>
</tr>
</tbody>
</table>

* Some figures rounded † Reflects only municipal securities ‡ Scheduled automatic deliveries only

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During 1991, Merrill Lynch, Pierce, Fenner & Smith used PTS and CCF to substitute automated inquiries for written inquiries to DTC for account data, and thus reduce costs. From left are Anthony Muratore and Al Howell, both of Merrill Lynch, and Raymond Budd of DTC's Reconciliation Department.
OWNERHSIP AND POLICIES

DTC’s governance is carefully framed to reflect the need for objectivity in serving diverse users in the financial community. The right to purchase DTC capital stock is based on a formula that considers each Participant’s use of the depository during the preceding calendar year: 80% on fees paid to DTC and 20% on the market value of long securities positions in DTC at the end of each month.

The amount of stock each Participant may purchase is recalculated each year to reflect variations in depository use. Participants may purchase some, all, or none of the stock to which they are entitled, at a price based on the stock’s yearend book value.

Stock is reallocated before the annual stockholders meeting in late March, so that stockholders may vote newly acquired shares toward electing the Board of Directors at the meeting. Elections are conducted by cumulative voting so no combination of stockholders controlling a simple majority of stock can elect all Directors.

DTC policy prohibits dividend payments to stockholders, since DTC believes that ownership of the depository’s stock is not an investment vehicle, but a means for diverse users to encourage its responsiveness to their needs through exercise of their cumulative voting rights to elect Directors.

Since DTC stock ownership offers no financial incentive and DTC’s operation does not distinguish between stockholder and nonstockholder Participants, many Participants have not exercised their annual entitlements to purchase DTC stock. A substantial portion of DTC stock available to broker-dealer Participants therefore remains with the New York Stock Exchange, the original owner of the depository’s stock, and other self-regulatory organizations that became owners in 1975.

At yearend 1991, after retirement or merger of various stockholders subsequent to the completion of the 1991 stock reallocation, there were 142 DTC stockholders: 50 broker-dealers, 86 banks, and six self-regulatory organizations and clearing agencies. Broker-dealer Participants owned 13.8% of DTC stock, while bank Participants owned 42.3%. Ownership interests of the self-regulatory organizations on behalf of broker-dealer Participants were 34.7% for the New York Stock Exchange, 4.6% for the American Stock Exchange, and 4.6% for the National Association of Securities Dealers. All current stockholders are listed on the final page of this report.

Another basic policy of DTC limits its annual profit, so the depository returns to Participants revenues that the Board determines exceed the funds required for the depository’s operation.

As a registered clearing agency, DTC is regulated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. As a member of the Federal Reserve System and a New York State limited-purpose trust company, DTC is also regulated by the Board of Governors of the Federal Reserve System and the New York State Banking Department.
DTC's services are briefly described below, followed by selected 1991 depository service volumes.

**Deposits**
Certificate deposits in eligible issues can be made at DTC or at certain banks and clearing corporation offices elsewhere acting as DTC Depository Facilities. In 1991, 18.3 million certificates were deposited with DTC.

**Deliveries**
Changes of securities ownership are made by book-entry delivery on DTC's accounting records. They may be made with or without an accompanying money payment and are reported to Participants daily. Deliveries against payment in 1991 were valued at $13.9 trillion.

**Pledges**
Securities can be pledged by book-entry on DTC's records to banks and other entities that agree to accept them as collateral. Banks participating in the depository's pledge program at yearend numbered 87. The Federal Reserve Banks of Birmingham, Boston, Kansas City, New York, Philadelphia, Richmond, and St. Louis accept pledges to their DTC accounts from member banks. These pledges are to secure Treasury Tax and Loan accounts and deposits of public money, as well as advances at the discount window and intraday overdrafts. The Options Clearing Corporation (OCC) also accepts pledges to its DTC account. Total pledges outstanding at yearend were $29.4 billion.

**Underwriting Distributions**
Underwriters of new and secondary issues distribute them by book-entry against payment, whether or not certificates are available to investors. In 1991, lead managers used DTC to distribute 17,709 new corporate and municipal underwritings valued at $560 billion.

**Custody**
This service enables Participants to reduce their costs of handling and safeguarding securities by leaving them with DTC, and to further reduce costs by
using other DTC custody-related services. Participant securities valued at $5.5 trillion were held by DTC at yearend.

**Dividends and Interest**

DTC collects directly from many sources dividend and interest payments for securities in its custody. In 1991, DTC received 1.7 million payments for Participants—nearly 128,000 on peak days—with corporate cash dividends and interest rising to $205.4 billion and municipal bond interest reaching $62 billion.

Timeliness of corporate cash dividends and interest payments is high, with 99.5% of funds received on payable date, and 99.8% of their value in same-day funds. DTC receives virtually all municipal bond payments on payable date.

**Dividend Reinvestment**

When permitted by an issuer's reinvestment plan, the Dividend Reinvestment Service (DRS) allows Participants to reinvest dividends on shares for interested customers without withdrawing them from DTC. In 1991, DRS included 368 plans and facilitated reinvestment of $1.2 billion in dividend distributions.

**Change Mode of Payment Service (CMOP)**

CMOP allows Participants to change by book-entry the frequency (mode) of dividend payments on securities that permit such changes: unit investment trust (UIT) issues and variable mode preferred stock issues.

At yearend, 8,637 UIT issues were eligible (nearly 24,000 CUSIPs) for CMOP, as well as 240 variable mode preferred stock issues (roughly 480 CUSIPs). DTC processed 10,821 instructions in UIT securities and 616 in variable mode preferred stock issues during the year.

**Voluntary Offerings**

_Tender and Exchange Offers:_ Participants may accept tender and exchange offers for securities in their accounts and deliver them to agents through
DTC. The value of such acceptances in 1991 was $21.6 billion.

DTC's Automated Tender Offer Program (ATOP) enables Participants to send electronic acceptance instructions on tender and exchange offers over the Participant Terminal System (PTS) for transmission to agents, replacing hard-copy instructions and reducing paper-related risks. ATOP also lets agents review information about the receipt of instructions on an up-to-the-minute basis throughout the offering period. Of the 33,333 Participant instructions received at DTC, 71% were processed through ATOP.

Conversions: Participants can instruct DTC to surrender convertible debt and preferred securities in their accounts to conversion agents by book-entry for same-day credit in the underlying securities, usually common stock. Nearly 280 million shares resulted from these conversions in 1991.

Redemptions

When a security in the depository's custody matures or is called by the issuer, DTC presents it for redemption and pays the proceeds to affected Participants. In 1991, DTC processed redemptions in 108,756 issues for a total dollar value of $195.6 billion. These figures include 63,300 municipal maturities. In addition, DTC processed 25,853 partial municipal calls and 1,548 partial corporate calls. DTC saw record-breaking call volumes in 1991, receiving nearly 13,000 notices from 840 agents, which generated nearly 43,000 redemptions.

Puts

Put provisions allow holders to obtain payment, on demand, for their securities' principal value on a predetermined number of days notice. DTC's Repayment Option Procedures let Participants submit put instructions in eligible issues through the depository. Those issues, totaling 5,141 in 1991, include many municipal and corporate issues, mortgage-backed bonds, and floating-rate notes and securities with similar repayment options. Also in 1991, DTC received 21,948 instructions to exercise Participant puts and allocated $16.4 billion in payments. In addition, DTC processes optional repayments on certificates of deposit (CDs) and rollover instructions on Treasury bills.

Units

Participants can separate units—such as a share and a warrant, or a bond and a put option—into their components, or combine the components into units and deliver them through DTC by book-entry. DTC received 20,546 such instructions in 1991.

Warrant Subscriptions

Warrants for common stock may be exercised by book-entry through DTC. Subscriptions numbering 12,674 in 125 warrant issues were processed in 1991, resulting in the issuance of 232 million shares.

Options

Over 200 banks and broker-dealers used DTC to deposit securities to satisfy OCC margin or clearing fund requirements in 1991. The value of these "pledged" securities totaled $7 billion at yearend.

Through the Third-Party Pledge System, banks may pledge securities on deposit at DTC to OCC for broker-dealers to satisfy OCC requirements for call option writers. The system also allows a put
option writer to instruct its bank to move Treasury bill positions to the depository and pledge them to OCC for the account of the OCC clearing member carrying the writer's short position, reducing the clearing member's margin requirements.

Withdrawals

Certificates can be withdrawn from the depository in three ways:

Withdrawals-by-Transfer (WTs): When a Participant's customer wants a certificate registered in a particular name, DTC arranges with the transfer agent for the certificate's issuance. In 1991, 5.3 million new certificates were created this way. Depending on the issue, its agent, and the agent's location, newly registered certificates are generally available one to two weeks after DTC has received instructions for these routine transfers.

Urgent COD Withdrawals: Participants can obtain certificates quickly or "on demand" in certain issues. Urgent certificates-on-demand (CODs) are available in full-Fast Automated Securities Transfer (FAST) securities and all municipal bond issues.

The Rush Withdrawal-by-Transfer (RWT) Service: RWT enables DTC to speed the processing of Participants' transfers when certificates are needed urgently and CODs are unavailable.

DTC gradually eliminated urgent COD withdrawals in corporate debt and equity securities not transferred by full-FAST agents since certificates were no longer widely needed by Participants to complete deliveries-versus-payment (DVPs) outside a securities depository. Urgent needs for such securities are now handled through RWT.

To use RWT, Participants send rush transfer registration instructions to DTC over PTS. If the issue is RWT-eligible, the transfer agent receives these instructions from DTC the next day. After rush reегистration by the agent and retrieval by DTC, the depository notifies Participants that the securities are available.

Securities can be withdrawn quickly through the service because RWT instructions are segregated for priority treatment by DTC and the agent, and an overnight express courier is used between DTC and agents outside of New York City. Securities are generally available within two days if the agent is located in New York City and within three if it is outside New York City.

Fast Automated Securities Transfer (FAST)

Through FAST, DTC reduces certificate movement by leaving a quantity of securities with transfer agents as balance certificates registered in its nominee name, Cede & Co. Balance certificates are adjusted daily for DTC deposit and withdrawal activity.

Agents can participate in the WT portion of the program only, or they can also handle urgent COD withdrawals by taking part in the full-FAST program.

Direct-Mail Service

For WTIs, Participants can speed newly registered certificates to customers or third parties by having transfer agents and DTC mail them directly, instead of returning them to Participant offices for mailing. Over two million certificates were handled this way in 1991.

When agents mail certificates, DTC first receives registration information from Participants by automated means, reformats it if needed, and forwards it to agents in machine-readable form. The agents issue certificates and return transaction details to DTC for its records and for reporting to
Participants. When a Participant wishes transferred certificates mailed, DTC assumes the responsibility whenever transfer agents do not provide direct mail service.

Training

The depository's training programs, given at DTC and Participant sites, help Participants use automation to communicate with DTC in the most cost-effective way possible. In 1991, 3,150 employees, representing 285 Participants, were instructed in the use of DTC's Next-Day and Same-Day Funds Settlement systems, PTS, and Participant Operating Procedures (POP). A catalog describing these programs is available.

Also, Participants can have their PTS and POP questions answered directly by calling (212) 709-1135 (in New York State) or (800) 545-1276 (outside New York State).

Developments in '91

- Underwriters distributed through DTC nearly $240 billion in corporate debt and equity issues, and $203 billion in new municipal issues. Equity underwritings rose 50% in number to 1,505 with a value at issuance of $75.5 billion. In addition, underwritings of asset-backed and mortgage-backed securities amounted to $50 billion and $38 billion, respectively. Total underwriting distributions through DTC for the year were valued at $560 billion.

- The largest rights offering processed through DTC—$2.3 billion—occurred in August, when Participants exercised 83% of the 34.5 million Time Warner Inc. rights through DTC's Warrants Exercise Program. The rights were then delivered to agents by book-entry. Issues with step-up and oversubscription privileges cannot yet be handled by DTC; the depository is circulating for comment a plan for a comprehensive rights exercise system to include these.

- Participants began sending put bond instructions to DTC over PTS, marking the end of strictly paper processing for most kinds of put exercises.

- The liquidation and closing of Columbia Savings and Loan Association, which had issued DTC-eligible certificates of deposit, resulted in DTC's...
processing Resolution Trust Corporation (RTC) cash payments of $2.4 billion in CDs. In all such RTC liquidations, DTC worked closely with it and others to standardize the handling of redemptions and account transfers, often under urgent time limitations.

- Over PTS, Participants can now view headings and order printed copies of legal notices and notices relating to the default and performance histories of asset-backed securities.

- A fail-tracking system began automating due-bill settlement for overdue deliver orders by comparing scheduled settlement dates provided by delivering Participants with actual delivery dates, then generating cash dividend or interest adjustments based on DTC's income announcement database. Inquiry functions detailing pending and settled due bills are available over PTS.

- DTC began accepting instructions over PTS for certain elective dividend services. Participants can request non-U.S. dollar income payments for selected foreign currency denominated issues, and declare tax exemption or entitlement to a favorable rate as provided by treaty for certain non-U.S. securities.

- Over PTS, Participants can now view the status of their aged WTs or WTs resubmitted to the agent. Likewise, they can view updated information on deposits, and deposits held for investigation by the transfer agent.

- DTC's Direct-Mail-by-the-Agent (DMA) Program was made available to all transfer agents; previously, only agents participating in the Fast Automated Securities Transfer (FAST) program could use DMA.

    Also, DTC introduced the Direct Mail Service Agreement for all DMA users, eliminating the need for individual DMA contracts between Participants and DMA transfer agents. By yearend, 13 DMA agents and 38 Participants signed the agreement.
### SELECTED SERVICES STATISTICS

<table>
<thead>
<tr>
<th>Deposits</th>
<th>1991</th>
<th>1990</th>
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<tbody>
<tr>
<td>Daily Average Certificates For Registered Securities</td>
<td>59,500</td>
<td>62,500</td>
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<tr>
<td>Total Registered Certificates</td>
<td>15.1</td>
<td>15.8</td>
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<tr>
<td>Daily Average Certificates For Bearer Securities</td>
<td>12,800</td>
<td>20,200</td>
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<td>Total Bearer Certificates</td>
<td>3.2</td>
<td>5.1</td>
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<thead>
<tr>
<th>Deliveries</th>
<th></th>
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<tbody>
<tr>
<td>Number (In millions)</td>
<td>73.2</td>
<td>67.9</td>
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<tr>
<td>Value (In $ trillions)</td>
<td>13.9</td>
<td>8.8</td>
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<table>
<thead>
<tr>
<th>Pledges (In $ billions)</th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>To Banks</td>
<td>15.9</td>
<td>9.5</td>
</tr>
<tr>
<td>To Options Clearing Corporation</td>
<td>7.0</td>
<td>5.6</td>
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<tr>
<td>To Federal Reserve District Banks</td>
<td>6.5</td>
<td>4.4</td>
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<td>Total</td>
<td>29.4</td>
<td>19.5</td>
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<tr>
<th>Custody</th>
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<tr>
<td>Securities on Deposit (In $ trillions)</td>
<td>5.5</td>
<td>4.1</td>
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<table>
<thead>
<tr>
<th>Dividends and Interest</th>
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</thead>
<tbody>
<tr>
<td>Number of Payments Received (In millions)</td>
<td>1.71</td>
<td>1.51</td>
</tr>
<tr>
<td>Number of Paying Agents</td>
<td>2,610</td>
<td>2,611</td>
</tr>
<tr>
<td>Total Corporate Cash Dividends and Interest (In $ billions)</td>
<td>205.4</td>
<td>183.2</td>
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<tr>
<td>Total Municipal Bond Interest (In $ billions)</td>
<td>62.0</td>
<td>55.0</td>
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<tr>
<td>Total Stock Dividends (In billions of shares)</td>
<td>3.8</td>
<td>4.9</td>
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<table>
<thead>
<tr>
<th>Change Mode of Payment Instructions</th>
<th></th>
<th></th>
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<tr>
<td>In UIT Securities</td>
<td>10,821</td>
<td>10,689</td>
</tr>
<tr>
<td>In Variable Mode Preferred Stock Issues</td>
<td>616</td>
<td>930</td>
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<table>
<thead>
<tr>
<th>Tender and Exchange Offers</th>
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<tbody>
<tr>
<td>Offers Processed and Allocated</td>
<td>480</td>
<td>537</td>
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<tr>
<td>Agents Involved</td>
<td>76</td>
<td>79</td>
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<tr>
<td>Value of Acceptances (In $ billions)</td>
<td>21.6</td>
<td>24.1</td>
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<thead>
<tr>
<th>Conversions</th>
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<tr>
<td>Eligible Issues</td>
<td>513</td>
<td>468</td>
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<tr>
<td>Number of Resulting Shares (In millions)</td>
<td>279.6</td>
<td>187</td>
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<table>
<thead>
<tr>
<th>Redemptions (NDFS and SDFS)</th>
<th>1991</th>
<th>1990</th>
</tr>
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<tbody>
<tr>
<td>Full Calls and Maturities</td>
<td>81,355</td>
<td>63,123</td>
</tr>
<tr>
<td>Municipal Partial Calls</td>
<td>25,883</td>
<td>22,920</td>
</tr>
<tr>
<td>Corporate Partial Calls</td>
<td>1,548</td>
<td>1,560</td>
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<table>
<thead>
<tr>
<th>Puts</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Eligible Issues</td>
<td>5,141</td>
<td>4,059</td>
</tr>
<tr>
<td>Instructions to Exercise</td>
<td>21,948</td>
<td>19,375</td>
</tr>
<tr>
<td>Total Value of Allocations</td>
<td>16.4</td>
<td>15.2</td>
</tr>
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<table>
<thead>
<tr>
<th>Units</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Eligible Issues</td>
<td>619</td>
<td>699</td>
</tr>
<tr>
<td>Instructions to Combine</td>
<td>4,999</td>
<td>5,205</td>
</tr>
<tr>
<td>Instructions to Separate</td>
<td>15,547</td>
<td>11,584</td>
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</table>

<table>
<thead>
<tr>
<th>Warrant Subscriptions</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Issues</td>
<td>125</td>
<td>135</td>
</tr>
<tr>
<td>Subscriptions Processed</td>
<td>12,674</td>
<td>2,889</td>
</tr>
<tr>
<td>Resulting Shares</td>
<td>232</td>
<td>60</td>
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<table>
<thead>
<tr>
<th>Certificate Withdrawals</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Daily Average Withdrawals-by-Transfer</td>
<td>19,100</td>
<td>19,600</td>
</tr>
<tr>
<td>Total New Registered Certificates (In millions)</td>
<td>5.3</td>
<td>5.4</td>
</tr>
<tr>
<td>Daily Average Certificates-on-Demand For Registered Securities</td>
<td>740</td>
<td>840</td>
</tr>
<tr>
<td>Total Certificates Withdrawn</td>
<td>214,000</td>
<td>255,000</td>
</tr>
<tr>
<td>Daily Average Certificates-on-Demand For Bearer Securities</td>
<td>541</td>
<td>760</td>
</tr>
<tr>
<td>Total Certificates Withdrawn (In millions)</td>
<td>.8</td>
<td>1.02</td>
</tr>
<tr>
<td>Total Certificates Withdrawn through RWT Service</td>
<td>25,000</td>
<td>26,500</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Direct Mail Service</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Participants</td>
<td>119</td>
<td>108</td>
</tr>
<tr>
<td>Participating Transfer Agents</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Certificates Mailed by Agents</td>
<td>871,623</td>
<td>720,005</td>
</tr>
<tr>
<td>Certificates Mailed by DTC</td>
<td>1,209,443</td>
<td>1,221,999</td>
</tr>
<tr>
<td>Total Certificates Mailed</td>
<td>2,081,066</td>
<td>1,942,004</td>
</tr>
<tr>
<td>% of All WT Certificates Sent by Direct Mail</td>
<td>39</td>
<td>36</td>
</tr>
</tbody>
</table>
In large part, DTC's usefulness to its Participants can be measured by the number of issues made eligible for depository services.

DTC first made eligible listed equities, followed by over-the-counter (OTC) equities and listed and unlisted corporate debt. In 1981, DTC launched a broad municipal securities program, making bearer municipal bonds eligible for depository services. And six years later, with the beginning of DTC's Same-Day Funds Settlement system, certain securities settling in same-day funds became eligible.

During 1991, approximately 246,000 issues became DTC-eligible, lifting the total number to more than 929,000 by yearend—a net gain of 12% over 1990. Of that gain, 100,600 were serial or term issues of municipal bonds distributed through the depository. And of the newly eligible issues, 59,000 were securities that settle in same-day funds, many of them issuances during the first full calendar year of DTC's commercial paper program.

New-Issue Eligibility

DTC's Operational Arrangements for Issue Eligibility memorandum outlines criteria necessary to ensure a new issue's eligibility for depository services. The arrangements, which include observance of Securities and Exchange Commission-endorsed municipal bond call notification standards, aim to maximize the number of eligible issues while maintaining orderly processing and ensuring timely dividend, interest, principal, and redemption payments. DTC often helps investment bankers and their legal and operations staffs apply the arrangements to new issues during structuring, whether certificates are available to investors or an issue is in book-entry-only form.

Voting Rights

Registration of deposited securities in DTC's Cede & Co. nominee name enables DTC to:

- promptly determine whether certificates are transferable;
- permit retransfer of certificates quickly and simply, when necessary;
- ensure receipt of dividends, distributions, and voting rights to the depository for their allocation
to Participants properly and without delay.

Although these reasons require it to be the owner of record, DTC's objective is to avoid obstructing communications between issuers and beneficial owners. Indeed, the existence of the depository in some cases may help a corporate issuer keep up with changes in ownership of its voting stock.

DTC's Omnibus Proxy lets Participants exercise their voting rights on securities in DTC custody. It is, in effect, an assignment: Cede & Co., the holder of record, assigns each Participant the voting rights on securities in that Participant's DTC account as of record date.

DTC forwards the Proxy, with a list of Participants, to the issuer. It also notifies affected Participants that it has sent the Proxy and specifies the quantity of securities the Participant can vote. After DTC completes these steps—soon after record date—communication between issuers and beneficial owners occurs as if the depository did not exist.

Other reports also serve issuers:
- The Security Position Listing shows the total amount of a security issue on deposit at DTC and each Participant's account number(s).

  Each year, DTC sends the Listing to each equity issuer, indicating Participant record-date positions for the issuer's annual meeting. Issuers may also obtain daily, weekly, monthly, or dividend-record-date listings, for a modest fee.
- DTC's Participant Proxy Contact List specifies each Participant's name and address for handling proxies, and the name and phone number of a contact there. The depository updates this list quarterly and sends it to issuers.

<table>
<thead>
<tr>
<th>SELECTED ELIGIBILITY STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISSUES MADE ELIGIBLE IN 1991</td>
</tr>
<tr>
<td>Equity</td>
</tr>
<tr>
<td>Corporate Debt and Certificates</td>
</tr>
<tr>
<td>Of Deposit</td>
</tr>
<tr>
<td>Registered Municipal Securities</td>
</tr>
<tr>
<td>Bearer Municipal Bonds</td>
</tr>
<tr>
<td>U.S. Treasury and Federal Agency</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL ELIGIBLE ISSUES*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
</tr>
<tr>
<td>Listed Equity Issues</td>
</tr>
<tr>
<td>OTC Equity Issues</td>
</tr>
<tr>
<td>Corporate Debt Securities</td>
</tr>
<tr>
<td>Collateralized Mortgage</td>
</tr>
<tr>
<td>Obligations</td>
</tr>
<tr>
<td>Units</td>
</tr>
<tr>
<td>Warrants</td>
</tr>
<tr>
<td>American Depositary Receipts</td>
</tr>
<tr>
<td>Unit Investment Trusts</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total Corporate</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Municipal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Bonds</td>
</tr>
<tr>
<td>Bearer or Interchangeable Bonds</td>
</tr>
<tr>
<td>Notes</td>
</tr>
<tr>
<td><strong>Total Municipal</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury and Federal Agency</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

* By CUSIP number, as of December 31, 1991.
With 1991 marking the 10th anniversary of DTC's Municipal Bond Program, issuers, their underwriters, and other Participants are well aware of the advantages of using the depository for distribution and safekeeping of municipal securities. Of the $217 billion total principal amount of municipal securities issued in the U.S. during 1991, 94%—or $203 billion—was distributed through DTC's program. And for the first time, over $1 trillion in principal amount of municipal securities was on deposit at DTC at yearend, 17% above 1990's total.

Bonds

New municipal bond issues distributed through DTC in 1991 numbered 7,690 (100,616 CUSIPS), with a principal amount of $159.6 billion. According to data from the Public Securities Association (PSA) and other sources, they represented 78% of all new, long-term bond issues and 93% of their principal amount.

In addition to the usual benefits of depository services, use of DTC is of special value because of bond redemptions—particularly partial calls—since DTC custody reduces or eliminates problems and losses arising from delayed or missed call notifications.

Full and partial call volumes increased to monthly record levels in 1991, especially toward yearend. For the year, DTC received nearly 13,000 call notices from 840 agents, which generated nearly 43,000 redemptions. DTC promotes active agent adherence to the Securities and Exchange Commission-endorsed municipal bond call-processing standards, and conditions new issue eligibility on the agent’s or trustee’s willingness to comply with them to the extent within its control.

Notes

DTC's Municipal Note Program, which uses the Same-Day Funds Settlement (SDFS) system, attracts issues of all sizes nationwide. For example, in 1991 the issue roster included distributions as small as $50,000 of Town of Nantucket, Massachusetts, Temporary Loan Notes, and as large as $3.9 billion of State of New York Tax and Revenue Anticipation Notes.

Issues numbering 1,181 with a total par value
of $34.3 billion were distributed through DTC's Municipal Note Program in 1991. These represented 34.5% of all such issues last year and 80.3% of their par value, based on PSA figures.

**VRDOs**

Variable-rate demand obligations became eligible for DTC's Municipal Securities Program in SDFS during 1988, with 22 issues made eligible and distributed through the system, for a total principal amount of $400 million. In 1991, 230 VRDO issues, totaling $6.7 billion, were distributed through SDFS. Municipal note and VRDO activity is also found in the “Same-Day Funds Settlement System” section, page 22.

**Book-Entry-Only Issues**

New municipal issues distributed through DTC in book-entry-only (BEO) form, with no certificates available to investors, reduce underwriting and ongoing costs to issuers. These securities are reported in the table on this page and in the section on “Securities in Book-Entry-Only Form,” page 26.

**Exchange of Bearer Certificates**

DTC’s municipal bearer bond exchange program continues, with 2.5 million certificates exchanged in 1991. Here, DTC generally surrenders to exchange agents batches of bearer interchangeable certificates for conversion into a “jumbo” registered certificate. Over the years, DTC has converted 19.8 million bearer certificates, at an estimated annual savings in handling, storage, and other costs of 77 cents per certificate. In addition to these savings for Participants, registered certificates offer better call notification, better interest payment collection, no risk of coupon theft or loss, and reduced risk of theft or loss of easily negotiable certificates.

<table>
<thead>
<tr>
<th>SELECTED DTC MUNICIPAL STATISTICS</th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
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<tr>
<td>Eligible Issues (By CUSIP)</td>
<td>827,170</td>
<td>731,749</td>
</tr>
<tr>
<td>Principal Amount on Deposit (In $ billions)</td>
<td>953.2</td>
<td>824.2</td>
</tr>
<tr>
<td>Underwritings Distributed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through DTC</td>
<td>7,690</td>
<td>5,961</td>
</tr>
<tr>
<td>% BEO</td>
<td>40</td>
<td>33</td>
</tr>
<tr>
<td>Total Principal Amount (In $ billions)</td>
<td>159.6</td>
<td>116.4</td>
</tr>
<tr>
<td>% BEO</td>
<td>63</td>
<td>54</td>
</tr>
<tr>
<td>Daily Average Book-Entry Deliveries</td>
<td>15,000</td>
<td>14,300</td>
</tr>
<tr>
<td>Partially Called Issues (By CUSIP)</td>
<td>25,808</td>
<td>22,920</td>
</tr>
<tr>
<td>Resulting Call Proceeds (In $ billions)</td>
<td>5.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Coupons Cut (In millions)</td>
<td>36.7</td>
<td>40.8</td>
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<tr>
<th>Notes</th>
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<tbody>
<tr>
<td>Eligible Issues (By CUSIP)</td>
<td>1,222</td>
<td>728</td>
</tr>
<tr>
<td>Principal Amount on Deposit (In $ billions)</td>
<td>28.1</td>
<td>22.2</td>
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<tr>
<td>Issues Distributed (By CUSIP)</td>
<td>1,338</td>
<td>704</td>
</tr>
<tr>
<td>% BEO</td>
<td>87</td>
<td>80</td>
</tr>
<tr>
<td>Total Principal Amount (In $ billions)</td>
<td>34.3</td>
<td>27.2</td>
</tr>
<tr>
<td>% BEO</td>
<td>95</td>
<td>94</td>
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<table>
<thead>
<tr>
<th>VRDOs</th>
<th></th>
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<tr>
<td>Eligible Issues (By CUSIP)</td>
<td>2,135</td>
<td>1,036</td>
</tr>
<tr>
<td>Principal Amount On Deposit (In $ billions)</td>
<td>29.5</td>
<td>14.1</td>
</tr>
<tr>
<td>Issues Distributed (By CUSIP)</td>
<td>316</td>
<td>155</td>
</tr>
<tr>
<td>% BEO</td>
<td>90</td>
<td>79</td>
</tr>
<tr>
<td>Total Principal Amount (In $ billions)</td>
<td>6.7</td>
<td>3.1</td>
</tr>
<tr>
<td>% BEO</td>
<td>93</td>
<td>84</td>
</tr>
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</table>
BTC's Same-Day Funds Settlement (SDFS) system offers depository services in certain types of securities that settle in same-day, or Federal, funds.

Completing its fourth full year of operation, the system provides significant control features for trade settlement that place a limit (cap) on, and require collateralization of, each Participant's intraday net settlement debit.

In 1991, 213 Participants used SDFS directly, and 109 Participants with Next-Day Funds Settlement accounts at DTC used it indirectly to settle their transactions, for $779.6 billion in principal amount of securities on deposit—an 80% increase over yearend 1990. This sharp increase is partly attributable to 1991 being the first full year that commercial paper was eligible for depository services. The number of underwritings distributed through SDFS grew 179%, for a 75% increase in principal amount over the year before.

Two security types were added in 1991—discount notes and municipal bonds; VRDOs with floating interest payment dates were also processed through the system for the first time.

Commercial paper began settling through SDFS in 1990, after the Federal Reserve System and the Securities and Exchange Commission approved DTC's commercial paper program. At yearend 1991, $176.5 billion—or 33% of the estimated commercial paper outstanding—was on deposit at DTC. (See "Commercial Paper Program" section, page 24.)

The largest principal amount on deposit of any Same-Day Funds Settlement system security type after commercial paper was in collateralized mortgage obligations, which rose to $165.3 billion from $124.3 billion in 1990.

Medium-term notes (MTNs) continued to climb as well, from $51.4 billion in 1990 to $106.2 billion on deposit at yearend. MTNs are corporate debt securities with maturities ranging from nine months to 40 years, though they usually mature between one and seven years. Shelf-registered and continuously offered, the flexibility of MTNs...
permits issuers to match the funding of assets and liabilities.

During 1989, the first full year DTC had made MTNs eligible, 136 MTN issuers had 2,003 issuances distributed through the depository, for a total distribution value of $15.6 billion. In 1991, the number of issuers climbed to 368. These had 7,531 issuances distributed through DTC for a total distribution value of $66.5 billion.

Participants also continued to either wholly or partially distribute book-entry-only (BEO) global securities issues through DTC in 1991. Most of these issues settled in same-day funds. DTC processed a total of 60 new global issues in 1991, all with no certificates available to U.S. investors, compared with 13 in 1990. These BEO global securities are also eligible for settlement at the international depositories Cedel and Euroclear.

---

**SELECTED SDIPS STATISTICS**

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<thead>
<tr>
<th></th>
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<th>1990</th>
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</thead>
<tbody>
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<td><strong>Growth (year-end figures)</strong></td>
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<td></td>
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<tr>
<td>Direct Participants</td>
<td>212</td>
<td>200</td>
</tr>
<tr>
<td>Total Direct Accounts</td>
<td>430</td>
<td>386</td>
</tr>
<tr>
<td>Indirect Participants</td>
<td>173</td>
<td>183</td>
</tr>
<tr>
<td>Settling Banks</td>
<td>93</td>
<td>86</td>
</tr>
<tr>
<td>Eligible Issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(CUSIPs)</td>
<td>33,383</td>
<td>17,675</td>
</tr>
<tr>
<td>Principal Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On Deposit (In $ billions)</td>
<td>779.6</td>
<td>432.2</td>
</tr>
<tr>
<td>Value of Transactions Settled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(In $ billions)</td>
<td>6,955.5</td>
<td>960.1</td>
</tr>
<tr>
<td>Underwritings*</td>
<td>4,627</td>
<td>1,659</td>
</tr>
<tr>
<td>Principal Amount*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(In $ billions)</td>
<td>180.7</td>
<td>103.2</td>
</tr>
</tbody>
</table>

* Does not include medium-term notes, commercial paper, and certain insured municipal and corporate bonds.

---

**ELIGIBLE ISSUES BY SECURITY TYPE**

|                              | Issues (CUSIPs) | Principal Amount On Deposit*
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset-Backed Securities</td>
<td>298</td>
<td>93.6</td>
</tr>
<tr>
<td>Auction-Rate and</td>
<td></td>
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<tr>
<td>Tender-Rate</td>
<td></td>
<td></td>
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<tr>
<td>Preferred</td>
<td></td>
<td></td>
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<tr>
<td>Stock and Notes</td>
<td>731</td>
<td>27.1</td>
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<tr>
<td>Collateralized Mortgage</td>
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<tr>
<td>Obligations</td>
<td>4,070</td>
<td>165.3</td>
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<td>Commercial Paper</td>
<td>6,248</td>
<td>176.5</td>
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<tr>
<td>Corporate Bonds</td>
<td>219</td>
<td>39.5</td>
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<tr>
<td>Corporate and Municipal</td>
<td></td>
<td></td>
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<td>Variable-Mode Obligations</td>
<td>60</td>
<td>1.5</td>
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<td>Discount Notes</td>
<td>2</td>
<td>.1</td>
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<tr>
<td>Government Agency Securities</td>
<td>789</td>
<td>23.0</td>
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<td>Government Trust Certificates</td>
<td>326</td>
<td>14.6</td>
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<td>Medium-Term Notes</td>
<td>12,660</td>
<td>106.2</td>
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<td>Municipal Bonds</td>
<td>159</td>
<td>.7</td>
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<td>Municipal Notes</td>
<td>1,222</td>
<td>28.1</td>
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<td>Retail Certificates Of Deposit</td>
<td>1,726</td>
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<td>Variable-Rate Demand</td>
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<td></td>
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<tr>
<td>Obligations</td>
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<td>29.5</td>
</tr>
<tr>
<td>Zero Coupon Bonds</td>
<td>2,738</td>
<td>66.7</td>
</tr>
</tbody>
</table>

*As of December 31, 1991  ** In $ billions
Following approval by the Federal Reserve System and the Securities and Exchange Commission, DTC’s commercial paper (CP) program began in October 1990, with six issuing/paying agent (IPA) banks and four dealers participating in 13 programs of 11 issuers.

DTC’s planned gradual expansion of the CP program continued in 1991. Despite deliberate growth constraints, the number of participating IPA banks climbed to 16 by yearend, the number of dealers reached 30, and 471 programs of 437 issuers were eligible. In addition, a total of $1.8 trillion—33% of the estimated current CP “universe”—was on deposit at DTC (see table).

Commercial paper is unsecured short-term promissory notes typically issued by leading U.S. corporations to reduce their financing costs, though issuers can also be non-U.S., municipal, or marginally creditworthy.

CP eligible for DTC’s program is generally rated in one of the top two ratings categories by at least one of the largest ratings agencies. It is issued in book-entry-only form, with no certificates available to investors, and settles in DTC’s Same-Day Funds Settlement system. Thirteen direct issuers began issuing their commercial paper through DTC in 1991; in 1990, all DTC-eligible CP programs had dealers. Among the first and largest direct issuers were Exxon and General Motors Acceptance Corporation. (A list of DTC-eligible CP programs and their IPA banks and dealers appears in DTC’s monthly SDFS Eligible Securities book.)

DTC’s program is designed for rapid-fire, “hands-off,” electronic CP issuance and settlement. The process starts when an issuer, or dealer on behalf of an issuer, describes the commercial paper to be issued and delivered via computer to the issuer’s IPA. The IPA’s computer edits, adds to, and reformats this description, and communicates it to DTC’s computer.

Once DTC’s computer takes over, it interacts with the dealer’s and custodian bank’s computers to arrange delivery and settlement. As an alternative to direct computer-to-computer links, IPAs, dealers,
and custodians may communicate with DTC over the Participant Terminal System.

DTC sweeps maturing CP from Participant accounts and initiates book-entry deliveries versus payment to paying agent Participant accounts on maturity date for inclusion in that day's settlement.

### SELECTED COMMERCIAL PAPER PROGRAM

<table>
<thead>
<tr>
<th></th>
<th>12/90</th>
<th>3/91</th>
<th>6/91</th>
<th>9/91</th>
<th>12/91</th>
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<tbody>
<tr>
<td>Issuances</td>
<td></td>
<td></td>
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<tr>
<td>Daily Average Number</td>
<td>191</td>
<td>342</td>
<td>530</td>
<td>753</td>
<td>868</td>
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<tr>
<td>Daily Average Face Amount (In $ billions)</td>
<td>2.4</td>
<td>4.3</td>
<td>6.7</td>
<td>9.0</td>
<td>10.9</td>
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<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Maturities</td>
<td></td>
<td></td>
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<tr>
<td>Daily Average Number</td>
<td>145</td>
<td>339</td>
<td>568</td>
<td>778</td>
</tr>
<tr>
<td>Daily Average Face Amount (In $ billions)</td>
<td>1.7</td>
<td>3.6</td>
<td>6.3</td>
<td>8.4</td>
</tr>
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</table>

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<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Issuers</td>
<td>105</td>
<td>180</td>
<td>261</td>
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<tr>
<td>Programs</td>
<td>118</td>
<td>195</td>
<td>281</td>
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<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>On Deposit</td>
<td>CUSIPs</td>
<td>1,274</td>
<td>3,124</td>
<td>4,389</td>
<td>5,544</td>
<td>6,248</td>
</tr>
<tr>
<td>Face Amount (In $ billions)</td>
<td>31</td>
<td>78</td>
<td>109</td>
<td>144</td>
<td>177</td>
<td></td>
</tr>
<tr>
<td>Percentage Of Market (est.)</td>
<td>5.5</td>
<td>14</td>
<td>20</td>
<td>26.5</td>
<td>33</td>
<td></td>
</tr>
</tbody>
</table>

*At month end

### DEALERS USING DTC'S CP PROGRAM *

- BT Securities Corporation
- Bank of America National Trust and Savings Association
- Barclays de Zoete Wedd Securities
- Bear, Stearns & Co., Inc.
- Chase Securities, Inc.
- Chemical Bank
- Citicorp Securities Markets, Inc.
- Continental Bank, N.A.
- Daiwa Securities America Inc.
- The First Boston Corporation
- First Interstate Bank of California
- First National Bank of Chicago
- Goldman Sachs Money Markets, L.P.
- Industrial Bank of Japan, Ltd.
- Kidder Peabody & Co. Incorporated
- Lehman Brothers
- Merrill Lynch, Pierce, Fenner & Smith Incorporated
- Mitsubishi Bank
- J.P. Morgan Securities Inc.
- Morgan Stanley & Co. Incorporated
- Nomura Securities International, Inc.
- Paine Webber Incorporated
- RBC Dominion Securities Corporation
- Societe Generale Securities Corp.
- Swiss Bank Corporation, New York Branch
- Toronto-Dominion Securities, USA, Inc.
- Wood Gundy, Inc.
- Yamaichi International (America), Inc.
- Zions First National Bank

*As of December 31, 1991

### ISSUING/PAYING AGENTS USING DTC'S COMMERCIAL PAPER PROGRAM *

- The Bank of New York
- Bank of Tokyo Trust Company
- Bankers Trust Company
- The Chase Manhattan Bank, N.A.
- Chemical Bank
- Citibank, N.A.
- The Dai-Ichi Kangyo Bank, Limited, New York Branch
- The First National Bank of Chicago
- The First National Bank of Chicago/Funding Support
- The Fuji Bank and Trust Company
- Harris Trust & Savings Bank/Bank of Montreal Trust Company
- LTB Trust Company
- Manufacturers Hanover Trust Company
- Morgan Guaranty Trust Company of New York
- Sanwa Bank Trust Company of New York

*As of December 31, 1991
The issuance of debt securities in book-entry-only (BEO) form continues to increase, as issuers reduce expense and investors grow more comfortable owning securities without certificates. In 1991, BEO securities valued at $2.2 trillion—the great bulk of them debt securities—were distributed through DTC.

With book-entry-only, no certificates are available to investors. Issuers authorize the deposit at DTC of one “global” certificate for each issue (each maturity of a debt issue), which is issued in DTC’s nominee name and held by the depository or its custodian bank for the issue’s life. DTC records ownership changes by book-entry and, in turn, these changes are reflected on the records of its Participants and their customers. The records are used to allocate income distributions and principal redemptions. Investors receive transaction confirmations and periodic statements from the bank or broker-dealer reporting activity and balances in their securities accounts.

Since DTC often holds more than 80% of the principal amount of debt issues in which certificates are available to investors, BEO is attractive to municipal and corporate debt issuers, who can completely avoid the continuing cost of certificate issuance and reissuance to investors. BEO also appeals to corporate issuers when their paper—such as commercial paper—is bought almost entirely by institutional investors. Many individual investors have also accepted BEO because they can reduce or eliminate the risk, expense, and inconvenience of safekeeping certificates.

The following corporate security types have been distributed in BEO form through DTC:

- American Depositary Receipts (ADRs)
- Asset-Backed Securities
- Auction-Rate and Tender-Rate
- Preferred Stock and Notes
- Certificates of Deposit
- Commercial Paper
- Conventional Corporate Notes and Bonds
- Medium-Term Notes
- Mortgage-Backed Securities
- Warrants Linked to Currency Exchange Rates
- Issuance of medium-term notes (MTNs) in BEO form has seen substantial growth in 1991:
With over 2,200 issuances more than in 1990, the principal amount of MTNs distributed through the depository reached $66.5 billion, compared with $37.3 billion in 1990.

DTC's commercial paper program, completing its first full year in 1991, saw 147,250 issuances distributed with a combined principal amount of $1.8 trillion. (See "Commercial Paper Program" section, page 24.)

Equity securities issued in BEO form—ADRs for shares in Rule 144A securities and auction- and tender-rate preferred stock—are bought either solely or overwhelmingly by institutional investors.

**Book-Entry-Only in '91**

- In 1991, nearly $110 billion of principal amount in municipal bonds—compared with $65.7 billion in 1990—were distributed in BEO form through DTC, representing 64% of all municipal bond debt distributed through the depository.
- Municipal notes also climbed to $32.7 billion in principal amount, compared with $25.6 billion in 1990, representing 95% of all municipal note debt distributed through DTC in BEO form.

**Information Available**

DTC has BEO publications and a video presentation designed for issuers and others, available on request.

---

**BOOK-ENTRY-ONLY ISSUANCE IN DTC**

<table>
<thead>
<tr>
<th></th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Municipal Bonds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issues Distributed</td>
<td>3,368</td>
<td>2,049</td>
</tr>
<tr>
<td>Their Principal Amount (In $ billions)</td>
<td>109.3</td>
<td>65.7</td>
</tr>
<tr>
<td>As a % of Total Bond Principal Amount Through DTC</td>
<td>64</td>
<td>52</td>
</tr>
<tr>
<td><strong>Municipal Notes</strong></td>
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<td></td>
</tr>
<tr>
<td>Issues Distributed</td>
<td>1,015</td>
<td>542</td>
</tr>
<tr>
<td>Their Principal Amount (In $ billions)</td>
<td>32.7</td>
<td>25.6</td>
</tr>
<tr>
<td>As a % of Total Note Principal Amount Through DTC</td>
<td>95</td>
<td>94</td>
</tr>
<tr>
<td><strong>Corporate Securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTN Issuances</td>
<td>7,531</td>
<td>5,280</td>
</tr>
<tr>
<td>Their Principal Amount (In $ billions)</td>
<td>66.5</td>
<td>37.3</td>
</tr>
<tr>
<td>CP Issuances</td>
<td>147,250</td>
<td>6,579*</td>
</tr>
<tr>
<td>Their Principal Amount (In $ billions)</td>
<td>1,804.7</td>
<td>76.8*</td>
</tr>
<tr>
<td>Other Issues Distributed</td>
<td>6,526</td>
<td>7,858</td>
</tr>
<tr>
<td>Their Principal Amount (In $ billions)</td>
<td>170.1</td>
<td>120.8</td>
</tr>
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</table>

* From October 1990
## RECENT DTC GROWTH BY SECTOR IN SELECTED SERVICES

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Equities</td>
<td>28,324</td>
<td>26,037</td>
<td>24,364</td>
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<tr>
<td>Corporate debt</td>
<td>31,412</td>
<td>21,859</td>
<td>16,269</td>
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<tr>
<td>Municipal debt</td>
<td>830,527</td>
<td>733,513</td>
<td>635,745</td>
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<tr>
<td>Other</td>
<td>38,903</td>
<td>46,501</td>
<td>47,461</td>
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<tr>
<td>Total</td>
<td>929,166</td>
<td>827,910</td>
<td>723,839</td>
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</table>

### Selected Services

<table>
<thead>
<tr>
<th>Value of securities on deposit (In trillions)</th>
<th>1991</th>
<th>1990</th>
<th>1989</th>
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</thead>
<tbody>
<tr>
<td>Banks</td>
<td>4.13</td>
<td>3.10</td>
<td>3.06</td>
</tr>
<tr>
<td>Broker-dealers</td>
<td>1.30</td>
<td>.96</td>
<td>.93</td>
</tr>
<tr>
<td>Other depositaries</td>
<td>.03</td>
<td>.04</td>
<td>.03</td>
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<tr>
<td>Total</td>
<td>5.46</td>
<td>4.10</td>
<td>4.02</td>
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<table>
<thead>
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<th>Shares on deposit (In billions)</th>
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<th>1990</th>
<th>1989</th>
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</thead>
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<tr>
<td>Banks</td>
<td>60.8</td>
<td>55.4</td>
<td>51.3</td>
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<tr>
<td>Broker-dealers</td>
<td>67.4</td>
<td>60.9</td>
<td>63.3</td>
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<tr>
<td>Other depositaries</td>
<td>1.3</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Total</td>
<td>129.5</td>
<td>117.9</td>
<td>116.5</td>
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</table>

<table>
<thead>
<tr>
<th>Principal amount of corporate debt on deposit (In billions)</th>
<th>1991</th>
<th>1990</th>
<th>1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>1,229.3</td>
<td>941.8</td>
<td>804.0</td>
</tr>
<tr>
<td>Broker-dealers</td>
<td>298.2</td>
<td>243.3</td>
<td>203.7</td>
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<tr>
<td>Other depositaries</td>
<td>17.5</td>
<td>15.3</td>
<td>10.1</td>
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<tr>
<td>Total</td>
<td>1,545.0</td>
<td>1,200.4</td>
<td>1,017.8</td>
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</table>

<table>
<thead>
<tr>
<th>Principal amount of municipal debt on deposit (In billions)</th>
<th>1991</th>
<th>1990</th>
<th>1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>661.1</td>
<td>613.7</td>
<td>566.5</td>
</tr>
<tr>
<td>Broker-dealers</td>
<td>339.9</td>
<td>239.4</td>
<td>176.3</td>
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<tr>
<td>Other depositaries</td>
<td>9.8</td>
<td>7.4</td>
<td>8.1</td>
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<tr>
<td>Total</td>
<td>1,010.8</td>
<td>860.5</td>
<td>750.9</td>
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### Participation *

<table>
<thead>
<tr>
<th>DTC Participants</th>
<th>1991</th>
<th>1990</th>
<th>1989</th>
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</thead>
<tbody>
<tr>
<td>Broker-dealers</td>
<td>360</td>
<td>379</td>
<td>408</td>
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<tr>
<td>Banks</td>
<td>180</td>
<td>181</td>
<td>189</td>
</tr>
<tr>
<td>Clearing agencies</td>
<td>8</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>

*Excludes indirect participation in DTC, including for 1991 nearly 1,300 banks and nearly 3,400 broker-dealers that are correspondents of Participants.
INSTITUTIONAL USE OF DTC

Custody of Institutional Assets

Banks and their institutional customers adapted to immobilization of their portfolio securities in a securities depository some years ago. Now, a number of DTC Participant banks hold in their accounts the depository-eligible securities of virtually all investment companies, most private and public pension funds, and several hundred insurance companies.

At yearend 1991, the market value of all assets held by banks in DTC was $4.1 trillion, $2.2 trillion in equity securities, and $1.9 trillion in corporate and municipal debt.

Institutional Delivery (ID) System

A mechanism for comparing and settling institutional trades in U.S. securities, the ID system reduces costs and increases assurance of timely settlement. ID's chief benefit is its ability to coordinate through a central entity, DTC, and thereby simplify, all the clearance and settlement functions for institutional trades of broker-dealers, institutions, custodian banks, and other agents.

Briefly, here is how the ID system works: A broker-dealer or dealer bank executing an institutional trade furnishes DTC with transaction details—such as price, quantity, and date—which it passes on as a legal trade confirmation to the institutional customer, the customer's agent, and any other designated parties. If the ID confirmation accurately reflects the institution's order, the institution sends an affirmation to DTC, which forwards settlement instructions to the agent and submitting broker-dealer or dealer bank. If the security is DTC-eligible and the deliverer has sufficient securities in its DTC account, the delivery can automatically be completed by book-entry on the morning of settlement date. If the security is not DTC-eligible, the deliverer and receiver settle the transaction outside of DTC, based on depository instructions that facilitate the delivery's completion.

ID in '91

- By yearend, the ID system expanded to include 8,171 institutions, broker-dealers, custodian banks, and other agents. Average monthly ID confirmation volume processed through the system was 2.2 million for the fourth quarter, up 29% from the comparable 1990 period. For the year, 49.5 million confirmations, affirmations, and prescheduled deliveries were processed through ID, a 19% increase over 1990.
- At yearend, the industry affirmation rate of trade confirmations in DTC-eligible securities reported by broker-dealers through the ID system was a record 94% for corporate debt and equity securities, compared with 93% the year before, and 77% for municipals, compared with 75% for 1990.
- DTC recently proposed an expansion of the system that would provide each user the option of using ID in its current, successive, daily batch environment; interactively during the day; or, depending on circumstances, both ways. The interactive capability would permit the accomplishment of trade confirmation data input and output, affirmation, and issuance of settlement instructions within hours.

Proposed enhancements include options allowing broker-dealers to notify institutions of block trade order execution, and allowing institutions to send block trade allocation instructions to executing broker-dealers.

Also, institutions would be able to transmit to
ThE DEPOSITORY TRUST COMPANY

broker-dealers an advice of correction—simplifying communication regarding cancellation and correction of trade confirmations.

Moreover, the proposed system would permit two-sided input, matching trade confirmation data from both broker-dealers and institutions, allowing DTC to distribute fully allocated and affirmed trade confirmations.

<table>
<thead>
<tr>
<th>ID STATISTICS</th>
<th>1991</th>
<th>1990</th>
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</thead>
<tbody>
<tr>
<td>Average Monthly Confirmations (In millions)</td>
<td>2.0</td>
<td>1.65</td>
</tr>
<tr>
<td>Total Confirmations, Affirmations, And Prescheduled Deliveries (In millions)</td>
<td>49.5</td>
<td>41.6</td>
</tr>
<tr>
<td>Industry Affirm Rate for Corporate Debt and Equity Issues (%)</td>
<td>94</td>
<td>93</td>
</tr>
<tr>
<td>Industry Affirm Rate for Municipal Issues (%)</td>
<td>77</td>
<td>75</td>
</tr>
</tbody>
</table>

International IID System

DTC's International Institutional Delivery (IID) system extends certain ID system benefits—trade confirmations, affirmations, and deliver/receive instructions—to trades executed outside the U.S. in non-U.S. securities.

The IID initiative stems from cross-border trade clearance and settlement problems in non-U.S. securities, which result in high costs for broker-dealers, custodians, and investors. Since IID is used for issues that are not DTC-eligible, this service stops short of DTC book-entry delivery and settlement. However, use of IID's standardized deliver/receive instructions can assist the international broker and global custodian in communicating settlement instructions to local markets.

IID enables intraday turnaround of confirmations, affirmations, and deliver/receive instructions; investment managers can append funding instructions for trade settlement at affirmation. In addition, IID provides confirmation fields on items such as currency codes and alternate currency instructions, as well as International Standards Organization deliver/receive instruction formats.

IID in '91

International IID, which was piloted in 1988 with a dozen users, expanded to 150 registered users in 1990, and to 282 in 1991. However, system usage remained relatively flat at 1,500–3,000 confirmations weekly, but is expected to grow as users automate their internal procedures. As with the gradual development of the ID system during the 1970s, this process has already begun and is expected to accelerate.

- Wells Fargo Nikko was the first investment manager to fully automate its IID affirmation processing with DTC, using the Computer-to-Computer Facility to authorize standardized settlement instructions to its broker-dealers and custodians.
- Some 30 U.S. investment managers expressed their desire to about 200 broker-dealers in the U.S. and 18 other countries that these firms use IID to report trade executions for these managers.
- IID was enhanced to allow share quantities of up to 11 figures (mainly to accommodate yen and lira trades). Market codes also were added to accommodate securities lending transactions and broker-to-broker confirmation and affirmation.
- The proposed enhancement of IID in the context of the ID system expansion referred to above was recently reported to users.
Increasing the extent of automation of its operations and communications with Participants, transfer agents, and others is a continuing DTC priority, to lower its own and users' operating costs.

DTC has four principal vehicles for automated communication with users:

**Computer-to-Computer Facility (CCF/CCF II)**
CCF is used for direct computer-to-computer communication between DTC and user IBM mainframes, providing now more than 50 input and output functions.

CCF II serves the same purpose as CCF but can also communicate with non-IBM user mainframes. All output files available through CCF are available through CCF II. In 1991, DTC began providing CCF users with compression software, which can reduce transmission time for certain files by as much as 80%. Similar compression benefits are also available to CCF II users.

**Participant Terminal System (PTS)**
Linked directly to DTC's computers, PTS is a network of nearly 1,400 computer terminals located in Participant offices in the U.S. and Canada. Participants use PTS to send instructions, inquiries, and other messages to DTC, and receive messages and reports.

**PTS Jr.**
PTS Jr. is available to low-volume users as an alternative to PTS. It performs all PTS functions at reduced cost, though at reduced speed. PTS Jr. requires only a user's compatible personal computer, DTC-supplied software, a modem, and a telephone connection.

**Mainframe Dual Host (MDH)**
A computer-to-computer telecommunications system, MDH lets users send and receive DTC data in real-time, which suits the deliver order (DO) and payment order processing needs for certain users. Because DO activity notification is prompt and continuous, users can respond immediately to streamline their processing by having MDH automatically match DO receives to their internal records.
CCF/CCF II in '91

- Participants began using CCF and CCF II to obtain reorganization notices from the depository.
- Over CCF and CCF II, Participants began pledging and releasing securities for collateral loans.
- Transfer agents in DTC's Fast Automated Securities Transfer (FAST) program began using CCF to confirm securities deposits with DTC.

PTS/PTS Jr. in '91

- Service enhancements included the Participant Legal Notice system, which allows users to access legal notice lists and to order hard copies of these and other notices relating to the default and performance histories of asset-backed securities.
- DTC introduced a fail-tracking system to automatically generate cash dividend payments or make interest adjustments for overdue deliveries requiring due bills. Participants can view all captured due bill transactions over PTS.
- Participants began sending automated put bond instructions to DTC, marking the end of strictly paper processing for most kinds of put bond exercises.

MDH in '91

- As with CCF and CCF II, MDH functions now include securities segregation and release, memo segregation, and securities pledges and releases for collateral loans.
- Receiving Participants also began authorizing or canceling pending deliveries in same-day funds securities.

<table>
<thead>
<tr>
<th>SELECTED AUTOMATION STATISTICS</th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCF Users</td>
<td>697</td>
<td>660</td>
</tr>
<tr>
<td>CCF II Users</td>
<td>262</td>
<td>188</td>
</tr>
<tr>
<td>Average Daily Number of CCF/CCF II Records*</td>
<td>8.1</td>
<td>6.8</td>
</tr>
<tr>
<td>PTS Terminals</td>
<td>1,384</td>
<td>1,311</td>
</tr>
<tr>
<td>Average Daily Number of PTS Transactions</td>
<td>827,500</td>
<td>736,800</td>
</tr>
<tr>
<td>PTS Jr. Users:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants</td>
<td>176</td>
<td>162</td>
</tr>
<tr>
<td>Pledgee Banks</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>Others</td>
<td>34</td>
<td>15</td>
</tr>
<tr>
<td>MDH Users</td>
<td>37</td>
<td>31</td>
</tr>
</tbody>
</table>

* In millions; includes MDH.
DTC's interfaces with other U.S. clearing agencies are a major part of the national securities clearance and settlement system. A close working relationship between DTC and the National Securities Clearing Corporation (NSCC) permits hundreds of broker-dealers that participate in both NSCC and DTC to conveniently use NSCC's trade comparison and clearing facilities and DTC's trade settlement and securities custody services.

Interfaces between clearing corporations and securities depositories enable users of any of them to settle with users elsewhere, without shipping certificates. These links also permit users of more than one depository—DTC, Midwest Securities Trust Company, or Philadelphia Depository Trust Company—to move securities positions between depositories. Moreover, DTC's Institutional Delivery system is used to process the institutional trade data reported to other depositories for clearance and settlement through their systems.

**Fund/SERV Interface**

DTC's Fund/SERV Interface facilitates users' processing of mutual fund transactions for their customers by electronically linking users to NSCC's automated Fund/SERV program.

The Interface lets users input purchase, redemption, and registration data, and receive output; it also dispatches information from DTC to NSCC and then to mutual funds, then returns trade confirmation information to users. Purchase and redemption transactions are settled by users in the depository's daily net settlement system. DTC, in turn, settles with NSCC.

Fund/SERV Interface volume nearly tripled in 1991, with 17 Participants using the Interface to send transactions to 49 fund groups. Total gross settlement value of mutual fund orders processed through the Interface reached $255.4 million—$206.2 million of which were in purchases, and $49.2 million in redemptions.

Also, bank investment departments have begun using the Interface to transmit orders to load funds. The Trust Company Bank of Georgia now uses it to place orders with Alliance Fund Distributors, Inc. DTC began on-site training in 1991 to assist Participants with the start-up of their new Fund/SERV Interface accounts.

DTC is developing an Interface with NSCC’s Networking service, which will enable the electronic exchange of standardized non-trade data between participating mutual funds and Networking users, and permit centralized distribution of mutual fund dividend payments.

<table>
<thead>
<tr>
<th>FUND/SERV INTERFACE STATISTICS</th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Users</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>Number of Transactions</td>
<td>19,506</td>
<td>6,679</td>
</tr>
<tr>
<td>Total Settlement Value</td>
<td>255.4</td>
<td>85.6</td>
</tr>
</tbody>
</table>

**The Options Clearing Corporation**

A DTC account for The Options Clearing Corporation (OCC) enables banks and brokers to pledge securities to satisfy segregation and margin requirements on put and call option contracts, as well as their obligations to OCC’s clearing fund. This eliminates repeated paper movements between parties to pledge transactions and is an alternative to issuing escrow receipts.

Under the DTC Participant Terminal System (PTS) pledge/release program, Participants can input OCC-related pledges of securities and release requests over their PTS terminals. In addition, Participants can input pledges of securities and release requests over DTC’s Computer-to-Computer Facility (CCF/CCF II) and Mainframe Dual Host (MDH).

**International Links**

To support the long-standing participation of Canadian investors in U.S. securities markets and the settlement of trades involving Canadian broker-dealers, the National Securities Clearing Corporation sponsors DTC accounts for the Canadian Depository for Securities Limited (CDS) and a number of Canadian broker-dealer members of CDS. This arrangement permits Canadian and counterparty broker-dealers to enjoy the benefits of NSCC’s Continuous Net Settlement and Correspondent Clearing services and book-entry delivery in DTC and CDS.

DTC also operates a Tax Exempt Dividend Service (TEDS) in cooperation with CDS. For Canadian dividend and interest payments to certain U.S., Canadian, and other tax-exempt beneficial owners whose securities are deposited with DTC, TEDS accommodates withholding exemptions at source; that is, it permits full payment of dividends without withholding. In 1991, this service was expanded to accommodate various levels of withholding as appropriate for Participants’ customers.

An NSCC subsidiary, the International Securities Clearing Corporation, sponsors DTC accounts for the Central Depository (Pte.) Ltd. of Singapore and the Japan Securities Clearing Corp. to support trade settlement of U.S. securities in Singapore and Tokyo.

During 1991, DTC began an effort to obtain clear legal authority to leave securities in the custody
of recognized securities depositories in other countries. This would make possible book-entry deliveries in DTC's system of non-U.S. securities held for DTC's account by such depositories.

Global securities made possible by interdepository links are a recent development for DTC. The first global issue distributed in part through DTC occurred in 1990, and 12 others followed that year.

In 1991, 60 global equity and debt issues, with a total value of $22.9 billion at issuance were made eligible for depository services. Of these, 35 were eligible for resale as restricted securities to qualified institutional buyers within the U.S. under SEC Rule 144A, and to non-U.S. investors under Regulation S. Issuers in the U.S. and a dozen other countries were represented, with settlement possible at DTC, Cedel, and Euroclear. The remaining 25 global issues were warrants, asset-backed, and other debt issues, no different from other such issues, except that they can settle in DTC, Cedel, Euroclear, and elsewhere as provided.

Global securities are in book-entry-only form for DTC, with no certificates available to investors. DTC or one of its custodian banks holds a single global certificate representing all or DTC's portion of each issue. Deliveries by DTC Participants to a participant in the international depositories Cedel or Euroclear are made by book-entry to the DTC accounts of Cedel's and Euroclear's U.S. depositary banks—or to the DTC accounts of banks that issue global certificates or American Depositary Receipts. Cross-border deliveries into DTC reverse this procedure.

DTC's links with Cedel and Euroclear have been in place for some years through the DTC accounts of Cedel's and Euroclear's depositary banks in the U.S. to accommodate interdepository deliveries of Yankee bonds.
The Depository Trust Company—the world's largest custodian of corporate and municipal securities—has an elaborate safeguard system, widely regarded as the most comprehensive for monitoring securities movement and custody.

Internal Controls

DTC records the movement and location of each certificate in its custody, which helps resolve processing errors and facilitates reconciliation and audits.

- An automated certificate-number control system cross-indexes certificates by issue, number, denomination, date of receipt, and—for bearer bonds—the depositor's identity. This lets DTC control and rapidly reconstruct paper flow, regardless of volume.
- On receipt of registered certificates, quick transfer into DTC's nominee name, Cede & Co., allows for prompt validation of certificates and enhances timely dividend and interest collection and disbursement to Participants.
- "Jumbo" certificates are used to consolidate securities into large denominations, making unauthorized negotiation extremely difficult, as well as conserving vault space.
- Restrictive endorsements on the back of certain jumbo certificates help prevent unauthorized negotiation.
- Registered certificates remain in non-negotiable form while in DTC custody.
- DTC microfilms registered and bearer certificates and related data that enter and leave its premises.
- Duplicate computer files of transactions, stored in various locations, permit prompt file reconstruction if processing is interrupted. These and the microfilm records supplement comprehensive files of original documents and production reports.
- Backup computer and communications arrangements help ensure DTC's data-processing functions during an emergency. Periodic tests of these contingency facilities are conducted with Participants.
Physical Security

DTC's physical security program combines an extensive electronic security system with a thoroughly trained uniformed guard force.

- The Controlled Access System restricts entry into sensitive areas to authorized personnel, and is actively monitored by control room operators.
- A closed-circuit television system operates throughout DTC, monitoring all securities handling areas, vaults, entry points, and common hallways.
- Alarm systems, which use motion and vibration sensors, as well as heat detectors, are monitored locally and at a central station. Line encryption protects individual control panels from compromise.
- A professionally trained security force monitors the many systems, and screens persons and packages entering and leaving restricted areas.
- Special wastepaper treatment and disposal methods help prevent unauthorized release or accidental disposal of certificates.
- Deposited securities are stored in various locations, with special access requirements and extensive controls.
- Registered securities are in non-negotiable form when delivered to or from transfer agents and other parties.

User Verification

User verification of DTC records (users compare their activity records with depository reports) helps ensure the integrity of the depository's system and encourages maximum operational cooperation.

Each morning, Participants and pledgees receive a DTC report that itemizes and summarizes their previous day's account activity. In addition, DTC sends daily reports of cash transactions and a monthly statement showing each Participant's and pledgee's securities positions.

DTC Rules require Participants to report differences between their records and DTC statements; Participants and pledgees also must confirm the accuracy of their monthly position statements. DTC's research staff helps reconcile differences.

Internal and External Audits

DTC's internal auditors and its independent accountant, Price Waterhouse, review internal controls.

- The internal audit program is used to review and test controls in key operating areas and in automated systems (including those being developed). Certificates in selected issues are counted daily through random sampling techniques.
- Price Waterhouse audits DTC's financial statements, and performs an annual study and evaluation of the internal accounting control system. Participants, pledgees, and their accountants may request copies of Price Waterhouse's report from the Secretary's office at DTC.
- The Audit Committee of DTC's Board of Directors oversees the General Auditor and the Auditing Department. The Audit Committee
reviews the scope of the Price Waterhouse audits and meets with them periodically to discuss their findings. In addition, the Board of Directors receives results of the New York State Banking Department's and the Federal Reserve Bank of New York's annual regulatory examinations of the depository.

**Participants Fund**

The Participants Fund exists to satisfy any uninsured loss or liability suffered by DTC. DTC's Rules provide that any such loss may be charged against undivided profits or retained earnings, or to the Participants Fund, at the discretion of the Board of Directors.

Should DTC sustain a loss because of a Participant's failure to satisfy obligations to it related to the Next-Day Funds Settlement (NDFS) system or the Same-Day Funds Settlement (SDFS) system, DTC would first charge the loss to that Participant's deposit to the Fund. Should the loss exceed the deposit (or should it be sustained for reasons other than Participant failure), DTC might then charge (pro rata) the excess to all other Participants' deposits to the Fund. Should DTC make a charge against a Participant's deposit to the Fund (pro rata or otherwise), the Participant must make an additional deposit to the Fund in an amount equal to the charge.

The Fund has two components. One, which currently exceeds $200 million, is allocated to DTC's NDFS system. The other component, which currently exceeds $400 million, is allocated to the SDFS system, with a further allocation between commercial paper activity and activity of all other issues settling in same-day funds.

There has never been a pro rata charge to the Participants Fund.

**Other Protective Procedures**

Additional procedures protect Participants by minimizing the possibility of loss from a Participant's unexpected insolvency. If DTC learns of a possible operational or financial inadequacy, it monitors that Participant's activity and takes protective steps as events warrant.

**Insurance Coverage**

DTC's insurance coverage program for securities is one of the most extensive programs for private institutions in the financial industry. Through a combination of interlocking blanket bonds and all-risk insurance policies involving the London and United States domestic insurance markets, DTC's coverage provides:

- $250 million for loss of securities in transit;
- $200 million for loss of securities on premises.

In addition:

- For any loss of non-negotiable securities being moved by certain modes of transportation, additional coverages are provided by DTC's insurers.
- For any loss of securities moving by armored car carrier service, $500 million is provided by the armored car carrier's insurance.
- For any loss occurring in the mail, DTC's mail policy provides:
  - $15 million in coverage for non-negotiable securities sent by registered mail, express mail, or express courier;
  - $1 million for non-negotiable securities sent by first-class mail;
  - $1 million for negotiable securities sent by registered mail, express mail, or express courier.
OFFICERS & BOARD OF DIRECTORS
OFFICERS OF THE DEPOSITORY TRUST COMPANY

William T. Dentzer, Jr.
Chairman and Chief Executive Officer

Conrad F. Ahrens
President and Chief Operating Officer

William F. Jaenike
Executive Vice President

Thomas J. Lee
Executive Vice President

Thomas C. Cardile
Senior Vice President

Dennis J. Dirks
Senior Vice President

Michael J. Fedorochko
Executive Vice President

Glenn E. Mangold
Senior Vice President

Richard B. Nesson
Senior Vice President

Edward J. McGuire, Jr.
Senior Vice President and Secretary

VICE PRESIDENTS
Michael A. Agnes
Joseph J. Arney
Nicholas J. Arrigan
Joseph J. Bellanzone
Neil F. Brander
Ronald J. Burns
John J. Colangelo
Raymond R. DeCesare
Donald F. Donahue*
Stuart A. Fishbein
Ronald A. Garguilo
Bruce S. Garland
Charles J. Hontzmann
James Kosner
Vincent A. Mauro
Michael T. Mullen
Richard J. O'Brien
Frank Petrillo
Lawrence W. Postel
Joseph F. Reale
James V. Reilly
John L. Schenemann
Kenneth M. Scholl
Larry E. Thompson
Carl H. Urst

Comptroller
Gary J. LaCara
Treasurer
Philip E. Plascencia
Assistant Secretary
Jane C. Klueger
Assistant Treasurer
Leonard A. Marle

COMMITTEES OF THE BOARD OF DIRECTORS

Nominating Committee
Thomas C. Schneider,
Chairman
John F. Lee
Richard S. Pechter
H.J. Runnion, Jr.

Audit Committee
C. Howell Scott,
Chairman
Edward L. Goldberg
Sheldon Harrison
Ronald J. Yoo

Compensation Committee
Richard S. Pechter,
Chairman
Michael Minikes
Thomas C. Schneider
C. Howell Scott

* Effective January 1, 1992, William F. Jaenike became President, Chief Operating Officer and a Director of DTC, replacing Conrad F. Ahrens, who retired at age 65. At the same time, Senior Vice President Dennis J. Dirks replaced Mr. Jaenike as executive vice president, and Vice President Donald F. Donahue replaced Mr. Dirks as senior vice president.
THE BOARD OF DIRECTORS

Retiring from the Board on March 28, 1991, at the end of their terms, were Richard F. Morrison, Senior Executive Vice President, Shearson Lehman Brothers Inc.; and DuWayne J. Peterson, Executive Vice President, Merrill Lynch & Co., Inc.
In our opinion, the accompanying statement of condition and the related statements of revenues and expenses and undivided profits and of cash flows present fairly, in all material respects, the financial position of The Depository Trust Company at December 31, 1991 and 1990, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

153 East 53rd Street, New York, NY, February 14, 1992
## STATEMENT OF CONDITION

<table>
<thead>
<tr>
<th>Assets</th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and money market accounts</td>
<td>$60,657</td>
<td>$53,872</td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>1,822,385</td>
<td>2,025,327</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For settlements</td>
<td>25,797</td>
<td>25,598</td>
</tr>
<tr>
<td>For services</td>
<td>26,708</td>
<td>23,456</td>
</tr>
<tr>
<td>Dividends, interest, and other</td>
<td>130,227</td>
<td>183,028</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>14,797</td>
<td>10,566</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>5,051</td>
<td>3,643</td>
</tr>
<tr>
<td>Equipment and leasehold improvements, less accumulated depreciation of $68,418 in 1991 and $59,503 in 1990</td>
<td>44,305</td>
<td>49,201</td>
</tr>
<tr>
<td>Contributions to Participants Funds, callable on demand</td>
<td>445,027</td>
<td>447,370</td>
</tr>
<tr>
<td></td>
<td><strong>$ 2,574,954</strong></td>
<td><strong>$ 2,822,061</strong></td>
</tr>
</tbody>
</table>

| Liabilities and stockholders' equity | | |
| Liabilities: | | |
| Drafts payable | $1,207,627 | $1,276,003 |
| Accounts payable and accrued expenses | 111,243 | 103,873 |
| Payable to Participants: | | |
| For refunds | 15,567 | 16,101 |
| For settlements | 232,074 | 286,125 |
| On receipt of securities | 85,044 | 79,762 |
| Dividends, interest, and other | 259,383 | 394,459 |
| Notes payable | 13,177 | 18,363 |
| | **1,924,115** | **2,174,686** |

| Participants Funds: | | |
| Deposits received | 186,986 | 181,247 |
| Contributions callable on demand | 445,027 | 447,370 |
| | **632,013** | **628,617** |

| Stockholders’ equity: | | |
| Capital stock—authorized, issued, and outstanding 18,500 shares of $100 par value | 1,850 | 1,850 |
| Surplus | 950 | 950 |
| Undivided profits | 16,026 | 15,958 |
| | **18,826** | **18,758** |

| | **$ 2,574,954** | **$ 2,822,061** |

The accompanying notes are an integral part of the financial statements.
### STATEMENT OF REVENUES AND EXPENSES AND UNDIVIDED PROFITS

Dollars in thousands for the years ended December 31, 1991 and 1990

<table>
<thead>
<tr>
<th></th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services to Participants</td>
<td>$274,542</td>
<td>$252,218</td>
</tr>
<tr>
<td>Interest income</td>
<td>70,236</td>
<td>89,703</td>
</tr>
<tr>
<td></td>
<td>344,778</td>
<td>341,921</td>
</tr>
<tr>
<td><strong>Less—Refunds to Participants</strong></td>
<td>78,673</td>
<td>87,928</td>
</tr>
<tr>
<td></td>
<td>266,105</td>
<td>253,993</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee costs</td>
<td>165,210</td>
<td>154,401</td>
</tr>
<tr>
<td>Rent, maintenance, and utilities</td>
<td>40,529</td>
<td>37,117</td>
</tr>
<tr>
<td>Data processing rentals and supplies</td>
<td>14,291</td>
<td>14,343</td>
</tr>
<tr>
<td>Professional and other services</td>
<td>14,759</td>
<td>14,371</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>9,144</td>
<td>9,322</td>
</tr>
<tr>
<td>Interest</td>
<td>1,583</td>
<td>1,989</td>
</tr>
<tr>
<td>Other expenses</td>
<td>20,521</td>
<td>21,189</td>
</tr>
<tr>
<td></td>
<td>266,037</td>
<td>252,732</td>
</tr>
<tr>
<td><strong>Excess of revenues over expenses and refunds</strong></td>
<td>68</td>
<td>1,261</td>
</tr>
<tr>
<td><strong>Undivided profits, beginning of year</strong></td>
<td>15,958</td>
<td>14,697</td>
</tr>
<tr>
<td><strong>Undivided profits, end of year</strong></td>
<td>$16,026</td>
<td>$15,958</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
## Statement of Cash Flows

**Dollars in thousands for the years ended December 31,**

### Cash Flows from Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of revenues over expenses and refunds</td>
<td>$ 68</td>
<td>$ 1,261</td>
</tr>
</tbody>
</table>

Adjustments to reconcile excess of revenues over expenses and refunds to net cash provided by (used in) operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortization</td>
<td>9,144</td>
<td>9,322</td>
</tr>
<tr>
<td>Pension and deferred compensation</td>
<td>4,464</td>
<td>3,576</td>
</tr>
<tr>
<td>Provision for uncollectible dividend receivables</td>
<td>308</td>
<td>(141)</td>
</tr>
<tr>
<td>Provision for deferred taxes</td>
<td>(4,231)</td>
<td>(3,243)</td>
</tr>
<tr>
<td>(Increase) decrease in receivables from Participants</td>
<td>(3,451)</td>
<td>13,795</td>
</tr>
<tr>
<td>Decrease in dividends, interest, and other receivables</td>
<td>52,342</td>
<td>124,760</td>
</tr>
<tr>
<td>Increase in accounts payable, accrued expenses, and other, net</td>
<td>1,649</td>
<td>33,982</td>
</tr>
<tr>
<td>Increase in Participants Funds deposits received</td>
<td>5,739</td>
<td>60,572</td>
</tr>
<tr>
<td>Increase (decrease) in drafts payable</td>
<td>(68,376)</td>
<td>81,638</td>
</tr>
<tr>
<td>Increase (decrease) in payables to Participants</td>
<td>(184,379)</td>
<td>214,001</td>
</tr>
</tbody>
</table>

Total adjustments                                                           | (186,791)| 538,262|

Net cash provided by (used in) operating activities                         | (186,723)| 539,523|

### Cash Flows from Investing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of equipment and leasehold improvements</td>
<td>(4,248)</td>
<td>(2,039)</td>
</tr>
</tbody>
</table>

### Cash Flows from Financing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from borrowing</td>
<td>—</td>
<td>15,000</td>
</tr>
<tr>
<td>Principal payments on notes</td>
<td>(5,186)</td>
<td>(5,386)</td>
</tr>
</tbody>
</table>

Increase (decrease) in cash and cash equivalents                           | (196,157)| 547,098|
Cash and cash equivalents, beginning of year                                | 2,079,199| 1,532,101|

Cash and cash equivalents, end of year                                      | $1,883,042| $ 2,079,199|

*The accompanying notes are an integral part of the financial statements.*
NOTES TO FINANCIAL STATEMENTS

December 31, 1991 and 1990

Note 1—Business and Ownership:
The Company is a limited purpose trust company providing central securities depository and related services to the securities, banking, and related industries. At December 31, 1991, the New York Stock Exchange owned approximately 34% of the capital stock of the Company, with the remainder owned by the American Stock Exchange, National Association of Securities Dealers, and a number of Participants or their representatives. A Stockholders Agreement provides for an annual reallocation of the entitlement to purchase outstanding capital stock by eligible Participants or their representatives based on relative depository activity of Participants during the prior year.
Pursuant to a policy adopted by the Board of Directors, the Company does not pay dividends to stockholders, but refunds to all of its Participants each year revenues in excess of current and anticipated needs. In 1991, this refund amounted to $20,700,000 (1990—$19,420,000). The Board of Directors also adopted an additional refund policy to provide for a monthly refund to Participants of income earned from the overnight investment of cash dividend and corporate interest and reorganization payments to the Company for Participants, reduced by certain related expenses. Such net monthly refunds totaled $57,973,000 in 1991 (1990—$68,508,000).

Note 2—Summary of Significant Accounting Policies:
A. Securities on deposit:
Securities held by the Company for Participants are not recorded in the accompanying financial statements. Cash dividends and interest received or due on such securities and in process of distribution or awaiting claim are recorded in the Statement of Condition.

B. Cash, money market accounts, repurchase agreements, and cash flows:
Repurchase agreements represent U.S. Government and U.S. Government Agency securities purchased under agreements to resell at predetermined prices, generally over periods of three days or less. These agreements, primarily with a small number of money center financial institutions, are recorded at cost and interest is accrued as earned.
The Company invests available federal funds in repurchase agreements and money market accounts and at the same time makes disbursements to Participants in clearinghouse funds. The resulting book overdrafts are included in drafts payable and are eliminated the next business day when the repurchase agreements and money market accounts are converted back to cash.
For cash flow reporting, cash and cash equivalents include cash, money market accounts, and repurchase agreements.

C. Equipment and leasehold improvements:
Equipment and leasehold improvements are recorded at cost. Equipment is depreciated over estimated useful lives ranging from five to eight years, using principally accelerated methods. Leasehold improvements are amortized on the straight-line method over the lives of the related leases or the useful lives of the improvements, whichever is less.

D. Income taxes:
Provision is made for deferred income taxes applicable to revenues and expenses reported in the financial statements in periods which differ from those in which they are subject to taxation.

Note 3—Participants Funds:
Participants in the depository are required to deposit to one or both of two Participants Funds amounts which relate to their activity in the depository. The Funds are available to satisfy the Participants' obligations to the Company, and to satisfy certain uninsured losses, if such should occur, of the Company. Required deposits are received in cash or in securities of the United States government, its agencies or instrumentalities, states and political subdivisions or certain
eligible nonconvertible registered corporate debt securities, that are held by the Company or pledged to it and callable on demand.

**Note 4—Dividends and Interest on Securities on Deposit:**

The Company receives cash and stock dividends and interest on securities registered in the name of its nominee and interest on bearer securities which it distributes to its Participants for the owners of the securities. Amounts received on registered securities withdrawn before the record date but not transferred from the name of the Company's nominee cannot be distributed unless claimed by the owners of the securities through a Participant or other financial institution. At December 31, 1991, cash dividends and interest payable amounted to $163,194,000, of which $58,577,000 was awaiting distribution to Participants and $104,617,000 was held pending claim on behalf of the record date owners of the applicable securities. Stock dividends payable and unclaimed are not recorded in the accompanying financial statements. Unclaimed cash and stock dividends and interest on securities registered in the name of the Company's nominee and interest on bearer securities are transferred to New York State when required by abandoned property laws.

Cash dividends and interest receivable at December 31, 1991 amounted to $113,596,000 (1990—$124,410,000) before reduction by an allowance of $475,000 (1990—$525,000) for possible losses. Stock dividends receivable are not recorded in the accompanying financial statements.

**Note 5—Pension and Other Retirement Benefits:**

The Company has a noncontributory defined benefit pension plan covering substantially all full-time employees. Plan benefits are based on a formula percentage of annual earnings for each year of continuous participation with vesting after five years. The Company's funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes.

The following table sets forth the plan's funded status as recognized in the Statement of Condition at December 31:

<table>
<thead>
<tr>
<th></th>
<th>1991</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dollars in thousands</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan assets at fair value, primarily equity securities and deposits under group annuity contracts</td>
<td>$45,481</td>
<td>$38,205</td>
</tr>
<tr>
<td>Accumulated benefit obligation for service rendered:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vested</td>
<td>38,357</td>
<td>28,253</td>
</tr>
<tr>
<td>Nonvested</td>
<td>3,140</td>
<td>2,722</td>
</tr>
<tr>
<td></td>
<td>41,497</td>
<td>30,975</td>
</tr>
<tr>
<td>Additional amounts related to projected compensation increases</td>
<td>13,526</td>
<td>13,185</td>
</tr>
<tr>
<td>Projected benefit obligation for service rendered</td>
<td>55,023</td>
<td>44,160</td>
</tr>
<tr>
<td>Projected benefit obligation in excess of plan assets</td>
<td>(9,542)</td>
<td>(5,955)</td>
</tr>
<tr>
<td>Unrecognized net asset remaining from the initial application of FAS No. 87</td>
<td>(8,033)</td>
<td>(8,837)</td>
</tr>
<tr>
<td>Unrecognized net loss from past experience different from that assumed and the effects of changes in assumptions</td>
<td>4,303</td>
<td>5,119</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfunded defined benefit pension cost included in accounts payable and accrued expenses ($13,272)</td>
<td>($9,673)</td>
<td></td>
</tr>
</tbody>
</table>

The discount rate used in determining the actuarial present value of the projected benefit obligation was 8.5% in 1991 and 1990. The assumed rate of future compensation levels was based on anticipated inflation and merit increases. The expected long-term rate of return on assets was 10% in 1991 and 1990. The unrecognized net asset that existed when Statement of Financial Accounting Standards No. 87 was adopted, as of January 1, 1986, is being amortized over 16 years.

Retirement benefits are also provided under supplemental nonqualified pension plans for certain officers. The cost of these benefits is determined based on substantially the same actuarial methods and economic assumptions as those for the defined benefit pension plan.

Net pension costs for 1991 and 1990 included the following components:
Dollars in thousands

1991 | 1990
---|---
Service cost—benefits earned during the year | $4,804 | $4,288
Interest cost on projected benefit obligation | 3,929 | 3,308
Actual return on assets | (7,978) | (887)
Net amortization and deferral | 3,846 | (3,397)
Net pension cost | $4,139 | $3,312

In addition to pension benefits, the Company provides certain health care and life insurance benefits for retired employees. The cost of these benefits is recognized when the insurance premiums are paid. The Financial Accounting Standards Board will require the recognition of the cost of such benefits under the accrual method in 1993 when Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," is required to be adopted. The Company is in the process of evaluating the impact of this standard.

Note 6—Income Taxes:

Income taxes are included in other expenses. The income tax provisions for 1991 and 1990 are summarized as follows:

Dollars in thousands

| | 1991 | 1990 |
---|---|---|
Current provision: | | |
Federal | $3,366 | $3,298 |
State and local | 817 | 684 |
Deferred (benefit): | | |
Federal | (3,267) | (2,589) |
State and local | (734) | (654) |
Net income tax expense | $182 | $739 |

The primary difference between pretax accounting income and taxable income relates to unfunded pension expense.

Income taxes paid during 1991 totaled $4,503,000 (1990—$4,124,000 and refunds of $433,000 from a reduction in the allocation of income subject to local taxes).

The Financial Accounting Standards Board recently issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which supersedes Standard No. 96. The adoption of this new standard, which is required by 1993, is not expected to have a material effect on the Company's financial condition.

Note 7—Notes Payable:

The Company has notes payable totaling $13,177,000, at a weighted annual rate of 8.9% which are being repaid in monthly installments. Interest paid during 1991 totaled $1,532,000 (1990—$1,805,000).

Aggregate maturities of notes payable as of December 31, 1991 are summarized as follows:

Dollars in thousands

| | 1991 | 1990 |
---|---|---|
| 1992 | 4,955 |
| 1993 | 4,393 |
| 1994 | 3,521 |
| 1995 | 308 |
| Total notes payable | $13,177 |

The Company has a short-term line of credit of $5 million available with a commercial bank at a rate approximating the prime rate and a revolving credit loan agreement of $150 million at the federal funds rate plus .375%. A commitment fee is required on the $150 million revolving credit loan agreement which is available to support the Same-Day Funds Settlement system. These facilities were not utilized during 1991.

Note 8—Leases and Other Commitments:

The Company has entered into operating leases for office space and data processing and other equipment. The leases for office space provide for rent escalations subsequent to 1991. Rent expense in 1991 was $34,332,000 (1990—$30,972,000) for office space and $13,033,000 (1990—$12,967,000) for data processing and other equipment.

Presented below are the future minimum payments, by year and in the aggregate, under operating leases having noncancelable lease terms in excess of one year as of December 31, 1991:

Dollars in thousands

| | 1991 | 1992 |
---|---|---|
| 1992 | $41,323 |
| 1993 | 37,796 |
| 1994 | 35,305 |
| 1995 | 35,259 |
| 1996 | 35,034 |
| Thereafter | 70,970 |
| Total future minimum lease payments | $255,687 |
PARTICIPANTS

Banks
Affiliated National Bank—Denver
Amalgamated Bank of New York (The)
American National Bank & Trust Company of Chicago
Amrit Trust Company National Association
AnsiSouth Bank, N.A.
Bank IV Wichita, National Association
Bank of America N.T. & SA
Bank of Bermuda International Limited
Bank of California (The)
Bank of New England, N.A.
Bank of New York (The)
Bank of Nova Scotia (The), New York Agency
Bank of Oklahoma, N.A.
Bank of St. Louis National Association
Bank of Tokyo Trust Company (The)
Bank One, Indianapolis, Indiana
Bank One Ohio Trust Company, N.A.
Bank One Wisconsin Trust Company, N.A.
Bank South, N.A.
Bankers Trust Company
Barclays Bank PLC, New York Branch
Barnett Banks Trust Company, N.A.
Bessemer Trust Company
Boatmen’s National Bank of St. Louis (The)
Boston Safe Deposit and Trust Company
Brown Brothers Harriman & Co.
Capital Trust Company
Central Bank of the South
Central Fidelity Bank, N.A.
Central Trust Bank (The)
Chase Bank First National (The)
Chase Manhattan Bank, N.A. (The)
Chemical Bank
Citibank, N.A.
Citizens Fidelity Bank and Trust Company
City National Bank
Citytrust
Comerica Bank
Commerce Bank of Kansas City, N.A.
Connecticut National Bank (The)
Continental Bank, National Association
CoreStates Bank, N.A.
Crestar Bank
Custodial Trust Company
Dai-Ichi Kangyo Bank, Limited (The), New York Branch

Daiwa Bank, Limited (The), New York Agency
Dominion Trust Company
Fidelity Bank, National Association
Fiduciary Trust Company
Fiduciary Trust Company of Boston
First Bank of Oklahoma, N.A.
First City, Texas–Houston, N.A.
First Fidelity Bank, National Association, New Jersey
First Interstate Bank of Arizona, N.A.
First Interstate Bank of California
First Interstate Bank of Denver, N.A.
First Interstate Bank of Oregon, N.A.
First Interstate Bank of Washington, N.A.
First National Bank and Trust Company of Tulsa (The)
First National Bank of Boston (The)
First National Bank of Chicago (The)
First National Bank of Maryland (The)
First National Bank of Omaha
First of America Bank—Illinois, N.A.
First Tennessee Bank N.A. Memphis
First Trust Corporation
First Trust National Association
First Union National Bank
First Wisconsin Trust Company
Fort Wayne National Bank
French American Banking Corporation
Frost National Bank
Fuji Bank & Trust Company (The)
Guardian Trust Company
Goldman Sachs Trust Company (The)
Harris Trust & Savings Bank
Hibernia National Bank
Huntington National Bank
IBJ Schroder Bank & Trust Company
IDS Bank & Trust
INB National Bank
Imperial Trust Company
Industrial Bank of Japan Trust Company (The)
Investors Bank and Trust Company
Investors Fiduciary Trust Company
Kellogg–Citizens National Bank
Key Trust Company
LTCP Trust Company
LaSalle National Bank
Liberty National Bank and Trust Company of Louisville
Liberty Street Trust Company
Lincoln National Bank & Trust Company of Fort Wayne

Lloyds Bank Plc
M&I Marshall & Ileby Bank
Manufacturers and Traders Trust Company
Manufacturers Hanover Trust Company
Manufacturers National Bank of Detroit
Marine Midland Bank
Mark Twain Bank
Marquette Bank Minneapolis, N.A.
Mellon Bank, N.A.
Mercantile Bank of St. Louis National Association
Mercantile–Safe Deposit and Trust Company
Merchants National Bank & Trust Company of Indianapolis
Michigan National Bank–Grand Rapids
Midlantic National Bank
Morgan Guaranty Trust Company of New York
Morgan Stanley Trust Company
NBD Bank, N.A.
Nation Bank of Georgia, N.A.
National Bank of North Carolina, N.A.
National Bank of Texas, National Association
National Bank of Washington, N.A.
National City Bank
National Westminster Bank N.J.
National Westminster Bank PLC
National Westminster Bank USA National
Nomura International Trust Company
Norstar Trust Company
Northern Trust Company (The)
Norwest Bank Minnesota, National Association
Old Kent Bank and Trust Company
Old Kent Bank–Chicago
Pacific Inland Bank
Pittsburgh National Bank
Provident Bank (The)
Provident National Bank
Republic National Bank of New York
Riggs National Bank of Washington, D.C. (The)
Royal Bank of Canada, New York Branch
Santa Barbara Bank & Trust
Sanwa Bank California
Sanwa Bank Limited–N.Y. Branch
Seattle–First National Bank
Security Pacific Bank
Washington, N.A.
Security Pacific National Bank
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<tr>
<th>Security Trust Company, N.A.</th>
<th>Security Dealer #</th>
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<tbody>
<tr>
<td>Seligman (J. &amp; W.) Trust Company</td>
<td>ABD Securities Corporation</td>
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<tr>
<td>Shawmut Bank of Boston, N.A.</td>
<td>Acorn Trading, Inc.</td>
</tr>
<tr>
<td>Signet Trust Company</td>
<td>Adams–Farnow Company Inc.*</td>
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<tr>
<td>Society Bank</td>
<td>Adams, Harkness &amp; Hill, Inc.</td>
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<tr>
<td>Society National Bank</td>
<td>Adler, Coleman &amp; Co., Inc.</td>
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<tr>
<td>Southeast Bank, N.A.</td>
<td>Advest, Inc.</td>
</tr>
<tr>
<td>SouthTrust Bank of Alabama, N.A.</td>
<td>Affina Brokerage Services Inc.</td>
</tr>
<tr>
<td>Star Bank, National Association, Cincinnati</td>
<td>Alexander (J.) Securities, Inc.*</td>
</tr>
<tr>
<td>State Street Bank and Trust Company</td>
<td>Alger (Fred) &amp; Company, Incorporated</td>
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<tr>
<td>Stock Yard Bank and Trust Company</td>
<td>Allen &amp; Company Incorporated</td>
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<tr>
<td>Sunniono Bank of California</td>
<td>Alpine Associates</td>
</tr>
<tr>
<td>Sunniono Trust &amp; Banking Co. (USA)</td>
<td>American Enterprise Investment Services Inc.*</td>
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<tr>
<td>Summit Bank</td>
<td>American Securities Corporation</td>
</tr>
<tr>
<td>Swiss Bank Corporation</td>
<td>Arnhold and Blecheroder (S.), Inc.</td>
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<tr>
<td>New York Branch</td>
<td>Asied &amp; Co.</td>
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<tr>
<td>Team Bank, N.A.</td>
<td>BHC Securities Inc.</td>
</tr>
<tr>
<td>Texas Commerce Bank</td>
<td>BHF Securities Corporation</td>
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<tr>
<td>National Association</td>
<td>BJSE Specialist Account*</td>
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<tr>
<td>Toronto Dominion Bank</td>
<td>BT Securities Corporation</td>
</tr>
<tr>
<td>(The)—New York Branch</td>
<td>Baer (Julius) Securities Inc.*</td>
</tr>
<tr>
<td>Toyo Trust Company of New York</td>
<td>Baird (Robert W.) &amp; Co. Incorporated</td>
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<tr>
<td>Trust Company Bank</td>
<td>Bank One Capital Corporation</td>
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<td>Trust Services of America, Inc.</td>
<td>Barr Brothers &amp; Co., Inc.</td>
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<tr>
<td>Trustmark National Bank</td>
<td>Baum (George K.) &amp; Company</td>
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<tr>
<td>Union Bank</td>
<td>Bernstein (Sanford C.) &amp; Co., Inc.</td>
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<tr>
<td>Union Bank of Switzerland</td>
<td>Bidwell &amp; Company*</td>
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<td>Union Planters National Bank</td>
<td>Blair (Charles M.) &amp; Co., Inc.*</td>
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<td>Bodell, Overcash Anderson</td>
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<td>United Jersey Bank</td>
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<td>Britton Catheen Limited*</td>
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<td>Brown (Alex.) &amp; Sons, Inc.</td>
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<td>Brown &amp; Company Securities Corporation</td>
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<td>Bunting Warburg Incorporated*</td>
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<td>Burke (P.R.) &amp; Co., Inc.</td>
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<td>Chicago Corporation (The)*</td>
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<td>Connors, Clark &amp; Co. Limited*</td>
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<td>Fetcher, Detviler &amp; Co., Inc.*</td>
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</tbody>
</table>

*As of December 31, 1991
Fernandez, Barsch & Mirra
First Alabama Investments, Inc.
First Albany Corporation
First Boston Canada Limited*
First Boston Corporation (The)
First Investors Corporation
First Manhattan Co.
First Marathon Securities Limited*
First of Michigan Corporation*
First Options of Chicago, Inc.*
First Southwest Company
Frank (Walter N.) & Co.
Frankel (Wm. V.) & Co., Inc.*
Frankel (Wm. V.) & Co., Inc.*
Fried (Albert) & Co.
G.B. Securities, Inc.*
Gage–Wiley & Company, Inc.*
Gar (J.W.) & Associates, Inc.*
Garat & Co.*
Geldermann Securities Inc.
Glen Trading L.P.*
Grass (Oscar) & Son Incorporated
Gras (Oscar) & Son Incorporated
Hamilton Investments, Inc.
Hanauer (J.B.) & Co.
Hancock (John) Clearing Corporation
Hannifer, Imhoff, Inc.*
Hartfield (J.F.) & Co., Inc.*
Henderson Brothers, Inc.
Henry Kriger/DBI, L.P.
Hertzog, Heine, Geduld, Inc.
Hibbard Brown & Co., Inc.
Hill, Thompson, Magid & Co., Inc.*
Hilliard (J.J.B.), Lyons (W.L.), Inc.
Hopkins, Harbach & Co.*
Hough (William R.) & Co.
Howard, Weil, Labouisse, Friedrichs Incorporated
Hull Trading Co.
Hummer (Wayne) & Co.
Huntleigh Securities Corporation
Hutchinson, Shockey, Erley & Co.
Ichin & Co., Inc.
Inglis & Snyder
Innet Corporation
Interstate/Johnson Lane Corporation
InvestNet Corporation
Jacobson (Benjamin) & Sons
January Montgomery Scott Inc.
Jeffries & Company, Inc.
Jeffries & Company, Inc.*
Jens (Edward D.) & Co.
J.K. & Company*
Kalb, Voorhis & Co.
Kawano (H.) & Co., Inc.*
Keeley (K.J.) & Co., Inc.*
Keller, DiLeo & Co.
Kemper Clearing Corp.
Kenny (J.J.) Drake, Inc.*
Kessler Aher Clearing, Inc.
Kidder, Peabody & Co. Incorporated
King (C.L.) & Associates Inc.
Knox (W.L.) & Company
Koonce Securities, Inc.*
LIT America Inc.
LIT America, Inc.*
L.O.M. Western Securities Ltd.*
LaBranche & Co.
Lafferty, Hartwood & Partners Ltd.*
Larkin (Emmett A.) & Co., Inc.*
Law, Inc.*
Lawrence (C.J.) Inc.
Lawrence, O'Donnell, Marcus & Co.
Lazard Freres & Co.
Legg Mason Wood Walker, Inc.
Lehman Special Securities Inc.
Lerner (David) Associates, Inc.
Leverque, Beaubien Inc.*
Lewco Securities Corp.
Loewen Ondrzaite, McCutcheon & Company Ltd.*
MKI Securities Corp.
Mabon Securities Corp.
MacAllister Pitfield Mackay, Inc.
MacDougall, MacDougall & MacTier, Inc.*
Madoff (Bernard L.)
Manufacturers Hanover Securities Corporation
Marcus Schloss & Co., Inc.
Mayer & Schweitzer, Inc.
McCourtney–Brekenridge & Company*
McDaniel Lewis & Co.
McDonald & Company Securities, Inc.
Mechan (M.J.) & Company
Melville (Ronald E.) Inc.*
Mercator Partners
Merck & Co., Inc.*
Mendian Asset Management, Inc.
Mendian Securities International Ltd.*
Merrill Lynch Government Securities Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Merrill Lynch Specialists Inc.*
Merriman Valley Investment Inc.*
Mesirow Financial, Inc.
Midland Walwyn Capital Corp.*
Mitchum Securities, Inc.
Montgomery Securities
Morgan (J.P.) Securities Inc.
Morgan, Keegan & Company, Inc.
Morgan Stanley & Co. Incorporated
Moss, Lawson & Co. Limited*
Murphy, Marseilles, Smith & Narmanick
Murphy & Durieu
N.B. Clearing Corporation
National Financial Services Corporation
National Financial Services Corporation
Nesbitt Thomson Deacon Inc.*
Neuberger & Berman
New Japan Securities Corporation
International, Inc.
New Windsor Associates, L.P.
Newbridge Securities Inc.
Newhard, Cook & Co. Incorporated
Niko Securities Co.
International, Inc. (The)
Nomura Securities International, Inc.
Nuveen (John) & Co. Incorporated
O'Connor & Associates
O'dhun Brown Limited*
Offerman & Co., Inc.*
Old Discount Corporation*
Old Discount Corporation
Oppenheimer & Co., Inc.
Pacific Brokerage Services, Inc.
Pacific Post Partners, Ltd. *
Paine Webber Incorporated
Paine Webber Specialists Inc.*
Paribas Corporation
Paysen (H.M.) & Co.*
Pfeiffer & Baerwald Inc.*
Pflueger & Co., Inc.
Pflueger & Baerwald Inc.*
Pfenrath (Carl H.) & Co.
Pictet (Canada) and Company, Limited*
Piper, Jaffray & Hopwood Incorporated
Porter, White & Yardley, Inc.
Preferred Technology, Inc.*
Primevest Financial Services, Inc.
Principal/Eppler, Guerin & Turner, Inc. (The)
Prudential Securities Incorporated
RAF Financial Corporation*
RBC Dominion Securities Corporation
RBC Dominion Securities, Inc.*
RSP Partners
Ragen MacKenzie Incorporated
Rascher Pierce Refines, Inc.
Raymond, James & Associates, Inc.
Reaves (W. H.) & Co., Inc.
Reftco Securities, Inc.
Regional Clearing Corp.
Research Capital Corporation* 
Richardson Greenshields Securities, Inc.
Rimmon (M.) & Co., Inc.
Robb, Peck, McCovey Clearing Corporation
Robertson, Stephens & Company
Rodman & Renshaw, Inc.
Roney & Co.
Roosevelt & Cross Inc.
Rothchild Inc.
Rothchild (L.F.) & Co. Incorporated
Roulston Research Corp.
SBCI Swiss Bank Corporation Investment Banking Inc.
Sage Clearing Corporation*
Sage, Rutty & Co., Inc.
Salomon Brothers Inc.
Sanwa McCarthy Securities Limited* 
Scharroo (M.A.) & Co., Inc.
ScotaMcLeod Inc.*
Scott & Stringfellow Investment Corporation
Seasonwood & Mayer
Seattle-Northwest Securities Corporation
Seidel (Morton) & Co. Inc.*
Seidler Amenc Securities Inc.*
Shearson Lehman Brothers Inc.
Shearson Lehman Brothers Inc.*
Smith Barney, Harris Upham & Co. Incorporated
Smith, Moore & Co.*
Smith New Court, Carl Marks Inc.
Societe Generale Securities Corporation
Southwest Securities, Inc.
Spear, Leeds & Kellogg
Spear Rees & Co.*
Spectrum Trading Partners, L.P.
Steichen (J.) & Co.
Stem & Kennedy
Stem (M.L.) & Co., Inc.*
Sterne, Agee & Leach, Inc.
Steif, Nicolaus & Company Incorporated
StockCross, Inc.*
Stoever, Glass & Co., Inc.
Stokes, Hoyt & Co.
Stone & Youngberg*
Streicher (J.) & Co.
Swiss American Securities Inc.
TCW Inc.*
Thomson Kernaghan & Co., Ltd.*
Timber Hill Inc.
Titus & Donnelly Inc.*
Transatlantic Securities Company
UBS Securities Inc.
U.S. Clearing Corp.
Universal Securities Corporation
Valu Securities Investment, Inc.
Van Kampen Merritt Inc.
W&D Securities
Wachovia Securities, Inc.
WSI Stock Loan*
Wachtel & Co., Inc.
Wagner Scott Clearing Corp.
Wall Street Equities Incorporated*
Walsh, Greenwood & Co.
Warburg (S.G.) & Co. Inc.
Waterhouse Securities Inc.
Weichler & Krumholz, Inc.
Wedbush Morgan Securities Inc.*
Weeden & Co.*
Weiss, Peck & Greer
Wellington (H.G.) & Co. Inc.
Whitaker (Don C.) Inc.*
Wildshire Associates Incorporated*
Wilson (L.W.) & Co., Inc.*
Winit (Dean) Reynolds Inc.
Wolfe & Hunt Bond Brokers, Inc.
Wolfe & Hunt Bond Brokers, Inc.*
Wood (Arthur W.) Company*
Wood Gundy Corp.
Wood Gundy Inc.*
Yamaichi International (America), Inc.
Yamaichi International (America), Inc.*
Yorkton Securities Inc.*
Ziegler (B.C.) and Company
Ziegler Thrift Trading, Inc.*

Participant in the Same-Day Funds Settlement System*
Adams, Harkness & Hill, Inc.
Advest, Inc.
Amalgamated Bank of New York (The)
American National Bank & Trust Company of Chicago
AmeriTrust Company National Association
Ariel & Co.
BT Securities Corporation
Baird (Robert W.) & Co. Incorporated
Banc One Capital Corporation
Bank One Ohio Trust Company, N.A.
Bank of America National & Trust Company
Bank of New England, N.A.
Bank of New York (The)
Bank of Tokyo Trust Company (The)
Bankers Trust Company
Baum (George K.) & Company
Bear, Stearns Securities Corp.
Bernstein (Sanford C.) & Co., Inc.
Blair (William) & Company
Boston Safe Deposit and Trust Company
Bradford (J.C.) & Co.
Brown (Alex.) & Sons, Inc.
Brown Brothers Harriman & Co.
Butler, Wick & Co., Inc.
Central Bank of the South
Central Fidelity Bank, N.A.
Charles Schwab & Co., Inc.
Chase Manhattan Bank, N.A. (The)
Chase Securities, Inc.
Chemical Bank
Chicago Corporation (The)
Citibank, N.A.
Citicorp Securities Markets, Inc.
Citizens Fidelity Bank and Trust Company
City National Bank
Connecticut National Bank (The)
Continental Bank, National Association
CoreStates Bank, N.A.
Cowen & Co.
Craige Incorporated
Crestar Bank
Custodial Trust Company
Dai-ichi Kangyo Bank, Limited
(Dai-Ichi Kangyo Bank, Limited), New York Branch
Dain Bosworth Incorporated
Darwin Capital Company, N.Y.
Darwin Securities America Inc.
Davenport & Co. of Virginia, Inc.
Davis (Shelby Cullom) & Co.
Deutsche Bank Capital Corporation

Clearing Agencies
Canadian Depository for Securities Limited (The)*
Central Depository (Pte) Ltd. (Singapore)**
International Securities Clearing Corporation
Japan Securities Clearing Corp.**
Midwest Securities Trust Company
National Securities Clearing Corporation
Options Clearing Corporation (The)
Philadelphia Depository Trust Company
#Excludes some firms with limited activity
*National Securities Clearing Corporation
Sponsored Account
**International Securities Clearing Corporation
Sponsored Account

FIFTY·THREE
Dillon, Read & Co. Inc.
Doniniack & Dominick, Incorporated
Donaldson, Lufkin & Jenrette
Securities Corporation
Drexel Burnham Lambert
Incorporated
Edwards (A.G.) & Sons, Inc.
Fahnestock & Co., Inc.
Fidelity Bank, National Association
Fiduciary Trust Company
International
Fifth Third Bank (The)
First Alabama Investments, Inc.
First Albany Corporation
First American Bank, N.A.
First Boston Corporation (The)
First City, Texas-Houston, N.A.
First Fidelity Bank, National Association, New Jersey
First Interstate Bank of California
First Interstate Bank of Denver, N.A.
First Interstate Bank of Washington, N.A.
First National Bank of Boston (The)
First National Bank of Chicago (The)
First National Bank of Maryland (The)
First Tennessee Bank N.A. Memphis
First Trust National Association
First Wisconsin Trust Company
Freeman Welwood & Co., Inc.
Fried (Albert) & Co.
Fuji Bank & Trust Company (The)
Goldman, Sachs & Co.
Goldman Sachs Money Markets, L.P.
Goldman Sachs Trust Company
Greenwich Capital Markets, Inc.
Green & Co. Incorporated
Hannett Investments, Inc.
Hancock (John) Clearing Corporation
Harris Trust & Savings Bank
Herzog, Heine, Geduld, Inc.
Hibernia National Bank
Hillard (J.J.B.), Lyons (W.L.), Inc.
Hoag, (William R.) & Co.
Howard, Weil, Labouisse, Friedricks Incorporated
Hummer (Wayne) & Co.
Huntington National Bank
Hutchinson, Shockey, Erley & Co.
IBJ Schroeder Bank & Trust Company
IDS Bank & Trust
Interstate/Johnson Lane Corporation
Investor Bank & Trust Company
Janney Montgomery Scott Inc.
Jefferies & Company, Inc.
Jones (Edward D.) & Co.
Kellogg-Citizens National Bank
Kemper Clearing Corp.
Key Trust Company
Kidder, Peabody & Co. Incorporated
LaSalle National Bank
Lazard Frères & Co.
Legg Mason Wood Walker, Inc.
Lehman Special Securities Inc.
Lerner (David) Associates, Inc.
Lewco Securities Corp.
LTCB Trust Company
MKI Securities Corp.
Manhattan Securities Corp.
Manufacturers and Traders
Trust Company
Manufacturers Hanover Securities Corporation
Manufacturers Hanover Trust Company
Manufacturers National Bank of Detroit
Marine Midland Bank
Marquette Bank Minneapolis, N.A.
McDonald & Company Securities, Inc.
Mellon Bank, N.A.
Merchants-Safe Deposit & Trust Company
Merchants National Bank & Trust Company of Indianapolis
Merrill Lynch, Government Securities Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Mesirov Financial Inc.
Midlantic National Bank
Morgan Guaranty Trust Company of New York
Morgan (J.P.) Securities Inc.
Morgan, Keegan & Company, Inc.
Morgan Stanley & Co. Incorporated
N.B. Clearing Corporation
National City Bank
National Financial Services Corporation
National Westminster Bank N.Y. Branch
National Westminster Bank USA
NationalBank of Georgia, N.A.
NationalBank of North Carolina, N.A.
NationalBank of Texas, National Association
NationalBank of Virginia, N.A.
National
Neuberger & Berman
New Japan Securities International, Inc.
Newbridge Securities Inc.
Nikko Securities Co. International, Inc. (The)
Nomura Securities International, Inc.
Northern Trust Company (The)
Norwest Bank Minnesota, National Association
Nuveen (John) & Co. Incorporated
Old Kent Bank-Chicago
Old Discount Corporation
Oppenheimer & Co., Inc.
Paine Webber Incorporated
Philadelphia Depositary Trust Company
Piper, Jaffray & Hopwood Incorporated
Pittsburgh National Bank
Principal/Eppler, Guerin & Turner, Inc. (The)
Providence Bank (The)
Providence National Bank
Prudential Securities Incorporated
RBC Dominion Securities Corporation
Rauscher Pierce Refines, Inc.
Raymond James & Associates, Inc.
Reeco Securities, Inc.
Rodman & Renshaw, Inc.
Roney & Co.
SBCL Swiss Bank Corporation
Investment Banking Inc.
Salomon Brothers Inc.
Sanwa Bank California
Sanwa Bank Limited-N.Y. Branch
Scotia McLeod (USA) Inc.
Scott & Stringfellow Investment Corporation
Seattle-First National Bank
Security Pacific Bank
Washington, N.A.
Security Pacific National Bank
Shawmut Bank of Boston, N.A.
Shearson Lehman Brothers Inc.
Smith Barney, Harris Upham & Co. Incorporated
Societe Generale Securities Corporation
Society National Bank
South Trust Bank of Alabama, N.A.
Southwest Securities, Inc.
State Street Bank and Trust Company
Stephens, Inc.
Sterne, Agee & Leach, Inc.
Stifel, Nicolaus & Company Incorporated
Swiss American Securities Inc.
Swiss Bank Corporation New York Branch
Toronto-Dominion Bank (The)
Trust Company Bank
UBS Securities Inc.
U.S. Clearing Corp.
Union Planters National Bank
United Bank of Denver, National Association
United Missouri Bank of Kansas City, N.A.
United States National Bank of Oregon
United States Trust Company of New York
Van Kampen Merritt Inc.
Wachovia Bank of Georgia, N.A.
Wachovia Bank of North Carolina, N.A.
Wagner Stott Clearing Corp.
Wall Street Investment Services
Weiss, Peck & Greer
Wells Fargo Bank, National Association
Wells Fargo Institutional Trust Company
W敷o Bank Wheeling
Wheat, First Securities, Inc.
Wittig (Dean) Reynolds Inc.
Women's Federal Savings Bank
Yamauchi International (Americas), Inc.
Ziegler (B.C.) and Company
Zions First National Bank

*As of December 31, 1991

Indirect SDFS Participation**

ABD Securities Corporation
Adler, Coleman & Co., Inc.
Affiliated National Bank—Denver
American Securities Corporation
AmSouth Bank, N.A.
AHS Securities Corporation
Baer (Julius) Securities Inc.
Bank IV Wichita, National Association
Bank of Bermuda International Limited
Bank of California (The)
Bank of Montreal, New York Branch
Bank of Oklahoma, N.A.
Bank One, Indianapolis, N.A.
Bank One Wisconsin Trust Company, N.A.
Bank South, N.A.
Barnett Banks Trust Company, N.A.
Bedwell & Company
Boatmen's First National Bank of Oklahoma
Boatmen's National Bank of St. Louis (The)
Cantor Fitzgerald Fixed Income Brokers, Inc.
Central Trust Company
Chapdelaine & Co.
Charles (JW) Securities, Inc.
Chase Lincoln First Bank, N.A.
Citytrust
Comerica Bank
Commerce Bank of Kansas City, N.A.
Commerzbank Capital Markets Corporation
Craig-Hallam, Inc.
Crews & Associates, Inc.
Daiba Securities America Inc.
Davidson (D.A.) & Co., Inc.
Doft & Co., Inc.
Dominion Trust Company
Easton & Co.
Equity Securities Trading Co., Inc.
Ernst & Co.
FKT—First National Bank of Louisville
Fiduciary Trust Company of Boston
First American Bank of Georgia
First Interstate Bank of Arizona, N.A.
First Manhattan Co.
First National Bank and Trust Company of Tulsa (The)
First National Bank Chicago/First Chicago Capital Markets, Inc.
First National Bank of Omaha
First of Michigan Corporation
First Southwest Company
First Trust Corporation
First Union National Bank
First Wachovia Brokerage Service Corporation
Fort Wayne National Bank
Freeman Securities Company, Inc.
Frost National Bank
Gnubrokers of Corporates, Inc.
D/B/A Fundamental Corporate Bond Brokers
Gruss (Oscar) & Son Incorporated
Hanifen, Inhoff, Inc.
Imperial Trust Company
Indiana National Bank (The)
Kalb, Voorhis & Co.
Kenny (J.J.) Drake, Inc.
King (C.L.) & Associates Inc.
Knox (W.L.) & Company
Larkin (Emmett A.) & Co., Inc.
Lawrence (C.J.) Inc.
Legg Mason Wood Walker, Inc.
Lerner (David) Associates, Inc.
Liberty National Bank and Trust Company of Louisville
Lincoln National Bank & Trust Company of Fort Wayne
Lloyds Bank Plc
M&I Marshall & Iley Bank
Mercantile Trust Co.
Mercantile Trust Company National Association
Michigan National Bank
Morgan Stanley Trust Company
Murphy, Marseilles, Smith & Nammack
New Jersey National Bank
Norstar Trust Company
Offerman & Co., Inc.
Old Kent Bank and Trust Company
Payson (H.M.) & Co.
RAF Financial Corporation
Ragen MacKenzie Incorporated
Republic National Bank of New York
Riggs National Bank of Washington, D.C. (The)
Robb, Peck, McCooy
Clearing Corporation
Royal Bank of Canada, New York Branch
Seattle—Northwest Securities Corporation
Signet Trust Company
South Bank, N.A.
Star Bank, National Association
Stechen (R.J.) & Company
Stem (M.L.) & Co., Inc.
Summit Bank
Sumitomo Bank of California
Team Bank, N.A.
Texas Commerce Bank National Association
Trustmark National Bank
Trust Services of America, Inc.
Truscrop Bank, Ohio
U.S. Bank of Washington, N.A.
Union Bank
Union Bank of Switzerland
Union Trust Company
Valley National Bank of Arizona
Valley Trust Company
Wedbush Securities, Inc.
Wellington (H.G.) & Co. Inc.
Wheeling Dollar Bank
Ziegler Thrift Trading, Inc.

*These firms are also direct Participants in DTC's Next-Day Funds Settlement system.

**As of December 31, 1991
DTC STOCKHOLDERS*

Affiliated National Bank--Denver
American Stock Exchange Clearing Corporation
American Stock Exchange Inc.
AmeriTrust Company
AmSouth Bank, N.A.
Arnhold and Bleichroeder (S.), Inc.
BT Securities Corporation
Bair (Julius) Securities Inc.
Bank of America N.T. & SA
Bank of California (The)
Bank of New York (The)
Bank of Tokyo Trust Company (The)
Bank One Ohio Trust Company, N.A.
Bankers Trust Company
Barclays Bank PLC
Barnett Banks Trust Company, N.A.
Bear, Stearns Securities Corp.
Boatmen's National Bank of St. Louis (The)
Boston Safe Deposit and Trust Company
Brounoff, Claire, & Co., Inc.
Brown (Alex.) and Sons, Inc.
Brown Brothers Harriman & Co.
Carter & Company, Inc.
Cazenove Incorporated
Central Bank of the South
Central Trust Bank
Chase Lincoln First Bank, N.A.
Chase Manhattan Bank, N.A. (The)
Chemical Bank
Cincinnati Stock Exchange (The)
Citicorp
Citicorp Securities Markets, Inc.
City National Bank
Connecticut National Bank (The)
Continental Bank, National Association
CoreStates Bank, N.A.
County NatWest Securities Corporation USA
Craigie Incorporated
Crews & Associates, Inc.
Custodial Trust Company
Daiwa Securities America, Inc.
Dominioni Trust Company
Donaldson, Lufkin & Jenrette Securities Corporation
Edwards (A.G.) & Sons, Inc.
Execution Services Incorporated
Fagenson & Co., Inc.
Fahrenheit & Co., Inc.
Fidelity Bank, National Association
Fiduciary Trust Company
International Fiduciary Trust Company of Boston
First Alabama Investors, Inc.
First Albany Corporation
First Boston Corporation (The)
First City, Texas–Houston, National Association
First Fidelity Bank, National Association, New Jersey
First Interstate Bank of California
First Interstate Bank of Denver, N.A.
First Interstate Bank of Oregon, N.A.
First Interstate Bank of Washington, N.A.
First National Bank and Trust Company of Tulsa (The)
First National Bank of Boston (The)
First National Bank of Chicago (The)
First National Bank of Maryland (The)
First Tennessee Bank N.A. Memphis
First Trust National Association
Fort Wayne National Bank
Frost National Bank
Goldman Sachs Money Markets, L.P.
Goldman, Sachs & Co.
Gross (Oscar) & Son Incorporated
Hibbard Brown & Co., Inc.
Hough (William R.) & Co.
Huntington National Bank
IDS Bank & Trust
Imperial Trust Company
Investors Bank and Trust Company
Key Trust Company
LaBranche & Co.
Lehman Special Securities Inc.
Lewco Securities Corp.
MacAllaster Pitfield Mackay, Inc.
Manufacturers and Traders Trust Company
Manufacturers Hanover Trust Company
Marcus Schloss & Co., Inc.
Marine Midland Bank, N.A.
Mayer & Schweitzer, Inc.
Mellon Bank, N.A.
Merchants National Bank & Trust Company of Indianapolis
Merrill Lynch & Co., Inc.
Michigan National Bank
Midlantic National Bank
Morgan Guaranty Trust Company of New York
Morgan Stanley & Co. Incorporated
National Association of Securities Dealers, Inc.
National City Bank
National Westminster Bank N.J.
National Westminster Bank PLC
National Westminster Bank USA
National Bank of Georgia, N.A.
National Bank of North Carolina, N.A.
National Bank of Texas, N.A.
National Bank of Virginia, N.A.
NBD Bank, N.A.
New York Stock Exchange, Inc.
Nikko Securities Co.
International, Inc. (The)
Nomura Securities International, Inc.
Nonstar Trust Company
Northern Trust Company (The)
Norwest Bank Minnesota, National Association
Oppenheimer & Co., Inc.
PanexWebber Incorporated
Paribas Corporation
Pfizermeier (Carl H.) & Co.
Reaves (W.H.) & Co., Inc.
Roosevelt & Cross
SBCI Swiss Bank Corporation
Investment Banking Inc.
Salomon Brothers Inc.
Santa Barbara Bank & Trust
Sanwa Bank California
Scott & Stringfellow Investment Corporation
Seattle–Northwest Securities Corporation
Security Pacific National Bank
Security Trust Company, N.A.
Shawmut Bank of Boston, N.A.
Smith New Court, Carl Marks Inc.
Star Bank, National Association, Cincinnati
State Street Bank and Trust Company
Stock Clearing Corporation
Stock Yard Bank and Trust Company
Swiss American Securities Inc.
Swiss Bank Corporation
New York Branch
Team Bank, N.A.
Texas Commerce Bank
National Association
Timber Hill Inc.
Trust Company Bank
United Missouri Bank of Kansas City, N.A.
United States Trust Company of New York
Valley Bank of Nevada
Valley National Bank of Arizona
Van Kampen Merritt Inc.
Wachovia Bank of North Carolina, N.A.
Waterhouse Securities Inc.
Wechsler & Krumholz, Inc.
Wells Fargo Bank, National Association
Wilmington Trust Company
Wood Gundy Corp.
Zions First National Bank

*As of March 31, 1992

DTC would like to thank The Pierpont Morgan Library in New York City, which provided the location for the photographs on pages 13, 14, 20, 33 and 35.