

MEMO# 30051

July 19, 2016

Uniform Law Commission Adopts a New Revised Uniform Unclaimed Property Law at its July Meeting

[30051]

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TO: BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 21-16
BROKER/DEALER ADVISORY COMMITTEE No. 24-16
OPERATIONS MEMBERS No. 21-16
SEC RULES MEMBERS No. 35-16
SMALL FUNDS MEMBERS No. 32-16
TRANSFER AGENT ADVISORY COMMITTEE No. 30-16 RE: UNIFORM LAW COMMISSION
ADOPTS A NEW REVISED UNIFORM UNCLAIMED PROPERTY LAW AT ITS JULY MEETING

The Uniform Law Commission (ULC) is a body charged with drafting laws to address issues of interest to the various states in order to better ensure uniformity in such laws (the Uniform Commercial Code is one such law). [\[1\]](#) In 2013, the ULC held a hearing in Washington, DC seeking public comment on whether it should rewrite and update the uniform abandoned property law that was last adopted by the ULC in 1985. The Institute and others supported this initiative and we were pleased when the ULC decided to rewrite the 1985 act and appointed a Drafting Committee of its members who were charged with this project. From the first meeting of the ULC Drafting Committee in February 2014 until its final meeting earlier this year, the Institute was actively engaged with the Committee on this project. Our interest in this project was to advocate on behalf of mutual fund shareholders with a view towards protecting them from the increasingly aggressive escheatment practices of states, which might result in the premature escheatment of mutual fund accounts and adversely impact shareholders.

Earlier this month, the ULC unanimously approved the Revised Uniform Abandoned Property Act (2016) ("RUUPA" or the "Act") that was drafted by the Drafting Committee and presented to the ULC for their consideration. [\[2\]](#) While the Institute was not successful in getting all the provisions we had advocated into the revised Act, on the whole, we are satisfied that the Act includes provisions to address those issues of greatest concern to us. [\[3\]](#) These provisions are summarized in the attachment to this memo.

It bears remembering, however, that the RUUPA is a merely a template for state legislation. As such, it has no force of law until such time as individual states revise their

existing laws to conform them to the RUUPA. Accordingly, you should keep the following in mind:

- There is no guarantee that any state will adopt the RUUPA. However, we do expect that states that adopted previous versions of the uniform act will be interested in adopting this updated version;
- It is unusual for states to adopt uniform acts in their “pure” form – meaning in their entirety as adopted by the ULC. Accordingly, even for states that adopt the RUUPA, they may not adopt the entirety of the Act and, for those provisions they adopt, they may revise them from the ULC’s version; and
- The states that have the most aggressive escheatment practices (e.g., California and Delaware) were never uniform act states so we would not expect them to adopt the RUUPA.

Notwithstanding the above, the fact that the RUUPA includes provisions that would be beneficial to mutual fund shareholders will enable the Institute, when working with states to revise their unclaimed property laws, to advocate adoption of these provisions so having them in the Act helps our cause.

Tamara K. Salmon
Associate General Counsel

[Attachments](#)

endnotes

[1] According to the ULC’s website, the ULC was founded in 1892 and “ULC members must be lawyers, qualified to practice law. They are practicing lawyers, judges, legislators and legislative staff and law professors, who have been appointed by state governments as well as the District of Columbia, Puerto Rico and the U.S. Virgin Islands to research, draft and promote enactment of uniform state laws in areas of state law where uniformity is desirable and practical.” See <http://www.uniformlaws.org/Narrative.aspx?title=About%20the%20ULC>.

[2] The 72-page Act, as adopted by the ULC, is available on the ULC’s website at: http://www.uniformlaws.org/shared/docs/Unclaimed%20Property/2016AM_RevisedUnclaimedProperty_Draft_As%20approved.pdf.

[3] Prior to its consideration by the ULC, the Institute filed a letter with the ULC endorsing the Act’s adoption. See Letter from the undersigned to Messrs. Rex Blackburn, Co-Chair, ULC Drafting Committee, Michael Houghton, Co-Chair, ULC Drafting Committee, and Charles Trost, Reporter, ULC Drafting Committee, dated July 8, 2016, which is attached.