

MEMO# 13711

July 10, 2001

STAMP 2000 PROGRAM - IMPLEMENTATION ISSUES

[13711] July 10, 2001 TO: TRANSFER AGENT ADVISORY COMMITTEE No. 47-01 OPERATIONS COMMITTEE No. 22-01 BROKER/DEALER ADVISORY COMMITTEE No. 16-01 BANK AND TRUST ADVISORY COMMITTEE No. 8-01 RE: STAMP 2000 PROGRAM - IMPLEMENTATION ISSUES As we previously informed you, STAMP, Inc. (the Securities Transfer Agents Medallion Program) and Kemark Financial Services (the Program Administrator) began implementing a new STAMP 2000 Medallion Program in June 2000.¹ STAMP plans to replace all original STAMP medallions with STAMP 2000 medallions by January 2002. Over the past year, the Institute has been working with STAMP on the implementation of the STAMP 2000 program. It has recently come to our attention that several of our members' transfer agents have been encountering an increasing number of STAMP 2000 medallions from guarantors that fail validation tests. Such medallions are rejected as potentially counterfeit, leading to costly delays in the completion of transactions. As explained more fully in the attached letter dated June 20, 2001 to Andrew M. Massa, President of STAMP, Inc., this has occurred because of a flaw in the design of the security ink that is used in the STAMP 2000 medallion. The ICI expressed concerns to STAMP regarding this development, particularly the effect it can have on the viability and integrity of the STAMP 2000 program. Additional concerns were also expressed regarding the proposed creation and development of a separate "Legal Enhancements Medallion." The Institute requested assistance from STAMP in developing a timely and effective solution to resolving the security ink issues and in identifying additional concerns with respect to the Legal Enhancements Medallion initiative. If you have any questions regarding the attached letter, please contact Kathleen Joaquin at 202-326-5930 or at kjoaquin@ici.org. Donald J. Boteler Vice President - Operations

Attachment 1 See Institute Memorandum number 11809 dated April 13, 2000 regarding STAMP, Inc Announcement - Introducing Medallion STAMP 2000 Program and number 12720 dated October 5, 2000 regarding Transition Issues for Old and New Medallions in Question and Answer Document. 2Attachment (in .pdf format)