

MEMO# 7779

April 10, 1996

GIFTS OF MUTUAL FUND SHARES

April 10, 1996 TO: OPERATIONS MEMBERS No. 15-96 TRANSFER AGENT ADVISORY
COMMITTEE No. 18-96 RE: GIFTS OF MUTUAL FUND SHARES

The Institutes Transfer Agent Advisory Committee recently completed a project to review current industry practices with respect to transferring shares to a charitable organization. A task force of the committee worked with representatives of the planned giving community to address their desire for a procedure which would streamline the process and eliminate some of the delays shareholders (donors) and charitable organizations were experiencing in effecting the transfers. The task force developed a standardized procedure to facilitate the transfer of mutual fund shares to educational and charitable institutions. A generic "Gift Transfer of Shares" form (attached) was developed. The form is intended for use by any donor when transferring shares to a charitable organization. Part 1 of the form is completed by the donor to transfer ownership to the charitable organization. Part 2 of the form is completed by the charitable organization to register the new shares and subsequently redeem them. Mutual fund organizations may utilize the form to design their own organizations version of it. The following is a summary of the procedure adopted by the Transfer Agent Advisory committee: To transfer shares from the donor to the charitable organization: A letter of instruction from the donor (owner) A signature guarantee of the donors signature Return of any certificate shares (if applicable) Form W-9 completed by the charitable organization to certify its tax identification number Registration information for the new account To redeem shares by the charitable organization: A letter of instruction from the charitable organization A signature guarantee (if necessary) A corporate resolution (if necessary -- some firms may require that the resolution be certified.) For charitable institutions receiving gifts of shares who wish to immediately liquidate the shares, the above documentation will be sent together in a single package to the fund to permit the redemption of shares to take place on the same day the shares are transferred. Attached is a list of mutual fund organizations and transfer agents who have agreed to adopt the standardized procedures reflected in the proposed Gift Transfer of Shares form. The Gifts of Shares Task Force was chaired by Roger Rainville of Pioneering Services and the Gifts of Shares Transfer form was developed by Wayne OMelia of T. Rowe Price Associates. The following individuals participated in the task force: Roger Rainville - Pioneering Services, Chair Cynthia Jones - Colonial Charlie Hawkins - PNC Financial Services Wayne O Melia - T. Rowe Price Associates Melinda Schmidt - Federated Investors Jeff McBrearty - The Vanguard Group Edward Falvey - Keystone Linda Gunn - SunGard Shareholder Services We wish to extend our appreciation to the task force on behalf of the Institute and the Transfer Agent Advisory Committee for their time and effort on this project. We strongly encourage all Operations Members to adopt the standardized gifts of shares procedures in their own organizations. If you have any questions regarding this matter, please contact Justine Phoenix at 202/326-5850. Cynthia Jones Justine Phoenix Colonial Investors Service Center

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