

Bureau of Engraving and Printing

Securities Technology Institute

FAX TRANSMISSION COVER SHEET

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Date: 2 June 1998

To: Corinna Balfour

FAX: 9-011-41-61-280-9100

Subject: Agenda/Summary for Plenary Meeting

Sender: Robert G. Stone

You should receive 4 page(s), including this cover sheet.
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Dear Corinna:

Please find attached an agenda for the 12 June plenary meeting, and a summary of the past two year's SSG-2 work. I would greatly appreciate it if you could send (fax) these out to all Heads of Delegation, along with the documents provided by Bob Furley and Ted Allison. This should hopefully allow the delegates to prepare for the meeting next week. Thanks for the help.

Sincerely,



1/6/98

AGENDA
Plenary SSG-2 Meeting
Stockholm - 12 June 1998

- 09:00 Opening Remarks/Introductions
Status Report on Computer Systems
Initial Survey & Discussions
Progress with Digimarc
Agreement for α -phase prototype
- 09:30 Digimarc Presentation/Demonstration
- 10:30 Break
- 11:00 Discussion with Digimarc (Questions/Answers)
- 11:30 Discussion on Computer Systems
Reactions from Delegates on Digimarc Presentation
SSG-2 Interface with Other Organizations
Schedule/Actions/Future Decisions
- 12:30 SSG-2 Membership Status
Revised Financial Model/Funding Allocation
1998-1999 Budget and Work Plan
- 13:00 Lunch
- 14:30 Discussion on Financial Model/Budget/Work Plan
- 15:30 Status Financial Account
Status of Common Mark System - Implementation/Licencing
Status of Checking System
Status of Pressroom System
Status of Bekaert/Arjo-Wiggins System
Status of Tracing System
- 16:00 Future Meetings
- Steering Committee - 29 October 1998 at BIS (tentative)
- Steering Committee - 26 January 1999 at BIS (review Digimarc results)
- All sponsors - 16 February 1999 at BIS (decision on Digimarc)
- 16:30 Any Other Business/Depart

SUMMARY OF SSG-2 ACTIVITIES

June 1996 - May 1998

The SSG-2 has been engaged in four initiatives. Banknote recognition by color laser copiers using Common Marks, and banknote recognition by computer systems using Digital Watermarks have been the primary focus of the work.

1. Color Laser Copiers (Common Marks)

After successfully completing the testing of the Common Mark recognition system in copiers, a Memorandum of Understanding with the JBMA was signed to incorporate the detectors in all new production lines of color laser copiers which started production after January 1, 1997. Installation of the detectors is now underway in color laser copiers from all major copier manufacturers. In addition to the Common Mark (SC1) for SSG-2 sponsoring countries, a different Common Mark (SC2) was developed and made available to non-SSG2 countries for "licence fees" paid to the SSG-2 through the B.I.S. A total of 8 non-SSG2 countries have licenced the SC2 Common Mark.

The latest version of the Checking System Software from Omron had some initial difficulties, but these are being addressed and an improved version of the Manual is being sent out to users.

2. Press Room Unit

Omron has also provided a quote for a unit which could be used as a Quality Control Check on the Common Marks in the Press Room. The unit would be a color copier, modified to provide output as to the number and type of marks detected. This would be produced by Omron if there is sufficient demand for it, and assuming 20 units are sold, cost would be 5,000,000 Yen. Although a questionnaire will be circulated shortly to all Heads of Delegation to determine the extent of any interest in a Press Room unit, it would be helpful if Heads of Delegation could provide preliminary information on any interest at the 12 June meeting in Stockholm.

3. Bekaert System

Although the use of steel fibers in paper was initially rejected by the JBMA as being unsuitable for banknote detection by copiers, a new technique has been proposed by Bekaert and Arjo-Wiggins (in conjunction with PA Technology). This new technique involves the use of special low coercivity magnetic steel fibers in paper. The fibers are detected by a simple radio frequency technique. Although the SSG-2 is cooperating with this development, the viability of this technique for copiers remains to be demonstrated.

by Bekaert to the SSG-2 and the JBMA.

4. Tracing System

The Tracing System has proved to be a success with a number of Police Forces around the world in solving crimes or convicting counterfeiters. An up-dated version of the BITMAP ANALYSIS software is now available from the JBMA. The JBMA has requested payment of 500,000Yen for this software up-grade to cover a portion of the development costs. The up-grade includes new manuals and listings of copiers models. Copier manufacturers will continue to provide assistance in identifying specific copiers at no additional cost.

5. Computer Systems (Digital Watermarks)

Following a period of research and discussion, the SSG-2 has embarked on a program to develop banknote detection for use in computer systems. The system is based on the ideas behind the Digital Watermarking techniques used in computer graphics to protect the copyright of images. An initial feasibility study was successfully performed for the SSG-2 by Digimarc, a leading U.S. company in the field. They have now been engaged to work with the SSG-2 on development and testing of an Alpha prototype for consideration by the Steering Committee in early 1999. If this effort is successful, it will be necessary to agree with Digimarc and the computer industry upon a strategy for implementation into computer systems. Any agreements may include software, scanner, printer and computer manufacturers.

The SSG-2 anticipates a number of options may be available for response to recognition of a banknote by the computer system. For example, alteration of the digital data file, alteration of any printed output, and display of a warning are three potential responses. The possible responses may have differing legal implications within the sponsoring countries. A questionnaire will be distributed to Heads of Delegation in the near future to identify possible legal issues on the response of computer systems to banknote recognition.

Although extensive testing must be completed, the modified digital watermark (to be called a DR.marc and standing for document recognition mark, but already known colloquially as "Doctor marc") is expected to be designed to have only a very small effect on banknote designs.

6. Another meeting of all sponsoring countries has been scheduled for 16 February 1999. This meeting will be held at the BIS to decide whether the SSG-2 should continue toward implementation of the Digimarc system.

* * * COMMUNICATION RESULT REPORT (JUN. 2.1997 10:57AM) * * *

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REASON FOR ERROR

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E-3) NO ANSWERE-2) BUSY
E-4) NO FACSIMILE CONNECTION

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