

STA Conversion Guidelines

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Project Background and Overview

In February of 2013, the STA Board asked the Operations Committee to create STA Conversion Guidelines, in order to address repeated complaints from members that prior transfer agents typically were not providing all the data needed for the new agent to seamlessly service converted accounts. In addition, many agents have been using conversion programs that have not kept pace with the advances in today's technology, and data items such as email addresses, electronic delivery preferences and householding arrangements are examples of data needed now but frequently not available. A prior group had attempted to create Conversion Guidelines, but the timing of the effort was such that creating and testing conversion programs for cost basis diverted the group from their original purpose.

Now that the systems enhancements for cost basis have been put in place, the Board felt that the project should go forward. The Operations Committee put together a small Working Group to address this comprised of the following individuals:

- Don Gress, Continental Stock Transfer & Trust Co. (Co-Chair)
- Shellie McCauley, Wells Fargo Shareowner Services (Co-Chair)
- Matt Blevins, Empire Stock Transfer
- Elizabeth Deodato, Computershare
- Nick Giancaspro, Registrar & Transfer Company
- Nathan Stanford, American Stock Transfer

Subsequently, in December of 2015, the STA Board asked that the Working Group be reconvened to incorporate data elements needed for FATCA compliance into the document. The following individuals were key participants:

- Don Gress, Continental Stock Transfer & Trust Co. (Co-Chair)
- Shellie McCauley, Wells Fargo Shareowner Services (Co-Chair)
- Kris Luedke, Wells Fargo & Co.
- Valerie Jackson, American Stock Transfer
- Nick Giancaspro, Continental Stock Transfer & Trust Co.

The STA wishes to thank these individuals and organizations for their support and asks that members review and follow these Guidelines to the extent possible. There are two caveats: 1) The Guidelines do not pertain to open end investment companies. 2) These are Guidelines and not Rules. If an agent does not have certain of the data resident on the system they utilize, the Guidelines do not mandate immediate system changes. However, agents should be aware of what is currently required to effectively service shareholder accounts and should seek to provide the required data going forward, as modifications are made. The document provides a list of Data Elements that should ideally be provided to the successor transfer agent, as well as a list of De-Conversion Best Practices that should be followed.

Needed Data Elements for Conversions: (Electronic files recommended)

- 1: Securityholder registration
- 2: Securityholder address
 - 2a: State code for U.S. addresses
 - 2b: Province and/or country code if not domestic
 - 2c: Citizenship code or domestic indicator
- 3: Account classification or registration type code
- 4: Lost holder code & date coded lost

- 5: Returned mail counter
- 6: Date of last contact
- 7: Special handling code to denote officers, employees, special mailing, etc.
- 8a: SSN or Taxpayer Identification Number
- 8b: TIN type code
- 8c: TIN certification code
- 8d: W-8 or W-9 mail date (solicitation date)
- 8e: W-8 or W-9 receipt date
- 8f: W-8 or W-9 certification date
- 9: B and/or C Notice codes plus dates
- 10: Total shares in account (certificate, DRIP, DRS and other Book-Entry shares)
- 10a: For certificates: certificate number including prefix, number of shares, issuance and cancel date (if any), issuance and cancel type codes, transaction/ticket #
- 10b: Certificate stop codes (for example lost, restricted, adverse claim)
- 11: Dividend Reinvest code (If partial reinvestment: provide the number of shares to reinvest OR the percentage of shares reinvesting)
- 12: Direct deposit indicator
- 13a: Dividend payee name and address (if different from legal name and address)
- 13b: ACH Direct Deposit detail (routing number, account number, checking or savings indicator and, if available, bank name and address)
- 13c: ACH Debit detail (\$ amount, frequency, plus above bank info)
- 14a: YTD dividend amount
- 14b: YTD dividend amount withheld.
 - YTD taxes withheld for Chapter 3 (if applicable)
 - YTD taxes withheld for Chapter 4(if applicable)
 - YTD taxes withheld for Chapter 61(if applicable)
- 14c: YTD liquidation payment amount
- 14d: YTD liquidation amount withheld
- 15: Cost basis data; see STA Cost Basis Guidelines for details
- 16: Email address (if available)
- 17a: Proxy mailing preference code (electronic or postal)
- 17b: Householding indicator
- 17c: Statement mailing preference code
- 17d: Client communication mailing preference code
- 18: Prior agent shareholder account number
- 19: Seasonal Address along with the "from" and "to" date parameters
- 20a: Account open date
- 20b: Account closed date
- 20c: Account stop codes (for Special purposes, reports of fraud etc.)
- 20d: Account user Codes (Director, employee, etc.)
- 21. Date of Birth (if required by the IRS for FATCA reporting)

Optional Fields:

- 21: Treasury shares indicator
- 22: Telephone number

Optional Hard Copy:

24: Certificate Register or Certified List of Stockholders

FATCA – Foreign Account Tax Compliance Act requirements (if applicable):

GIIN – Global Intermediary Identification Information

25. GIIN Number
26. GIIN date received
27. GIIN date last validated
28. Foreign tax identification number(s)
29. Chapter 3 status
30. Chapter 4 status

Translation tables must be provided for all codes.

The STA Board has asked the STA Committee to provide them with a list of typical activities that have to occur to de-convert a company, which follow:

- Determine effective date considering upcoming activities (Dividend, Proxy, Plan, etc.) and create a timeline of events.
 - Determine delivery method of the shareholder files
 - Provide a test file
 - Provide the live file
 - Provide final certification letter which includes:
 - Issued & Outstanding Shares
 - Balances applicable to any sub-issues (restricted or un-restricted)
 - CEDE Share Balance
 - Treasury Share Balance
 - Last certificate number issued
 - Last journal page number
 - Plan share balance(s) & corresponding Nominee information
 - All Nominee balances
 - Total number of open shareholder accounts
 - Total number of closed accounts
 - Outstanding Corporate Actions information: un-exchanged share balance & total number of shareholders as well as the balance piece identification in the entitlement issue (common, preferred, etc.). In addition, the terms of the transaction are required: effective date of CA event, exchange rate, CIL, constructive receipt (yes or no), etc.
 - Total dividends paid year to date, including federal, state & foreign tax withholding.
 - Provide Cost Basis files, totals report and delta files if applicable
 - Provide certification of W9 Due Diligence prior to effective date of new TA.
- Sample:

We hereby certify that all taxpayer identification numbers (TINs) provided on the file sent to you are correct to the best of our knowledge. We have indicated the status of each TIN on file, i.e. whether they have been certified or not; the status of any accounts on file that are blocked in accordance to the OFAC regulations; and the status of any accounts on file that are subject to Back up withholding due to

receipt of IRS B or C notice. We further state that we have performed our due diligence requirements as defined in Treas. Reg.301.6724 for the initial and annual solicitation of Form W-9 for all accounts on our system, associated with Piedmont Natural Gas Company, Inc.

- The final certification letter must be provided to the new agent no later than the close of business on the day following the effective date of the conversion. It should disclose any aged record differences.
- Provide shareholder report(s) of account characteristics for new Agent to perform validation of mapping
 - Count of full reinvestment accounts across shareholder base
 - Any partial reinvestment coding should include all shareholder detail (# of shares reinvesting or % of shares reinvesting)
 - Count of Dividend credit ACH shareholders across shareholder base and include all applicable shareholder bank account details
 - Count of Debit ACH shareholders across shareholder base and include all applicable shareholder bank account details and frequency
 - Certificate stops (loss, stolen, restricted)
 - Shareholder detail of any account level stops
- Notify DTC of the Termination, as required by SEC rule 17Ad-16 and swing FAST position(s) promptly after effective date
- Notify the SIC by emailing: tf.sic@thomsonreuters.com & perform a “true up” when files are loaded to new agent’s system
- Furnish details to successor agent of any special processing requirements, such as multiple voting rights, voting power ratios etc.
- Provide balancing & funding for any outstanding Corporate Action events
- Address disposition of physical certificate inventory
- Determine if there are any adverse claim files to turn over to the new Agent.
- Determine if there are any accounts identified as an OFAC/BSA match
- Determine disposition of any dedicated 800 number phone lines
- After the live file is created, provide any journal pages to the new Agent for parallel processing through termination date.
- Confirm tax reporting arrangements.
 - Standard practice is that the new Agent reports 1099-DIV for the year (unless the final dividend has been paid by the prior Agent). Standard practice is that the last TA to pay a dividend for the year will report. For example if agent X paid the last div for a client in November and agent Y became agent in December – agent X would typically report 1099Div for the entire year as they paid the last for the calendar year)
 - The new & old Agent report 1099B for the transactions that they processed.
- Update all systems (recordkeeping, IVR, online, internal applications, etc.) when processing is complete and you are no longer Agent. Consider early cut-offs for sale activity to accommodate the trading settlement cycle.
- For closed accounts and historical transactions, the old agent should provide whatever data is resident on their system at the time of conversion to the successor. If this information has already been purged, the old agent will be responsible for any necessary research of these items.
- Disposition of cancelled certificates should be addressed among both Agents and the Issuer. If certificates were imaged and destroyed, the old agent will be responsible for any required research.
- Lost certificate replacement files that are in process should be forwarded to the successor agent.

- The old agent must ensure that any mail pertaining to due diligence or time sensitive mailings are forwarded to the successor.
- Instruct any third party vendors to cease any mailings or solicitations (odd lot/post-merger), if applicable.
- Outstanding Check Details:
 - The old agent should provide the funds and detail of uncashed checks including the date that unresponsive payee notices were sent to the successor agent at 3 months from the conversion date. The Sub-Committee noted that 3 months is the best time frame because of requirements under Rule 17Ad-17, where agents must send notices to “unresponsive payees” within 7 months of the issuance date.
 - Until the old agent has released the outstanding check data & funds to the new agent, they must continue to send notices to the shareholder.
 - Once the new agent receives the outstanding check detail, they become responsible for sending the notices to the shareholder.
 - Uncashed check details must be in balance with the actual funds before given to the new agent.
- In the case of an issuer that pays dividends more frequently than quarterly (monthly or every two months), the old and successor agents should make arrangements for a list of holders with uncashed checks that might be subject to the notice requirements to be given to the successor with timing appropriate for the particular circumstances.
- Upon conversion, as a best practice, the successor agent should include as part of a welcome letter, a suggestion that the shareholder deposit any checks issued by the prior agent that they might be holding, and contact the prior agent if they believe they have any uncashed checks. The prior agent’s phone number should be provided.