

MEMO# 24454

July 29, 2010

New California Account Opening Disclosure Requirement

[24454]

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TO: COMPLIANCE MEMBERS No. 14-10
OPERATIONS MEMBERS No. 10-10
SEC RULES MEMBERS No. 70-10
TRANSFER AGENT ADVISORY COMMITTEE No. 43-10 RE: NEW CALIFORNIA ACCOUNT
OPENING DISCLOSURE REQUIREMENT

Effective January 1, 2011, California law requires all banking and financial organizations, which includes mutual funds, to provide to all account holders at the time an account is opened a written notice [\[1\]](#) informing such person “that his or her property may be transferred to the appropriate state if no activity occurs in the account within the time period specified by state law.” [\[2\]](#)

This notice, which will be required under California’s unclaimed property law, is intended to alert account holders to the potential escheatment of inactive property. Though the notice is required under California law, based on the above wording, such notice need not include a reference to California. [\[3\]](#)

Tamara K. Salmon
Senior Associate Counsel

endnotes

[\[1\]](#) If the account holder has consented to receiving electronic notices, the required notice may be provided electronically.

[\[2\]](#) See Section 1513.5(e) of the California Code of Civil Procedure as added by California Assembly Bill 1291 (2009). A copy of AB 1291 is available at:
http://www.sco.ca.gov/upd_rptg_ab1291.html.

[\[3\]](#) By contrast, other notices that California law requires to be sent to holders of inactive property subject to escheatment must reference California. See e.g., Section 1513.5(b),

which can be found in Section 2 of AB 1291.

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