

MEMO# 4067

September 2, 1992

SIGNATURE GUARANTEE POLICIES & PROCEDURES UNDER RULE 17AD-15

September 2, 1992 TO: OPERATIONS COMMITTEE NO. 30-92 TRANSFER AGENT ADVISORY COMMITTEE NO. 50-92 RE: SIGNATURE GUARANTEE POLICIES & PROCEDURES UNDER RULE 17Ad-15 _____ Several months ago the Institute requested that the Operations Committee and Transfer Agent Advisory Committee (TAAC) members forward copies of their signature guarantee policies and procedures under the new rule, in order to determine if there are any generally accepted approaches among the industry (see Operations Committee memorandum No. 9-92 and TAAC memorandum No. 19-92). An analysis of the written policies and procedures received has been performed. Twenty-nine responses were received from twenty-four mutual fund complexes and five independent transfer agents. Twenty-seven of the twenty-nine respondents have established written standards that accept signature guarantees from all "eligible guarantor institutions" as defined by the rule. The two remaining respondents have established written standards that will reject guarantees from eligible guarantors who are not participants in a signature guarantee program after a six month transition period from the date their written standards were established, as required by the rule. Approximately two-thirds of the respondents specify their rejection and record retention procedures in their written policies and procedures. Thirty percent of the respondents also mention in their policies and procedures other acceptance criteria which are unrelated to the type of institution providing the guarantee. In addition, thirty-seven percent of the respondents who accept all eligible guarantor institutions mentioned verification procedures using source materials and industry publications. We would like to request that if your signature guarantee policies and procedures have been changed materially since the survey (or in the future), that you forward an updated copy to the Institute so that we may continue to monitor these policies and procedures as they are developed. -2- Also enclosed is a copy of a letter sent by the Securities Transfer Association (STA) to its members, registered transfer agents and industry participants on August 15, 1992. The STA Board recommended that transfer agents that have established standards and procedures pursuant to which they will accept signature guarantees only from participants in signature guarantee programs after August 24, 1992 (six months from the February 24, 1992 effective date of the new Rule 17Ad-15), change the date in their standards to October 26, 1992, to provide an additional 2 months during which the industry may continue to function in both environments. This request was presented to allow additional time for the STAMP program and other signature guarantee programs to develop. Kathleen C. Joaquin Director -Operations/ Fund Accounting Enclosure

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