

MEMO# 9755

March 13, 1998

MEDALLION STAMP DOCUMENT PREPARED BY TRANSFER AGENT ADVISORY COMMITTEE TASK FORCE

[9755] March 13, 1998 TO: BANK AND TRUST ADVISORY COMMITTEE No. 3-98
BROKER/DEALER ADVISORY COMMITTEE No. 4-98 OPERATIONS COMMITTEE No. 15-98
TRANSFER AGENT ADVISORY COMMITTEE No. 16-98 RE: MEDALLION STAMP DOCUMENT
PREPARED BY TRANSFER AGENT ADVISORY COMMITTEE TASK FORCE

Attached is a paper prepared by a task force of the Transfer Agent Advisory Committee ("TAAC") which summarizes the Securities Transfer Agents Medallion Program ("STAMP") and the Stock Exchanges Medallion Program ("SEMP"). Medallion programs such as STAMP and SEMP were organized in 1992 when Rule 17Ad-15 of the Securities Exchange Act of 1934 was adopted. Rule 17Ad-15 prohibits inequitable treatment of eligible guarantor institutions, requires transfer agents to establish written standards for the acceptance of signature guarantees, and enables transfer agents to establish procedures stating that they may reject transfer requests if the guarantor is neither a member, nor a participant, in a signature guarantee program. Transfer agents who rely on a guarantee from a member of a signature guarantee program are protected against loss from wrongful endorsements if the guarantor is unwilling to meet, or is incapable of meeting, its financial obligations under its program's indemnity agreement. STAMP is open to all eligible guarantors. SEMP is open to members of the American, Boston, Chicago, Pacific, and Philadelphia Stock Exchanges, and clearing and trust companies. Both programs are administered by Kemark Financial Services, Inc. It should be noted that this paper does not address the New York Stock Exchange, Inc. Medallion Signature Program (MSP). MSP is open to members of, and administered by, the New York Stock Exchange. The task force intends to meet separately with representatives from the New York Stock Exchange to discuss the MSP. Information obtained from these meetings will be disseminated in a separate document. The ICI TAAC task force was formed to gather information and clarify some issues regarding the programs. Information was obtained during a series of meetings with representatives from STAMP and Kemark. The task force discussed program participation, the use of medallion imprints, coverage and limits of coverage, lost, counterfeit or stolen stamps, and documentation certification. Among other things, the task force received clarification that:

1. If a medallion imprint is affixed to a transaction request for an account registered in the name of a trust or in the name of trustees, there is no need to request a separate, manually signed document (certificate of incumbency) certifying that the person or persons signing the document are presently acting as trustees.
2. If a medallion imprint is affixed to a copy of a power of attorney, the medallion imprint certifies that the copy is a true copy of the

original, the power of attorney is in full force, in effect, and the maker is still alive. There is no need to require a separate, manually signed statement by a financial institution certifying this. 3. The medallion imprint can be used to guarantee signatures on mutual fund redemption instructions. The board of directors of STAMP recently announced a website that is now available for authorized transfer agents. The site contains a complete database of STAMP and SEMP guarantors and lists of missing Medallion equipment. Included with the attached paper is a memo from STAMP describing how transfer agents may register to use the website. Questions regarding the website should be directed to Jane Cristmann, Kemark Financial Services at 914/620-9300, ext. 602. 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. In particular, we wish to recognize Joan Dowd of Boston Financial Data Services, chair of the task force and Cynthia Jones of Colonial Investors Service Center, chair of the Institute's Transfer Agent Advisory Committee, for their efforts. Additionally, the following individuals participated in the meetings and in preparation of the final document: William Carmichael --Fund Services, Inc. Anmarie Ciccolo--Fidelity Investments Mary Corcoran -- AIM Fund Services, Inc. Edward Falvey -- Evergreen Funds Brian Fitzgerald -- Chase Global Fund Services Denise Goodman -- New England Funds Charles Hawkins -- PNC Financial Services Group Susan Manley -- Massachusetts Financial Service Center Marie McKenzie -- New England Funds Roger Rainville -- Pioneering Services Corp. Gloria Schmid -- Massachusetts Financial Service Center Greg Walter -- Alliance Fund Services, Inc. The task force also appreciates the participation and efforts of Andrew Massa and Ralph Genova of STAMP and Tom DiMarino of Kemark. Justine Phoenix Director - Operations/ Transfer Agency Attachment

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