

**MEMO# 7558**

January 16, 1996

## **GUIDELINES FOR LOST SHAREHOLDER LOCATION EFFORTS**

January 16, 1996 TO: BANK BROKER/DEALER ADVISORY COMMITTEE No. 2-96  
BROKER/DEALER ADVISORY COMMITTEE No. 2-96 OPERATIONS MEMBERS No. 4-96  
TRANSFER AGENT ADVISORY COMMITTEE No. 4-96 RE: GUIDELINES FOR LOST  
SHAREHOLDER LOCATION EFFORTS

\_\_\_\_\_. Attached is a document prepared by a task force of the Institute's Transfer Agent Advisory Committee with suggested guidelines for locating lost shareholders. The lost shareholder location guidelines were developed by the task force in response to the Securities and Exchange Commission's interest in this area. The SEC first considered establishing lost shareholder rules two years ago as a result of a Congressional subcommittee report indicating that transfer agents, issuers, and states were negligent in their efforts to locate lost shareholders. (TAAC 45-93) In 1994, the SEC contacted the Securities Transfer Association (STA) to determine its members current practices and policies with respect to locating lost shareholders. In their memo to the STA, the SEC asked for their assistance in determining "what, if any, regulatory action the Commission should take regarding the procedures transfer agents should use to find lost securityholders." In response, the STA developed suggested voluntary guidelines for its members. These guidelines are included in this document. The Transfer Agent Advisory Committee has tracked industry practices concerning escheat compliance and shareholder location efforts for many years. During 1994, a committee task force conducted a survey of its members which indicated that mutual fund transfer agents were very active in lost shareholder location efforts. The majority of survey respondents actively employed search methodologies to locate a shareholder's new address before coding an account "abandoned." The task force then reviewed the lost shareholder location guidelines developed by the STA, documented current practices of selected Transfer Agent Advisory Committee members, and subsequently prepared the attached guidelines. The guidelines are voluntary and closely follow those suggested by the STA. Since its initial inquiry into transfer agent practices regarding lost shareholder location efforts, the SEC has not proposed any rule changes regarding this issue. However, we understand that this issue is still being reviewed by the Division of Market Regulation. We will keep you informed of any further developments. The abandoned property task force was chaired by Joan Dowd of Boston Financial Data Services and the following individuals participated in the research and preparation of the document: Joan Dowd - Boston Financial Data Services, Chair Mary Crooks - Oppenheimer Charles Hawkins - PNC Financial Services Group Joanna Johnson - MFS David Kulakowski - Keystone Investments Angela Mitchell - American Funds Joe Pollaro - Prudential Mutual Fund Services Melinda Schmidt - Federated Steve Warner - Pioneer We wish to extend our appreciation to the task force on behalf of the Transfer Agent Advisory Committee for their time and effort

in preparing this information. If you have any questions regarding this document, please contact Justine Phoenix at 202/326-5850. Cynthia Jones Justine Phoenix Colonial Investors Service Center Director - Operations/ Chair - Transfer Agent Advisory Committee Transfer Agency Attachment

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