

**MEMO# 29628**

January 12, 2016

# **2015 Update: Suggested Process for Reestablishing Contact with Inactive Shareholders**

[29628]

January 12, 2016

TO: BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 2-16  
BROKER/DEALER ADVISORY COMMITTEE No. 2-16  
CHIEF COMPLIANCE OFFICER COMMITTEE No. 1-16  
OPERATIONS COMMITTEE No. 2-16  
SMALL FUNDS COMMITTEE No. 3-16  
TRANSFER AGENT ADVISORY COMMITTEE No. 3-16  
TAAC ABANDONED PROPERTY TASK FORCE RE: 2015 UPDATE: SUGGESTED PROCESS FOR REESTABLISHING CONTACT WITH INACTIVE SHAREHOLDERS

The ICI Transfer Agent Advisory Committee's Abandoned Property Task Force has updated its paper "Suggested Process for Outreach Efforts to Reestablish Contact with Inactive Shareholders," which was originally published in 2012.

## **Background**

The 2012 publication provided guidelines to assist ICI member firms in reaching out to "inactive" shareholders to establish contact, thereby assisting mutual funds in protecting the property interests of their shareholders. It was written in response to the growing trend of states adding "inactivity, i.e., the absence of customer contact, as a component of their rules and guidelines designating shareholder accounts abandoned by the owner and subject to escheatment to the state. Some states now use inactivity as the only determinant of whether property has been abandoned; other states use a combination of inactivity and/or returned by post office (RPO);" and some state use RPO as the only determinant of abandonment.

## **2015 Update**

The 2015 update was undertaken to incorporate lessons learned by funds and transfer agents about initiating and maintaining contact with inactive shareholders since the paper was originally published in 2012.

The update includes:

- A discussion of the trend among individual states toward an inactivity standard for escheatment
- An in-depth exploration of the Task Force's suggested process for reestablishing contact with shareholders
- An explanation of possible ways to prioritize shareholder outreach efforts in order to deploy resources as efficiently as possible
- A discussion of processes for ongoing shareholder outreach efforts
- A list of activities that are commonly considered shareholder-initiated activity
- A sample "No Contact" letter that funds may send to inactive shareholders to reestablish contact

The Task Force recognizes that some members may have other processes in place to protect their shareholders' property interests or may want to tailor the Task Force's suggested process to best suit the needs of their shareholders. Each firm should make independent decisions based on the information in the paper. 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.

ICI appreciates the expertise and efforts that members of the TAAC Abandoned Property Task Force devoted to developing and updating this resource for ICI members. Questions or comments about the paper may be directed to me at [joanne.kane@ici.org](mailto:joanne.kane@ici.org) or 202-326-5850.

Joanne Kane  
Director - Operations & Transfer Agency

[Attachment](#)

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.