

MEMO# 11009

May 25, 1999

INSTITUTE COMMENT LETTER ON PROPOSED AMENDMENTS TO RULE 17AC2-2 AND RELATED TRANSFER AGENT FORM (TA-2)

1 See Memorandum to Operations Committee No. 14-99 and Transfer Agent Advisory Committee No. 27-99 dated April 15, 1999. [11009] May 25, 1999 TO: OPERATIONS COMMITTEE No. 20-99 TRANSFER AGENT ADVISORY COMMITTEE No. 33-99 RE: INSTITUTE COMMENT LETTER ON PROPOSED AMENDMENTS TO RULE 17Ac2-2 AND RELATED TRANSFER AGENT FORM (TA-2)

As we previously informed you, the Securities and Exchange Commission recently proposed amending Rule 17Ac2-2 and related Transfer Agent Form TA-2 and rescinding Rule 172-24 under the Securities Exchange Act of 1934.¹ The proposed amendments would: (1) elicit additional information regarding transfer agent business activities, such as direct purchase and dividend reinvestment plan accounts, buy-ins, and turnaround time for routine items; (2) request more useful lost securityholder information; (3) enhance service company information; (4) eliminate the filing exception, and clarify the filing requirements and instructions; (5) conform reporting periods; (6) delete unnecessary questions; and (7) make technical changes. A copy of the Institute's comment letter on the rule amendments and related transfer agent form (TA-2) is attached and is summarized below.

Rule Amendments and Related Transfer Agent Form (TA-2) The Institute's comment letter supports the proposed amendments, which are intended to make technical corrections and provide greater clarity to Form TA-2. The proposed amendments are designed to clarify filing requirements and instructions, eliminate or change ambiguous terms and phrases, delete certain redundant or unnecessary questions, and add questions to assist the Commission to more effectively monitor the transfer agency industry. The Commission anticipates that any amendments to Rule 17Ac2-2 and Form TA-2 would be adopted before the regulatory moratorium to facilitate the Year 2000 conversion begins on June 1, 1999, under which no new Commission rules requiring major reprogramming will be made effective until after March 31, 2000. If this occurs, it would require every transfer agent that is registered on June 30, 1999 to file the amended Form TA-2 by August 31, 1999. The Institute commented that registered transfer agents would be required to make major programming changes to their computer systems in order to comply with the proposed changes. This would need to occur within a very short time frame and during a critical period when technical resources are being primarily devoted to the Year 2000 problem. The Institute commented that immediate implementation of the amendments would be extremely burdensome to mutual fund transfer agents who, like other securities industry participants, are currently allocating

significant time and resources to addressing the potential problems caused by the Year 2000 computer technology conversion. The Institute's comment letter recommended that the Commission delay implementation of the proposed amendments to Rule 17Ac2-2 and Form TA-2 to the reporting period ending June 30, 2000. This would provide registered transfer agents adequate time and resources to make the necessary programming changes to their computer systems in order to comply with the proposed amendments. Kathleen C. Joaquin Director - Transfer Agency & International Operations Attachment

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