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Established 1911

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January 18, 2018

Honorable Michael Frerichs
Illinois State Treasurer
219 State Capitol
Springfield, IL 62706

**RE: Implementation Issues with New Illinois Triggers for
Dormancy related to Securities and Reporting Date Shift
for Investment Companies**

Dear Treasurer Frerichs:

The STA is an organization of professional shareholder recordkeepers. Founded in 1911, the STA's membership is comprised of over 100 large and small transfer agents maintaining records for more than 100 million registered shareholders on behalf of more than 15,000 issuers (from the largest public companies and mutual funds to small privately held companies). Our members report unclaimed property as required by state laws on behalf of these 15,000 holders. Therefore, a thorough understanding of unclaimed property statutes and regulations is necessary in order for the STA's members to perform their jobs correctly. As such, we appreciate the work your office has done to date in order to communicate your expectations regarding the new reporting requirements contained in the revised Illinois Unclaimed Property statute. We understand that you are in the process of developing further guidance, in the form of regulations or administrative advice, which should aid in an accurate implementation of the new law.

We are writing to alert you to certain programming and operational issues that have been identified and/or confirmed since the statute took effect a couple of weeks ago. As you may know, the STA previously identified concerns with the new trifurcated standard for escheatment of securities contained in HB 2603. Where Illinois previously had one possible trigger

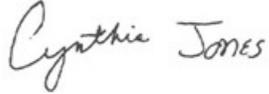
for escheatment of securities, we now have three. Therefore, new programming is necessary in order to comply with the statutory changes. There are a handful of other states that trigger the dormancy of securities by reference to either when the shares are noted as lost or when the account is deemed inactive. Therefore, with appropriate time, this programming change is achievable. However, Illinois is the only state with three possible triggers for dormancy and the only state which refers to the death of a shareholder as a potential trigger. The programming changes necessary to take into account the three possible alternatives is but one issue. It is much more difficult to retrieve the indications of a shareholder's potential death from the notes files that house this type of information. This is complicated by the fact that the NAUPA format does not currently contain all of the fields necessary to demonstrate compliance with the new standards in the Illinois statute.

As noted above, with sufficient time, programming to accommodate for the complexity of the new statute is possible. An informal survey of our members' IT groups indicated that nine or ten months would typically be necessary to develop and test such programming. However, this timing is further exacerbated by the new reporting date. As you are aware, under the old statute, effective through December 31, 2017 reporting for an investment company was "before November 1," as it was encompassed in the definition of a financial organization, per 765 ILCS 1025/1(c). With the Revised Uniform Unclaimed Property Act, effective January 1, 2018, investment companies are now encompassed in the definition for business associations. This shifts reporting from "before November 1" to "before May 1," per 765 ILCS 1026/15-403. Given the time necessary for due diligence, the programming would need to be in place now in order to identify all possibly dormant accounts and comply with the May 1 deadline. This is simply impossible. Our members mailed in excess of 200,000 due diligence letters to Illinois shareholders last year. This is too large of a population of Illinois citizens not to get it right on the first attempt. Without formal guidance yet from your office, we are very concerned that attempts to implement the new statute will not be successful in 2018.

In light of the information provided above and not having regulations, rules, or detailed reporting guidance, we respectfully request that Illinois allow companies reporting securities to utilize the trifurcated dormancy triggers on the 2019 report. We propose reporting the 2017 property utilizing the standard that was in effect on December 31, 2017. Further, we recommend that the reporting extension be automatic, so that your office need not process requests from 15,000 holders. Members of the STA will continue to work with your office and make good faith efforts to comply with the additional requirements of the trifurcated dormancy triggers for securities and the shift in reporting date from "before November 1" to "before May 1". We also request that if you choose to utilize the new standards on the reports to be filed in 2018, that no interest or penalties be assessed for incorrect or late reporting, as we are doing our best to comply with a new statute in the absence of any guidance regarding these complex new concepts.

The STA sincerely appreciates this opportunity to present its concerns on the feasibility of immediate compliance with the statutory changes noted in this letter. We welcome the opportunity to discuss the issues raised and possible remedies and to address any other questions you may have.

Sincerely,

A handwritten signature in cursive script that reads "Cynthia Jones".

Cynthia Jones
Executive Director

cc: Rick Cory, Deputy Director of Compliance
G. Allen Mayer, Deputy General Counsel