

MEMO# 26676

November 9, 2012

Suggested Process for Reestablishing Contact with Inactive Shareholders

[26676]

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TO: TRANSFER AGENT ADVISORY COMMITTEE No. 67-12
BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 51-12
BROKER/DEALER ADVISORY COMMITTEE No. 57-12
CHIEF COMPLIANCE OFFICER COMMITTEE No. 8-12
OPERATIONS COMMITTEE No. 44-12
SMALL FUNDS COMMITTEE No. 27-12 RE: SUGGESTED PROCESS FOR REESTABLISHING
CONTACT WITH INACTIVE SHAREHOLDERS

In recent years, many states have used the absence of customer contact, or “inactivity,” as the trigger to deem shareholder accounts abandoned by the owner and subject to escheatment to the state. [Even accounts with automated deposits or withdrawals may be deemed abandoned by those states that do not consider each regularly scheduled automated transaction to be affirmative shareholder contact.] To assist funds and their transfer agents in protecting shareholders from such escheatment, the ICI Transfer Agent Advisory Committee’s Abandoned Property Task Force has developed a suggested process for establishing contact with shareholders in instances where there has been no recent shareholder initiated activity that would qualify as “contact.” This process is discussed in detail in the attached “Suggested Process for Outreach Efforts to Reestablish Contact with Inactive Shareholders.” As discussed in the attachment, outreach activities to establish shareholder contact are meant to be conducted before, and as a supplement to, required state due diligence procedures with the goal of enhancing funds’ ability to protect the property interests of their shareholders.

The Task Force developed this suggested process to provide guidelines to those ICI members interested in reaching out to their shareholders to establish contact outside of any federal or state legal requirements to search for lost shareholders. The Task Force recognizes that some members may have other processes in place to protect their shareholders or may want to tailor the Task Force’s suggested process to best suit the needs of their shareholders. Please note that the suggested process should not be viewed as legal advice and members may want to consult their own legal counsel regarding state laws governing escheatment of abandoned property. The Task Force’s suggested process document, and its attachments, may be shared with ICI member firms’ employees, agents,

and fund directors, so long as the member and its employees, agents, or directors do not disclose, publish, or otherwise share the report with other persons without the prior written authorization of the ICI [*](#).

The Institute appreciates the considerable time and thought the members of the TAAC Abandoned Property Task Force put into developing this resource for ICI members. Questions or comments about the Suggested Process may be directed to me at butler@ici.org or 202-326-5850.

Diane M. Butler
Director - Transfer Agency & International Operations

[Attachment](#)

endnotes

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