STUB TRADING

In practice, at exit, the claims entitled to participate in the benefits of the trust are evidenced by new securities ("escrow CUSIPs"). The CUSIP for the security has the letters ESCS in the number. Trades in these securities are cleared through DTC.

There are two kinds: ones that have no restrictions on transfer and ones that have restrictions on transfer. Adelphia and LyondellBasell are examples of the latter category in which the trust, at the time it was established, specified that the claims were non-transferable (in the semantic, the status of these claims is "frozen").

However, DTC does permit the trade of the escrow CUSIPs in the Adelphia-like case through the use of the "frozen status" letter. There is special settlement within DTC through the use of a "frozen asset letter" by the prime broker. The frozen asset letter contains a medallion stamp of the position and a special payment order.