

**MEMO# 3454**

January 17, 1992

## **SEC ADOPTS RULE REGARDING ACCEPTANCE OF SIGNATURE GUARANTEES**

January 17, 1992 TO: SEC RULES MEMBERS NO. 2-92 OPERATIONS MEMBERS NO. 2-92  
TRANSFER AGENT ADVISORY COMMITTEE NO. 2-92 RE: SEC ADOPTS RULE REGARDING  
ACCEPTANCE OF SIGNATURE GUARANTEES

\_\_\_\_\_ The Securities and Exchange Commission recently adopted Rule 17Ad-15 under the Securities Exchange Act of 1934 to prohibit inequitable treatment of eligible guarantor institutions (as defined in the Rule) and to require transfer agents to establish written standards for the acceptance of signature guarantees. The new Rule becomes effective on February 24, 1992. Attached is a copy of the SEC release adopting the Rule. The final rule is similar to the proposed rule with several modifications made in response to suggestions and concerns submitted by commenters. A significant change to the Rule allows transfer agents to reject signature guarantees from eligible guarantors that are not members of or participants in a signature guarantee program recognized by that transfer agent, even if those guarantors otherwise meet the transfer agent's standards for guarantor acceptance. In the attached release, the SEC discusses the Institute's concerns expressed in its letter concerning the applicability of the Rule to mutual fund transactions that do not involve a change in ownership (e.g., changes in the bank or bank account to which proceeds are to be sent in the event a future redemption instruction is sent by the registered owner). (See Memorandum to SEC Rules Committee No. 68-91, Operations Committee No. 36-91 and Transfer Agent Advisory Committee No. 56-91, dated November 22, 1991). However, the SEC disagreed with the Institute's comments and clarified that all mutual fund transactions are covered by the rule, including instructions that do not have immediate financial consequences. Donald J. Boteler Assistant Vice President- Operations Attachment