

## COMMENT LETTER

October 26, 2006

# Institute Comment Letter on SEC Proposal to Require Electronic Filing of Transfer Agent Forms (pdf)

/31/200610/31/200610/31/2006 October 26, 2006 Ms. Nancy M. Morris Secretary Securities and Exchange Commission 100 F Street, NE Washington, DC 20549-1090 Electronic Filing of Transfer Agent Forms – File Number S7-14-06 Dear Ms. Morris: The Investment Company Institute (“the Institute”)<sup>1</sup> appreciates the opportunity to comment to the Securities and Exchange Commission (“the Commission”) on its proposal to amend the rules and forms under Section 17A of the Securities Exchange Act of 1934 to require that the forms filed with respect to transfer agent registration, annual reporting, and withdrawal from registration be filed with the Commission electronically.<sup>2</sup> The Institute strongly supports the goal of the Commission, which is “... to improve the Commission's ability to utilize the information reported on the forms in performing its oversight function of transfer agent operations and to publicly disseminate the information on the forms.” We concur with the assertion in the Release that, “The proposed electronic filing system for transfer agent forms would be beneficial for transfer agents and investors...”<sup>3</sup> The Release states that “Form TA-1, Form TA-2, Form TA-W and the instructions to the forms would be amended to accommodate electronic filing, make minor changes to eliminate inconsistencies in the forms, and remove outdated instructions or requests for information.”<sup>4</sup> The Institute requests that the Commission address the following questions on the existing forms in the amendment process. 1 ICI members include 8,791 open-end investment companies (mutual funds), 652 closed-end investment companies, 195 exchange-traded funds, and 5 sponsors of unit investment trusts. Mutual fund members of the ICI have total assets of approximately \$9.273 trillion (representing 98 percent of all assets of US mutual funds); these funds serve approximately 89.5 million shareholders in more than 52.6 million households. 2 See Electronic Filing of Transfer Agent Forms, SEC Release No. 34-54356 (Aug. 24, 2006) [71 FR 53494 (Sept. 11, 2006)] (“Release”). 3 Release at 53500. 4 Release at 53494. 2 Form TA-25 Question 4(a) uses the term “items received for transfer” but does not define that term. The instructions to the form indicate that purchases and redemptions of open-end shares should not be included in this answer. Does the Commission expect transfers of ownership (e.g., a transfer from an individual to a trust) involving open-end fund shares to be disclosed under question 4(a)? Question 8(c) uses the term “buy-in” but does not define the term. Based on our understanding of the term “buy-in,”<sup>6</sup> the question does not apply to mutual fund transfer agents. As such, we request that a response option of “not applicable” be added to the existing choices of “yes” or “no.” The instructions for Form TA-2 indicate that for question 10(a) name changes should be excluded. Does the

Commission expect ownership changes (e.g., individual to trust) to be disclosed under question 10(a)? \* \* \* \* \* We appreciate the opportunity to comment on the proposal from the Commission to amend the rules and forms under Section 17A of the Securities Exchange Act of 1934 to require that the forms filed with respect to transfer agent registration, annual reporting, and withdrawal from registration be filed with the Commission electronically. If you have any questions about our comments, please contact me at (202)-326-5850 or butler@ici.org. Very truly yours, /s/ Diane M. Butler Diane M. Butler Director – Transfer Agency & International Operations 5 Release at 53535 (Appendix D). 6 We understand the term buy-in to mean the purchase of securities on a securities exchange to be used to complete a security transaction in which the seller has failed to deliver the securities to the purchaser on the contractual settlement date or within a prescribed period of time thereafter.

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