

---

**SECURITIES  
TRANSFER  
ASSOCIATION**

---

# **GUIDELINES**

---



**U p d a t e d   M a r c h   2 0 1 7**

---



## **GUIDELINES OF THE SECURITIES TRANSFER ASSOCIATION, INC.**

**The Revised Guidelines of the Securities Transfer Association were developed in cooperation with and have been issued with the approval of the Securities Transfer Association Board of Directors, and Operations and Legal Committees.**

**In the revised Guidelines, transfer agents are referred to as “processors”; the Uniform Commercial Code is shortened to the “UCC”; the Uniform Gifts to Minors Act is referred to as the “UGMA”; the Uniform Transfers to Minors Act is the “UTMA”; the Uniform Custodial Trust Act is the “UCTA”; and, the Uniform TOD Security Registration Act is the “UTODA”. In addition, the Uniform Act for the Simplification of the Fiduciary Security Transfers is abbreviated as the “UASFST.”**

**Copyright © 1986, 1989, 1995, 1998, 2000, 2005, 2008, 2010, 2011 and 2016 by The Securities Transfer Association, Inc. All rights reserved. Printed in the United States of America. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form by any means, electronic, mechanical photocopying, recording or otherwise, without the prior written permission of The Securities Transfer Association, Inc.**

\* \* \*

**The Securities Transfer Association would like to express its gratitude to the members of the Operations Committee and Legal Committee and their parent companies for their efforts and sacrifices in the revision of this Guidelines Book.**

\* \* \*

# Table of Contents

**INTRODUCTION ..... I-A**

**SECTION 1**

**DEFINITIONS – COMMON PROCEDURES – SIMPLIFICATION**

1.01 Securities ..... S1-A

1.02 Signature Guarantees..... S1-A

1.03 Uses of a Medallion Signature Guarantee. .... S1-C

1.04 Form of Medallion Signature Guarantee..... S1-D

1.05 Paperless Legal Programs..... S1-D

1.06 Transfer by Individual..... S1-E

1.07 Endorsement by Mark..... S1-E

1.08 Acceptable Financial Institutions..... S1-E

1.09 Facsimile Signatures..... S1-E

1.10 Split-Up, Combination, Exchange for New Security..... S1-F

1.11 Guarantee by Failed or Absorbed Financial Institution . S1-F

1.12 Erasures or Alterations ..... S1-F

1.13 Simplification Statutes ..... S1-F

1.13a Duty Register Transfer; Liability ..... S1-G

1.14 Fiduciaries..... S1-G

1.15 Evidence of Appointment or Incumbency ..... S1-H

1.16 Certification of Documents ..... S1-H

1.17 Evidence of Death..... S1-I

1.18 Inheritance Tax Waivers and Affidavits of Domicile ..... S1-I

1.19 Foreign Decedent..... S1-J

1.20 Adverse Claims ..... S1-J

1.21 Discharge of Duty as to Adverse Claims..... S1-K

1.22 Stop Transfer Demands..... S1-K

1.23 Stop Transfer Procedure ..... S1-M

1.24 Restricted Securities ..... S1-M

1.25 Stock or Bond Powers ..... S1-N

1.26 Cash Dividend or Interest Payment Order..... S1-N

1.27 Payment for Redeemed Securities..... S1-N

1.28 Sale of Shares ..... S1-O

1.29 Recommended Procedures for Cancelled Securities ..... S1-O

1.30 Sale of Shares with Wire Instructions ..... S1-P

**SECTION 2**

**SECURITY DESCRIPTION AND REGISTRATION FORMS**

2.01 General Description ..... S2-A

2.02 Individual Owners ..... S2-A

2.03 Multiple Owners..... S2-A

2.04 Corporations, Limited Liability Companies  
and Partnerships..... S2-B

2.05 Custodian for a Minor ..... S2-B

2.06 Other Uniform Acts..... S2-B

2.07 Fiduciaries ..... S2-D

2.08 Abbreviations of Words Relating to Fiduciaries ..... S2-G

2.09 Life Tenants..... S2-G

2.10 Agents ..... S2-G

2.11 Pension and Profit-Sharing Plans and Trusts ..... S2-G

2.12 Explanatory Legends..... S2-H

**SECTION 3**

**TRANSFER TO AND BY CORPORATIONS, PARTNERSHIPS,  
ASSOCIATIONS AND OTHER ENTITIES**

3.01 Transfer by a Corporation ..... S3-A

# Table of Contents

3.02 Secretary’s Certificate .....	S3-A
3.03 Transfer to Individual Name of Officer or Director .....	S3-B
3.04 Transfer by Sole Officer of Corporation .....	S3-B
3.05 Change of Corporate Name .....	S3-B
3.06 Transfer by Partnership .....	S3-B
3.07 Transfer to Individual Name of Partner .....	S3-C
3.08 Change of Partnership Name .....	S3-C
3.09 Transfer by Non-Partner or where General Partners are Deceased .....	S3-C
3.10 Transfer by Limited Liability Company .....	S3-C
<b>SECTION 4</b>	
<b>TRANSFERS TO AND BY EXECUTORS AND ADMINISTRATORS</b>	
4.01 Transfer from Decedent to Executor or Administrator in their Fiduciary Capacity .....	S4-A
4.02 Transfer from Decedent to a Transferee other than the Fiduciary .....	S4-A
4.03 Transfer from Executor or Administrator to Third Party .....	S4-A
4.04 Transfer from Decedent to Heirs or Beneficiaries under Small Estate Acts .....	S4-A
4.05 Transfer by Co-Executor or Co-Administrator .....	S4-A
4.06 Transfer by Successor to an Executor or Administrator .....	S4-B
4.07 Transfer of Security Owned by Decedent but Registered in Name of Another .....	S4-B
4.08 Transfer of Security Owned by Another but Registered in Name of Decedent .....	S4-B
4.09 Transfer from Fiduciary Capacity to Individual Name of Executor or Administrator (or to Nominee) .....	S4-B
4.10 Transfer from a Closed Estate .....	S4-B
<b>SECTION 5</b>	
<b>TRANSFER TO AND BY TRUSTEES</b>	
5.01 Registration Without Naming Trustee .....	S5-A
5.02 Transfer to Trustee of Testamentary Trust .....	S5-A
5.03 Transfer by Trustee to Third Person .....	S5-A
5.04 Transfer from Decedent Claimed to Be Trustee .....	S5-B
5.05 Transfer from Deceased Trustee Claimed to be Beneficial Owner .....	S5-B
5.06 Transfer by Co-Trustee .....	S5-B
5.07 Transfer by Successor Trustee .....	S5-C
5.08 Transfer from Fiduciary Capacity to Individual Name of Trustee (or to Nominee) .....	S5-C
<b>SECTION 6</b>	
<b>TRANSFER TO AND BY MINORS OR INCOMPETENTS</b>	
6.01 Transfer to Minor or Incompetent .....	S6-A
6.02 Transfer to Guardian or Committee by Third Person ..	S6-A
6.03 Transfer by a Guardian or Committee to Third Person .....	S6-B
6.04 Transfer by Guardian or Committee to Incompetent whose Disability has ended .....	S6-B
6.05 Transfer of Securities by the Custodian of a Minor who has not reached his or her majority .....	S6-B

**Table of Contents**

6.06 Transfer of Securities to a Former Minor ..... S6-B  
 6.07 Transfer to Executor or Administrator of Deceased Minor or Incompetent ..... S6-B  
 6.08 Deceased Guardian or Committee ..... S6-B  
 6.09 Transfer by Joint Guardians or Members of Committee..... S6-C  
 6.10 Transfer from Fiduciary Capacity to Individual Name of Guardian or Committee (or to Nominee) ..... S6-C

**SECTION 7**

**TRANSFER TO AND BY NOMINEES**

7.01 Transfer by Nominee..... S7-A  
 7.02 Transfer to Nominee by Fiduciary..... S7-A  
 7.03 Deceased Individual Nominee ..... S7-A

**SECTION 8**

**TRANSFER TO AND BY TRUSTEES, DEBTORS IN POSSESSION, RECEIVERS, ASSIGNEES FOR THE BENEFIT OF CREDITORS AND SIPA TRUSTEES IN BANKRUPTCY**

8.01 Transfer by Trustee or Receiver..... S8-A  
 8.02 Transfers by Debtor ..... S8-A  
 8.03 Emergence from Bankruptcy..... S8-B

**SECTION 9**

**TRANSFER TO AND BY AGENTS AND ATTORNEYS-IN-FACT**

9.01 Transfer to Agent or Attorney-in-Fact ..... S9-A  
 9.02 Revocation of Agency ..... S9-A  
 9.03 Transfer by Agent or Attorney-in-Fact to Third Party... S9-A  
 9.04 Deceased Principal..... S9-B  
 9.05 Transfer by Agent to Individual Name of Agent..... S9-B

**SECTION 10**

**TRANSFER TO AND BY MULTIPLE OWNERS**

10.01 Designation of Tenancy .....S10-A  
 10.02 Transfer by Joint Tenants.....S10-B  
 10.03 Deceased Joint Tenant .....S10-B  
 10.04 Last Deceased Joint Tenant..... S10-C  
 10.05 Transfer by Tenants by the Entireties..... S10-C  
 10.06 Deceased Tenants by the Entireties ..... S10-C  
 10.07 Both Deceased Tenants by the Entireties.....S10-D  
 10.08 Transfer by Tenants in Common .....S10-D  
 10.09 Deceased Tenant in Common.....S10-D

**SECTION 11**

**TRANSFER TO AND BY LIFE TENANTS**

11.01 Transfer to Life Tenant .....S11-A  
 11.02 Transfer by Life Tenant to Person Other than Remainderman..... S11-A  
 11.03 Transfer by Life Tenant to Remainderman..... S11-B  
 11.04 Deceased Life Tenant..... S11-B  
 11.05 Louisiana Resident Small Estate ..... S11-B  
 11.06 Deceased Usufruct ..... S11-B

**SECTION 12**

**TRANSFER ON DEATH – STA TOD RULES**

12.01 Authorization for Transfer on Death ..... S12-A  
 12.02 Registration in TOD Form..... S12-A  
 12.03 Permitted TOD Beneficiaries..... S12-B

**Table of Contents**

12.04 Change or Revocation of TOD Registration ..... S12-B  
 12.05 Deceased Co-Owner ..... S12-C  
 12.06 Transfer to Designated TOD Beneficiary on Notice of  
 Death of Owner ..... S12-C  
 12.07 Beneficiary Does Not Survive the Owner ..... S12-E  
 12.08 Dividends, Interest and other Distributions After the  
 Owner’s Death ..... S12-E

**SECTION 13**

**RESTRICTED SECURITIES GUIDELINES**

Exhibit A- Restricted Legend..... S13-B  
 Exhibit B- Seller’s Representation Letter  
 (Affiliate-Reporting Company)..... S13-C  
 Exhibit C- Seller’s Representation Letter  
 (Affiliate-Non-Reporting Company)..... S13-E  
 Exhibit D- Seller’s Representation Letter  
 (Non-Affiliate-Reporting Company,  
 Six-Month Holding Period) ..... S13-G  
 Exhibit E- Seller’s Representation Letter  
 (Non-Affiliate-Reporting Company or Non-Reporting  
 Company, One-Year Holding Period)..... S13-H  
 Exhibit F- Broker’s Rule 144 Confirmation Letter (Affiliates) S13-I  
 Exhibit G- 144 Broker Representation Letter..... S13-J  
 Exhibit H- Rule 144 Legal Opinion Letter (Affiliates) ..... S13-K  
 Exhibit I- Rule 144 Legal Opinion Letter (Non-Affiliates)..... S13-L  
 Exhibit J- Rule 144 Opinion Letter for Replacement of  
 Certificate (Affiliates).....S13-M  
 Exhibit K- Letter (From Transfer Agent)..... S13-N

**APPENDIX I**  
 Signature Guarantees Under SEC Rule 17Ad-15 ..... AI-1

**APPENDIX I-A**  
 Uniform Commercial Code ..... AIA-1

**APPENDIX II**  
 Text of Rule ..... AII-1

**APPENDIX III**  
 Securities Transfer Association (STA) Suggested  
 Model for Standards, Procedures and Guidelines..... AIII-1

**APPENDIX IV**  
 Addresses for Program Administrators ..... AIV-1

**APPENDIX V**  
 Explanation of Appropriate Registrations ..... AV-1

**APPENDIX VI**  
 Inheritance Tax Waiver List ..... AVI-1

**APPENDIX VII**  
 Small Estate Procedures ..... AVII-1

**APPENDIX VIII**  
 Transfer on Death —Discussion Guide to Accompany  
 Section 12 - STA TOD Rules..... AVIII-1



**T**he Guidelines of the Securities Transfer Association were completely revised during 1985, with subsequent revisions in 1995, 2001, 2005, 2010, 2011 and 2016. It is expected that the revised Guidelines – now simplified, clarified and updated – will be implemented uniformly, with the result that most variations in transfer requirements will be eliminated. The Securities Transfer Association cannot be responsible for departures from these Guidelines which may occur from time to time on the basis of determinations by individual transfer agents.

## **Introduction**



**Section 1**  
**Definitions –**  
**Common Procedures –**  
**Simplification**

**1.01 Securities.** For the purposes of these Guidelines, securities are shares, participations, obligations or other interests in an issuer or in the property or an enterprise of an issuer. A security is represented by an instrument which is:

- (a) either;
  - (i) issued in bearer form, or
  - (ii) issued in the name of a person entitled to the security or to certain rights represented by the security; and,
- (b) commonly traded on securities exchanges or in securities markets, or commonly recognized as a medium for investment where it is issued or traded; and,
- (c) one of a class or series, or by its terms divisible into a class or series, of shares, participations, interests or obligations.

*Comment:* This definition of a security, adapted from Section 8-102 of the UCC, includes as securities certificated limited partnership interests, stock purchase warrants and options, notes, bonds, debentures and voting trust certificates. Amendments to Article 8 made in 1977 and 1994 providing parallel rules for “uncertificated securities” have been enacted in all states.

**1.02 Signature Guarantees.** Every endorsement requires a signature guarantee by an acceptable guarantor.

*Comment:* Section 8-306 of the UCC states that a signature guarantee is a warranty by the signature guarantor that, among other things, the endorser is an appropriate person to endorse and thus transfer the security. A detailed discussion is contained in Appendix I.

As explained below, participants in the New York Stock Exchange Medallion Signature Program (“MSP”) may endorse securities by affixing their Medallion Imprints in lieu of a handwritten signature. Separate signature guarantees for such endorsements are not required.

Occasionally, signature guarantees are required by these Guidelines to provide assurances other than those typically associated with endorsement (see Comment, 1.15).

A signature guarantee may not be qualified in any manner, whether by date or otherwise.

Effective February 24, 1992 the Securities and Exchange Commission adopted Rule 17Ad-15 (Appendix II), which provides for the establishment of signature guarantee programs. Signature guarantee programs facilitate the equitable treatment of potential signature guarantors, increase the efficiency of securities processing and provide protection for processors if a guarantor fails to meet its obligations. Rule 17Ad-15 prohibits discrimination against potential signature guarantors by processors, and requires processors to establish written standards and procedures for the acceptance of signature guarantees. A processor’s standards can permit the processor to reject a signature guarantee that is not made by a participant in a recognized signature guarantee program.

The Securities Transfer Association has prepared a model Standards, Procedures and Guidelines (Appendix III) for use by processors in accordance with Rule 17Ad-15. The guarantor must be a participant in a Securities Transfer Association recognized signature guarantee program.

The Securities Transfer Association has recognized three medallion signature guarantee programs: STAMP (Securities Transfer Agents Medallion

## **Section 1**

### **Definitions – Common Procedures – Simplification**

Program), SEMP (Stock Exchanges Medallion Program) and MSP. Appendix IV contains information concerning these three medallion signature guarantee programs. Medallion Imprints are affixed by a hand-stamp. Processors have no obligation to authenticate or otherwise verify the signature on the Imprint, which must be present either in manual or facsimile form. The medallion stamp must be legibly affixed in order to determine authenticity by review of ink and medallion numbers by accessing the Program Administrator's website.

The Guidelines hereinafter will refer to signature guarantees as "medallion signature guarantees," in view of the three recognized Medallion signature guarantee programs. The STA recognizes that transfer agents will have their own signature guarantee procedures concerning what signature guarantees they will accept, which may include additional signature guarantors.

The Medallion Imprint is used for all guarantees and certifications. A second imprint, known as the "Attorney Release Imprint," may be used by guarantors to appoint a substitute attorney-in-fact to make the particular transfer. The MSP Medallion Imprint can be used by New York Stock Exchange members as an endorsement of securities in their names pursuant to procedures unique to MSP.

A number of Canadian financial institutions have joined STAMP, even though, technically, non-U.S. financial institutions are not encompassed by Rule 17Ad-15.

Rule 17Ad-15 only applies to situations in which a signature guarantee is required.

- Many processors accept transfer instructions from issuer/clients without medallion signature guarantees; the Rule does not require that such a policy be changed.
- Some issuers and corporate processors waive the requirement for a medallion signature guarantee under special conditions, as long as adequate identification is presented. They must decide upon their own policies in this situation.
- The Securities Transfer Association urges its members to continue the customary practice of not requiring medallion signature guarantees from the SEC-registered depository (The Depository Trust Company) presenting securities in its nominee name, Cede & Co., with multi-colored, machine facsimile endorsements.
- The Securities Transfer Association recommends that a medallion signature guarantee be required on a facsimile endorsement of a bank nominee or a broker presenting securities in its firm name for transfer.
- Form of Instruction. Photocopies of transfer instructions or an electronic signature on the transfer instruction are acceptable if the medallion signature guarantee on such instruction is an original; provided, however, if the transaction is valued at over \$14 million, the STA recommends requiring the transfer instruction and signature to be an original.

## Section 1

### Definitions – Common Procedures – Simplification

#### *1.03 Uses of a Medallion Signature Guarantee.*

The uses of a Medallion Signature Guarantee are based on Section 8-306 of the Uniform Commercial Code (“UCC”) and the Indemnity Agreement executed by guarantors when they become members of a Medallion Signature Guarantee program (the “Indemnity Agreement”). The following summarizes the uses of a Medallion Signature Guarantee. For a more detailed discussion, see Appendix I.

(a) Use under the UCC.

Based on the UCC, the intended use of a Medallion Signature Guarantee relates to the assignment, transfer or redemption of a security. Section 8-306 of the UCC relates to the guarantee of a signature of “an indorser of a security certificate” or “the originator of an instruction.” The terms “indorsement” and “instruction” are further defined in Section 8-102 of the UCC. An indorsement is defined as a signature made on a certificate or a separate document “for the purpose of assigning, transferring, or redeeming” the security or granting the power to assign, transfer, or redeem. An instruction is defined as a notification to the issuer of an uncertificated security directing the securities be transferred or redeemed. The sale of shares is similar to redemption, and will always involve a transfer of the shares being sold. As a result, the sale of shares would also be an appropriate use.

(b) Use under the Indemnity Agreement.

Based on the Indemnity Agreement, the intended use of a Medallion Signature Guarantee relates to guaranteeing signatures within the meaning of Section 8-306 of the UCC and for “executing other certifications and guaranties incident to the transfer, payment, exchange, purchase, or delivery of securities, including, but not limited to erasure guaranties and one-and-the same guaranties.”

Certifications incidental to the transfer, payment, exchange, purchase or delivery of securities, as set forth in Section 1.15 of these Guidelines, would include certification of documents accompanying a covered request, such as Birth Certificate, Death Certificate, or Corporate Resolution. The relevant documents would be certified by affixing the Medallion Signature Guarantee imprint to the copy. The Medallion Signature Guarantee imprint carries with it a certification which has the same meaning as the hand stamp which reads: “We certify that the within is a true, complete and correct copy of the original.” The Medallion Signature Guarantee imprint, when applied to a power-of-attorney or agency agreement accompanying a transfer or redemption request, also certifies that the document is “in full force and effect and the maker is still alive.”

(c) Summary of Appropriate Uses.

In combining the intended uses under the UCC and Indemnity Agreement, the Medallion Signature Guarantee is appropriate for the following securities transactions:

- Transfer (i.e., change of ownership), assignment, redemption, and sale

## Section 1

### Definitions – Common Procedures – Simplification

— Certifications and guaranties incident to the transfer, payment, exchange, purchase, or delivery of securities

Please note that any change in the registration, such as a name change, addition of a middle initial, etc., would be considered a change of registered ownership and, therefore, a “transfer.”

(d) Unintended Use.

Unintended uses would include any request for a Medallion Signature Guarantee and affixation of a Medallion Signature Guarantee on a document for commercial transactions not contemplated in either the UCC or Indemnity Agreement. For example, to ask for a Medallion Signature Guarantee on items such as account maintenance (e.g., address changes) or as a means of authenticating a shareholder would be beyond the scope of its intended use. Requesting or obtaining a Medallion Signature Guarantee on documents for which it was not intended under the UCC or the Indemnity Agreement is not recommended, as this places the transfer agent at risk that a claim made under such Medallion Signature Guarantees may not be honored.

*1.04 Form of Medallion Signature Guarantee.*

- (a) The guarantee should appear on the transfer instrument as close as practicable to the endorsement.
- (b) The Securities Transfer Association recommends that the following medallion signature guarantee language be used on the reverse side of certificates.

**MEDALLION SIGNATURE GUARANTEED:**

THIS SIGNATURE(S) MUST BE GUARANTEED AND THE GUARANTOR OF THIS SIGNATURE(S) MUST BE ACCEPTABLE TO THE TRANSFER AGENT.

*1.05 Paperless Legals Program.* With the implementation of the Paperless Legals Program, processors will no longer require supporting documentation for transfer requests accompanied by an acceptable medallion signature guarantee and will rely exclusively on the medallion signature guarantee.

Please note that some transfer agents may require the Inheritance Tax Waiver stamp on all presentations, as it may not be apparent from the transaction whether a decedent is involved. The Inheritance Tax Waiver stamp provides certification that the transaction does not require an Inheritance Tax Waiver. See Section 1.17 concerning Inheritance Tax Waivers.

For Paperless Legals presentations, the STA recommends to guarantors as a best practice that they have any agents, representatives, or fiduciaries sign in capacity. If the transfer instruction is issued by someone other than the registered owner and there is no capacity or an Inheritance Tax Waiver stamp, transfer agents reserve the right to reject such transfer.

*Exceptions to Paperless Legals Program.*

The following are exceptions to the Paperless Legals Program:

## Section 1

### Definitions – Common Procedures – Simplification

- (a) All transfer items valued at more than \$14,000,000 will require all supporting documentation outlined in this Guidelines Book and are not included in the Paperless Legals Program. The \$14,000,000 dollar valued is based on the \$10,000,000 limit for medallion signature guarantee stamps with a “Z” prefix, the highest level of coverage available, plus an additional \$4,000,000 of coverage available to STA members. Transfer agents reserve the right to request supporting documentation or reject for any transfer requests whose value exceeds the limit of the medallion signature guarantee stamp with a below value letter prefix. Please see Appendix I for further detail.
- (b) **Restricted Securities.** The Paperless Legals Program does not eliminate the requirement to provide opinion letters, seller’s letters or broker’s letters as set forth in Section 13.
- (c) **Joint Tenant Accounts (with rights of survivorship).** Processors will continue to allow a surviving joint tenant to transfer shares with evidence of death of the deceased joint tenant, without a medallion signature guarantee. However, an acceptable medallion signature guaranteed instruction without evidence of death shall also be accepted.
- (d) **Bankrupt Estate Transactions.** Processors will continue to require a court order to transfer shares out of the bankrupt estate to a third party. See Section 8.
- (e) **Federal Transfer Certificates.** Processors will continue to require a Federal Transfer Certificate to process a transfer of a security from a foreign decedent. See Section 1.18.

#### Recordkeeping under Paperless Legals Program.

Guarantors should not present any supporting documentation along with transfer requests. Processors will not be reviewing or relying on such documentation and will have no responsibility to maintain such documentation on behalf of guarantors. If processors determine to retain such documentation, they will have no responsibility for it.

**1.06 Transfer by Individual.** Transfer by an individual acting in his or her individual capacity requires:

- (a) endorsement by the individual; and
- (b) an acceptable medallion signature guarantee.

**Comment:** An individual whose name has changed may transfer securities into his or her name by endorsement in the form “JANE DOE SMITH FORMERLY JANE DOE”. This applies to changes of name by marriage, divorce or a court approved name change.

**1.07. Endorsement by Mark.** A security owner who is unable to write his or her name may endorse the security with a mark (X) (with an acceptable medallion signature guarantee), if the endorsement is accompanied by the signatures and addresses of two witnesses, neither of whom is the transferee of the security, and a statement by the witnesses that “the transfer instrument was read to the transferor in our presence, that he or she made his or her mark in our presence and that he or she signified an intention thereby to transfer the security”.

**1.08 Acceptable Financial Institutions.** Those institutions listed in Rule 17Ad-15(a)(2). See Appendix II.

## Section 1

### Definitions – Common Procedures – Simplification

**1.09 Facsimile Signatures.** A processor may accept an endorsement by facsimile signature:

- (a) of an authorized depository that submits items in their nominee name with a multi-colored machine facsimile endorsement, without a medallion signature guarantee; or
- (b) of a registered nominee with a guarantee by an acceptable financial institution.

**1.10 Split-Up, Combination, Exchange for New Security.** No endorsement is necessary:

- (a) when a certificate of one denomination is presented for split-up into certificates of smaller denominations in the same name;
- (b) when a number of certificates in the same name are presented for combination into a certificate of one denomination; or
- (c) to issue permanent certificates or new forms of certificates in exchange for temporary or old forms of certificates in the same name.

**1.11 Guarantee by Failed or Absorbed Financial Institution.** A medallion signature guarantee from a participant in a Medallion program should not be accepted if the processor has been notified by the program administrator that the participant:

- (a) has failed, been absorbed, consolidated or merged or discontinued business;
- (b) has voluntarily withdrawn from the program; or
- (c) the imprint is by a stamp bearing a unique number that has been reported lost, stolen or cannot be accounted for by the participant.

However, the acceptable Medallion programs provide that coverage under their surety bonds is available to firms for a specified number of days after notice is received by program administrators of a surety company's intent to cancel or to not renew its surety bond. See Appendix I.

**1.12 Erasures or Alterations.** Any erasure or alteration in the transfer instrument must be guaranteed by an acceptable guarantor.

*Comment:* Affixing the medallion imprint near an erasure or alteration serves as an erasure guarantee. A separate medallion imprint is still required near the endorsement to act as the medallion signature guarantee.

**1.13 Simplification Statutes.** Simplification statutes relieve a processor from liability for wrongful transfer resulting from the processor's failure to inquire into the propriety of a transfer. Simplification statutes include:

Simplification statutes include:

- (a) Article 8 of the UCC;
- (b) the UGMA;
- (c) the UTMA;
- (d) the UASFST;
- (e) the UTCA; and
- (f) the UTODA.

*Comment:* Article 8 of the UCC is the most widely adopted simplification statute. It is in force in the fifty states, the District of Columbia, Puerto Rico and the Virgin Islands. The state of Louisiana has enacted



the provisions of Article 8 into the body of its law, even though it has not adopted the UCC as a whole. Unlike the other simplification statutes, all of which apply to specific types of transfers, Article 8 has a broader application and is not limited to transactions involving certain transferors or transferees.

In states in which either the UGMA or UTMA has been enacted, transfers to which they apply are governed by their terms rather than by the more general provisions of the UCC.

The UASFST has been enacted and coexists with Article 8 in 16 states and the District of Columbia. The UASFST is applicable only to securities transfers involving fiduciaries. The UASFST sets forth a procedure for dealing with adverse claims similar to that in Article 8, except that it does not require notification to the owner if the shares are presented for transfer, but protects the issuer and the transfer agent if the notification and transfer provisions are followed. In the great majority of the states in which both Article 8 and the UASFST are in force, the provisions of Article 8 control in the case of any inconsistency or conflict between the two.

Article 8 applies to transfers of all securities of United States issuers. Even if the UGMA, UTMA or UASFST is not enacted in a given state, transfers still are protected to a great extent by the UCC. Thus American processors probably will encounter few situations in which there is potential liability for failure to inquire into the propriety of a transfer.

*1.13a. Duty to Register Transfer; Liability.* . Section 8-404 of the UCC exonerates processors from liability to securities owners or other third persons as long as they:

- (a) process securities transfers upon an “effective” endorsement or instruction by the appropriate person (including a representative or legal agent thereof);
- (b) comply with the requirements concerning adverse claims set forth in Section 8-403;
- (c) are not enjoined by legal process from processing the transfer; and
- (d) are not acting in collusion with a wrongdoer.

*Comment:* A signature guarantee ensures that an appropriate person is endorsing (in the case of a certificate) or providing an instruction for an uncertificated security and that his or her signature is genuine and effective. Section 8-107 of the UCC discusses who is regarded as an appropriate person; Section 8-402 describes the assurances that a processor may require. Section 8-403 of the UCC describes the process for handling adverse claims (See Section 1.19).

*1.14 Fiduciaries.* Executors, administrators, trustees, guardians, committees, conservators, custodians, receivers and nominees are fiduciaries. Custodians for minors, agents, and attorneys-in-fact are not fiduciaries.

*Comment:* Although agents are not fiduciaries, Section 8-402 of the UCC permits a processor to request “appropriate assurance” of the agent’s authority to sign without being charged with notice of the contents of the documents requested. A processor is under no duty to inquire into adverse claims that might have been revealed in the documents it requested as

## Section 1

### Definitions – Common Procedures – Simplification

## Section 1

### Definitions – Common Procedures – Simplification

“appropriate assurance” of the agent’s authority to sign. Adverse claims must be presented in the form and manner described in Section 8-403 to be effective.

A medallion signature guarantee imprint on a copy of the power-of-attorney carries with it a certification that the instrument is a true and correct copy, that it is in full force and effect and that the maker is still alive. In most states, a fiduciary may not appoint an attorney-in-fact to act with respect to the duties of the fiduciary, since a fiduciary usually cannot lawfully delegate his or her authority.

While custodians for minors are not fiduciaries, the UGMA and UTMA afford a processor the same protection as if custodians were fiduciaries, as long as the processor obtains assurance of the custodian’s capacity (through a medallion signature guarantee) as required by either statute and the minor has not reached the age of majority under the laws of the state where the custodianship was created.

**1.15 Evidence of Appointment or Incumbency.** Where a fiduciary is:

- (a) court-appointed, either of the following, dated or certified within 60 days prior to the date of transfer:
  - (i) a copy of the order or other document of appointment, certified by a court official in accordance with Guideline 1.15; or
  - (ii) a statement evidencing the appointment, certified by a court official in accordance with Guideline 1.15; or,
- (b) not court-appointed, either of the following, dated or certified within 60 days prior to the date of transfer:
  - (i) copy of the document of appointment, certified by an acceptable financial institution in accordance with Guideline 1.15; or
  - (ii) a statement by an acceptable financial institution to the effect that the person endorsing the security is the described fiduciary.

*Comment:* In New York, Certificates of letters testamentary and certificates of letters of administration are acceptable if dated within six months prior to the date of transfer. A processor reserves the right to request additional certification of the capacity of a fiduciary if multiple fiduciaries are listed in the registration.

The Securities Transfer Association recommends that processors require certification by a medallion signature guarantee imprint where certification is required (see Guideline 1.15).

**1.16 Certification of Documents.** Where a document is:

- (a) a court record, recorded or filed, certification should be in the usual form of the court, registry or office in question; or,
- (b) not a court record, recorded or filed, certification should state that:
  - (i) the copy is a true and complete copy of the original or relevant extract thereof;
  - (ii) the original is genuine and has been duly executed by the appropriate person; and,
  - (iii) the appropriate person had legal capacity at the time.

## Section 1

### Definitions – Common Procedures – Simplification

**Comment:** Where reference is made in these Guidelines to a “court order”, it is intended to mean, a copy of the order certified as a true and complete copy of the original by the clerk of the court or other court official, under the seal of the court if permitted or required in the relevant state. Imprinting the medallion near the endorsement serves not only as a medallion signature guarantee but at the same time it also certifies “one-and-the-same” where the endorsement differs slightly from the registration.

In addition, the following list includes guarantees and certifications previously requiring separate hand stamps with manual signatures. The Securities Transfer Association recommends that the medallion signature guarantee program medallion imprints applied at the endorsement cover all of the following:

- Valid endorsement certification/guarantee;
- Situs certification and that trustees signing are currently acting trustees;
- Partnership certification; and,
- Sole Proprietorship certification.

This list is not exhaustive but only indicative of the many common certifications and guarantees at present in use, which are rendered obsolete by the medallion.

Any legal document for which the Transfer Agent accepts a copy (such as Birth Certificate, Death Certificate, Corporate Resolution) can be certified by affixing the medallion imprint to the copy. The medallion imprint carries with it a certification which has the same meaning as the hand stamp which read: “We certify that the within is a true, complete and correct copy of the original.”

The medallion imprint, when applied to a power-of-attorney or agency agreement, also certifies that it is “still in full force and effect and the maker is still alive”.

**1.17 Evidence of Death.** A certified copy of either of the following:

- (a) a death certificate; or,
- (b) a probate certificate showing appointment of an executor or administrator of the decedent’s estate.

**1.18 Inheritance Tax Waivers and Affidavits of Domicile.** Where the processor knows or has reason to believe the registered owner of a security or beneficial owner registered as such on the securities (e.g., a TOD beneficiary) being transferred is deceased, the processor must refer to the statutes in the states where:

- (a) the issuer is incorporated;
- (b) the processor is located;
- (c) the decedent was domiciled or resided; and,
- (d) the security to be transferred is located;

to determine what inheritance tax waivers and/or affidavits of domicile are required.

## Section 1

### Definitions – Common Procedures – Simplification

For transactions in the Paperless Legals Program, the guarantor will review the transfer item (including an affidavit of domicile) to determine if an Inheritance Tax Waiver is required. If not, the guarantor will affix the following stamp on the transfer request near the medallion signature guarantee:

**WE HEREBY CERTIFY THAT THIS TRANSACTION  
DOES NOT REQUIRE AN INHERITANCE TAX WAIVER**

(FIRM NAME)

**MEMBER NYSE MSP PROGRAM**

If the Inheritance Tax Waiver stamp or Tax Waiver form, or affidavit of domicile indicating that it is an exempt state is not provided, then the transfer agent reserves the right to reject the item.

*Comment:* A request to transfer shares into the name of the estate of the decedent or an administrator, should be accompanied by a certification by the presenter that the shares were purchased after death, or, if not, an affidavit of residence and inheritance tax waiver, if applicable.

Some states allow a statement of “no tax due” in lieu of an inheritance tax waiver. Depending on the wording of the statute, inheritance tax waivers or affidavits of domicile may be necessary when a joint tenant, tenant by the entireties or tenant in common dies.

Neither inheritance tax waivers nor affidavits of domicile are necessary for transfer of a stock dividend or stock split of securities which was declared after the death of the security owner.

A list of each State’s requirements is included in Appendix VI.

**1.19 Foreign Decedent.** A Transfer Certificate (federal tax waiver, Form 5173) is required for transfer of a security from a foreign decedent unless:

- (a) United States Executor or administrator is appointed for the foreign decedent with respect to the property; or
- (b) the processor receives a written statement from the foreign executor, administrator or other acceptable person to the effect that:
  - (i) the decedent was not a citizen of the United States;
  - (ii) the death occurred on or after January 1, 1977; and
  - (iii) the entire gross estate in the United States at the time of death was not valued in excess of \$60,000.00.

*Comment:* The processor should refer also to the state statutes enumerated in Section 1.17 for further tax waiver requirements, if any.

**1.20 Adverse Claims.** A processor may be held liable for a wrongful transfer or refusal to transfer notwithstanding the protection of the simplification statutes if it:

- (a) receives written notice or has actual knowledge that a fiduciary in whose name a security is registered is no longer acting in such capacity;
- (b) receives a written demand §8-102(a)(6) not to register a transfer;
  - (i) from an appropriate person to make an indorsement or originate an instruction;

## Section 1

### Definitions – Common Procedures – Simplification

- (ii) at a time and in a manner affording reasonable opportunity to act prior to transferring the security; and
- (iii) the notice contains:
  - (1) the identity of the registered owner;
  - (2) the issue of which the security is a part; and
  - (3) an address at which the claimant can be reached; and
- (iv) it does not comply with the safe harbor provisions of Section 8-403(b). See Section 1.20.

*Comment:* Even though written notification is required under this Guideline, a processor receiving oral notice from an appropriate person should proceed with caution and may elect either to request written confirmation or to treat the oral notice as if it were written.

The 1994 revision of Article 8 of the UCC effected significant changes to the concept of Adverse Claims in two material respects. First, it limits the class of adverse claimants to “appropriate persons.” See section 8-107. Second, it makes transfer mandatory unless there has been compliance with the safe harbor provisions discussed in 1.20 below.

**1.21 Discharge of Duty as to Adverse Claims.** If a processor receives a security in registered form after an adverse claim has become effective, the processor must:

- (a) send written notice to both the adverse claimant and the presenter of the security stating that:
  - (i) the security has been presented;
  - (ii) a demand not to register transfer has been received; and
  - (iii) the transfer will be delayed for a period of time (which may not exceed thirty days) to provide the adverse claimant an opportunity to:
    - (1) obtain an appropriate restraining order from a court of competent jurisdiction; or
    - (2) furnish an indemnity bond sufficient to protect the processor against any possible loss.

Having sent the notice, the processor must register the transfer at the end of the time period unless the adverse claimant obtains the court order or indemnity bond. Having afforded the adverse claimant an opportunity to obtain an order or bond, the processor will not then be liable to the adverse claimant for completing the transfer.

*Comment:* Any indemnity bond should name the processor as an obligee and should run also to the issuer and co-processors, registrars or agents.

The 1994 revision of Article 8 made use of the safe harbor notice mandatory.

**1.22 Stop Transfer Demands.** A demand to stop transfer should be written or, if oral, followed by written confirmation within three business days.

*Comment:* A stop transfer notice should contain the identity of the registered owner, the issue of which the security is a part, and the address of the person making the demand. The notice is effective only if received at a time and in a manner affording the processor a reasonable opportunity to act.

## **Section 1**

### **Definitions – Common Procedures – Simplification**

Stop transfer demands may be recognized only from an appropriate person -- i.e., the registered owner, his authorized agent, a person entitled to endorse a certificate, or such other person authorized by law to act for the registered owner. The processor should consider what action, if any, should be taken with respect to stop transfer demands from others.

An issuer's stop transfer demand can be problematic because the issuer often will not be an appropriate person under Section 8-403 of the UCC and because the processor has a duty to remain neutral in any dispute between an issuer and a shareholder. Where the issuer makes a stop transfer demand, it may be appropriate, when a transfer request is made, to proceed by giving notice as under Section 8-403(b) of the UCC, thereby affording the issuer an opportunity to obtain an injunction or indemnity bond. When the demand is made in advance of a transfer request, consideration should be given to warning the issuer that an injunction may be needed to enforce the demand.

A processor receiving notice of a lost, missing, or stolen security from the registered owner or another responsible or authorized person should treat such notice as a stop transfer notice.

Some processors have elected to establish procedures which allow receipt of requests for stop transfers by telephone, fax transmission or electronic mail. In such instances, the processor should proceed with caution to insure that the person making the request is an authorized or responsible person, provides sufficient identification of the security and security holder and provides a means of communication such as a daytime telephone number where the caller can be contacted.

A processor should require written notification of the recovery of a security which previously has been reported as lost, missing, stolen or destroyed. The stop should be removed (and all co-agents and SIC notified) when requested by the person who notified the processor to place the stop, by legal or beneficial owner or when required pursuant to a court order. The processor may elect to act on notification of recovery when such notification is received by fax transmission or other electronic means. Unless presented with a copy of SEC Form X-17F-1A, processor should notify SIC of the loss or recovery.

The Securities Information Center was designated by the Securities and Exchange Commission in 1977, pursuant to Section 17(f)(1)(a) of the Securities Exchange Act of 1934, to act as a clearinghouse and data bank for missing, lost, stolen or counterfeit securities. Reporting institutions are required to report the theft (or loss, where there is substantial basis for believing that criminal activity is involved) of securities within one business day of discovery. In most cases, lost or missing securities must be reported within one business day following their having been missing for a period of two business days. Counterfeit securities must be reported within one business day of discovery. A processor is required to report losses, thefts and counterfeits if it receives notice thereof or if, in the case of loss or theft, the security was in its possession at the time of the loss or theft.

In order to comply with the SEC requirement that a loss of a certificate where criminality is involved be reported to the appropriate law

enforcement agency, processors usually forward a copy of Form X-17F-1A to the Federal Bureau of Investigation.

A processor need not notify its principal when a stop is placed on a security.

**1.23 Stop Transfer Procedure.** Pursuant to turnaround guidelines described in SEC Rule 17f-1a and Section 8-403 of the UCC,

- (a) Upon receipt of a stop transfer notice, a processor must:
  - (i) place the stop on all security owner records; and,
  - (ii) notify all co-processors and, unless the stop transfer notice is accompanied by a Form X-17F-1A, notify the Securities Information Center.
- (b) When a stopped security is presented for transfer, the processor
  - (i) may contact the person who placed the stop and request that the person provide a written release of the stop; and
  - (ii) must promptly communicate to the person who initiated the stop transfer demand and to the person who presented the security for transfer that the processor may withhold completing the transfer for a period of time (not to exceed 30 days) in order to provide the person who initiated the stop transfer demand an opportunity to obtain a court order restraining the transfer or an indemnity bond sufficient in the issuer's and processor's judgment to protect them from any loss they may suffer by refusing to register the transfer.

*Comment:* See Section 8-403 of the UCC for a discussion of the issuer's responsibility in the situations described in this Rule.

A processor must promptly notify the presenter of the securities of the existence of a stop order. If a release of the stop cannot promptly be obtained, the processor should proceed in accordance with Section 8-403(b).

When a new certificate has been issued under an indemnity bond and the certificate which previously was reported lost or stolen is presented, the processor should notify the presenter that the certificate has been replaced and is no longer outstanding on the issuer's records in order to give the presenter the opportunity to withdraw the request for transfer. If the presenter does not withdraw the transfer request, the processor should act as if a demand has been made, notify the surety and process the transfer. See Section 8-405(b) of the UCC.

Many processors request the presenter to submit a written demand for transfer which can be presented to the surety to give the surety the opportunity to satisfy the demand within the prescribed time frame.

A processor should not issue a new security in place of a lost security on an indemnity agreement from the issuer, unless a resolution or the by-laws of the issuer so permit.

**1.24 Restricted Securities.** If a security which a processor knows or has reason to believe to be restricted is presented for transfer, the processor should refer to Section 13 for Restricted Securities Guidelines.

*Comment:* Securities may be restricted for several reasons. Some are issued to employees on the condition that the employee hold the shares for a specified period of time. Others are issued in the exercise of stock options which may contain other conditions for resale.

## Section 1

### Definitions – Common Procedures – Simplification

## Section 1

### Definitions – Common Procedures – Simplification

The most common form of restriction is to restrict transfer of securities which have not been registered under the Securities Act of 1933 and have been issued with a “legend” which states that the shares may not be sold except under the conditions of the “Act”.

Rule 144 under the Securities Act of 1933, as amended, provides for the resale of such “legended” securities which have been acquired for investment by affiliates and non-affiliates of the issuer, although the requirements for each are different.

If a “no-action” letter or a statement that the security is being transferred under an exemptive rule of the Securities and Exchange Commission accompanies a restricted security presented for transfer, it should be submitted to the issuer with the request for instructions. The issuer’s instructions should include an opinion of the issuer’s counsel.

Rule 144A under the Securities Act of 1933, as amended, applies to the issuance of securities to “qualified institutional buyers”, and exempts such issuance from the registration requirements of the Securities Act of 1933. The securities acquired in a transaction to which Rule 144A is applicable are restricted securities under Rule 144.

Any person who desires to sell such securities should contact the corporate counsel for the Issuer, since any action by the processor must be taken **ONLY** at the direction of the Issuer.

*1.25 Stock or Bond Powers.* Securities transferred by detached stock or bond powers do not require a separate power for each certificate as long as one power covering any number of such certificates is physically attached to one certificate and all certificates bear a reference to the certificate to which the power is attached.

*Comment:* Under STAMP and SEMP, signature guarantors have obtained different levels of surety bond coverages, according to their financial condition. The value of the securities accompanied by a Medallion imprint, should not, in most cases, exceed the level of surety coverage obtained by the guarantor. See Appendix III.

An Attorney release imprint must be affixed to the certificate or stock power when any other person or corporation has been named as the power of attorney to transfer the security and must be signed with medallion signature guaranteed. The Medallion imprint “Power of Substitution” acts as a Substitute Power of attorney and medallion signature guarantee.

*1.26 Cash Dividend or Interest Payment Order.* An order to pay cash dividends or interest to one other than the registered security owner whether or not the registered owner is a fiduciary requires a written order for such payment to another with an acceptable medallion signature guarantee.

*Comment:* A security issued as a dividend must be registered in the name of the owner of the security in respect of which it is issued, never in the name of any person designated as a cash dividend or interest payee.

*1.27 Payment for Redeemed Securities.* Endorsement is not necessary for the registered owner to receive payment for a redeemed security (e.g., involuntary bond offerings, matured bonds). However, if the presenter is requesting that payment be made to someone other than the



registered owner, an endorsement with an acceptable medallion signature guarantee is required.

*Comment:* Redemption payment for securities registered in the name of a decedent requires endorsement by the executor or administrator (with acceptable medallion signature guarantee) and the documents required by Guideline 4.02.

**1.28 Sale of Shares.** In connection with the sale of shares under various plans or programs, transfer agents may or may not require a medallion signature guarantee. Transfer agents should be contacted directly for their specific requirements.

**1.29 Recommended Procedures for Cancelled Securities.** To protect processors and issuers from abuses associated with the unauthorized use of cancelled securities and in order to comply with SEC Rule 17Ad-19 under the Securities Exchange Act of 1934 processors should:

- (a) Establish a written procedure for the cancellation, storage, transportation and destruction of securities, which shall include:
  - (i) Establishing controlled access to any cancelled certificate facility. Controlled access should be defined as personnel specifically authorized to be in the cancelled securities area;
  - (ii) Maintaining an accurate, indexed and retrievable record of all cancelled certificates, destroyed certificates, or certificates otherwise disposed of by CUSIP and certificate number with date of cancellation (if applicable), CUSIP number, certificate number (with any prefix or suffix), registration, amount, issue date;
  - (iii) If any certificate is disposed of, maintaining a record of how it was disposed, the name and address of the party to whom it was disposed and the date of disposition;
  - (iv) Requirement that the transportation of all cancelled certificates be made in a secure manner and maintain a separate record of the CUSIP number and certificate number of each certificate in transit;
  - (v) Requirement for authorized personnel to oversee and witness the destruction of cancelled certificates. This process includes inspection of the site on which certificates will be destroyed and retention of a copy of all records related to the certificate destruction;
  - (vi) Reporting to the Securities Information Center ("SIC") any cancelled certificate that is lost, stolen, missing or counterfeit, as set forth in SEC Rule 17f-1; and
  - (vii) Ensuring that cancelled certificates are perforated or stamped over the transfer agent's signature line on the face of the certificate and clearly marked with the word "Cancelled", unless the transfer agent has procedures to destroy cancelled certificates within three business days of their cancellation.
- (b) Maintain a written agreement with all issuers regarding the retention of certificates, obligations regarding destruction of certificates and access to such certificates by government regulatory authorities upon request.

## Section 1

### Definitions – Common Procedures – Simplification

## **Section 1**

### **Definitions – Common Procedures – Simplification**

(c) Ensure, when engaging an external service for storage of cancelled securities, that the external organization is following the prescribed procedures. This should be routinely included in written agreements.

*1.30 Sale of Shares with Wire Instructions.* In the event a request for the sale of shares includes within the request an instruction to wire the sales proceeds, a medallion signature guarantee may be required and will cover the wire instruction as well as the sale request. Please note that a medallion signature guarantee does not cover a stand-alone request to wire funds or to set up wire or bank account instructions on an account, as these would be routine maintenance items.

## Section 2

### Security Description and Registration Forms

This section describes general guidelines for proper registration of securities. Transfer requirements for these types of registrations (both to and by) are outlined in Sections 3 through 12. Examples of specific forms of these registrations are contained in Appendix V.

**2.01 General Description.** Ownership of a security must be described adequately in the Registration of such security:

- (a) Nonessential information should be omitted, including:
  - (i) description intended merely to assist the owner's record-keeping and which does not affect ownership rights;
  - (ii) fillers, such as "OF", "THEM", "FOR", "MADE BY", "AN", "AS";
  - (iii) all punctuation except the apostrophe and hyphen; and
  - (iv) titles or abbreviations of courtesy, honor, rank or preference of a social, military, religious, professional, hereditary, appointive or elective nature as well as any bank or other account numbers.
- (b) Uniform abbreviations should be used.

*Comment:* In order to accommodate the shareholder, many processors include account designations, i.e. Trust account A – Account #, in the address field.

**2.02 Individual Owners.** Individual ownership should appear in the registration in the form of a given name, middle initial(s) and last name only:

- (a) Prefixes like "MR.", "MRS.", "MISS", "MS.", "DR.", etc., should not appear in the registration;
- (b) Suffixes like "Senior", "Junior", "Second", "Third", etc., should be abbreviated as follows:
 

Senior – SR	Second – II
Junior – JR	Third – III

- (c) Words not affecting ownership rights, including the following, should not appear in the registration:

Account A	His (Her) personal property
Account Number One	Reserve Account
A single man (woman)	Special or Special Account

*Comment:* Registration of a security with an initial in place of a first name causes confusion of ownership when a request for transfer of that security is endorsed in a given name.

**2.03 Multiple Owners.** Multiple ownership should appear in the registration in the following forms, with an ampersand (&) joining the owners' names:

- (a) tenants in common : "JOHN DOE & MARY DOE & SALLY DOE TEN COM";
- (b) tenants by the entireties: "JOHN DOE & MARY DOE TEN ENT";  
and
- (c) joint tenants: "JOHN DOE & MARY DOE & SALLY DOE JT TEN".

*Comment:* The conjunctive "OR" should never be used as it does not describe the ownership adequately. Phrases such as "each an undivided half interest", "husband and wife", "marital property" and the like should not appear in the registration.

## Section 2

### Security Description and Registration Forms

If a particular state permits the phrase “community property” in a registration, it should not be abbreviated. Community Property states include: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, and Wisconsin.

**2.04 Corporations, Limited Liability Companies and Partnerships.** The full corporate, limited liability company or partnership name should appear in the registration without abbreviation.

**2.05 Custodian for a Minor.** State statutes determine how a custodianship or guardianship for a minor should appear in the registration.

(a) If the Uniform Gifts to Minors Act (UGMA) applies, the usual form of registration is, “JOHN DOE CUST MARY DOE [state abbreviation] UNIF GIFT MIN ACT”;

(b) If the Uniform Transfers to Minors Act (UTMA) applies, the usual form of registration is, “JOHN DOE CUST MARY DOE [state abbreviation] UNIF TRANS MIN ACT”.

**Comment:** A number of state UTMA statutes allow the transferor at the time of establishment of the UTMA account to designate an age generally between 18 and 21, and in some states up to age 25, at which the custodianship terminates. If a transfer instruction to establish an UTMA account includes such a specific age, it is recommended that the agent confirm the state in question allows such designation and, if so, provide a notation of the age parenthetically in the registration. For example, JOHN DOE CUST MARY DOE [state abbreviation] UNIF TRANS MIN ACT (21).

The following states have variations in the form of registration under this Act: District of Columbia, Georgia, Missouri, Ohio, and Oregon.

**Comment:** In general, a registration should contain the name of only one custodian or guardian and a single minor.

The Uniform Gifts to Minors Act permits gifts of bank deposits, securities and insurance contracts only during the lifetime of the donor. The Uniform Transfers to Minors Act provides for the transfer of any kind of property, real or personal, tangible or intangible to be transferred to a custodian for the benefit of a minor and permits such transfer to be made from trusts, estates and guardianships.

The Uniform Transfers to Minors Act has been enacted in every state and U.S. jurisdiction EXCEPT the following:

Canal Zone	South Carolina
Guam	Vermont

Puerto Rico has not enacted UGMA or UTMA.

This subject is covered in detail in Section 6.

**2.06 Other Uniform Acts.**

(a) If the UCTA (Uniform Custodial Trust Act) applies, the form of registration is, “MARY DOE AS CUSTODIAL TRUSTEE FOR JOHN DOE UNDER THE [state abbreviation] UNIFORM CUSTODIAL TRUST ACT”;

(b) If the UTODA (Uniform Transfer On Death Security Registration Act) applies, the form of registration is, “JOHN DOE TOD MARY DOE SUBJECT TO STA TOD RULES”. Registration in this form

is subject to the laws of the state of residence as well as the individual authorization of the Issuer.

- (c) The UCTA has been enacted in the states set forth in the chart below. This information is based on information published as of June 27, 2005 in the Securities Transfer Guide, a publication of CCH Incorporated. For current information, please consult your legal counsel or, to the extent you subscribe to the Securities Transfer Guide or similar publication, please contact the publisher. This STA publication is published with the understanding that neither the authors nor the publisher is engaged in rendering legal advice or other professional services. The information contained in this publication is provided as a reference resource with the understanding that it does not constitute and should not be construed as legal advice. You should seek the guidance of your attorney and other advisors with regard to your individual situation. The STA disclaims any responsibility for the accuracy and completeness of the information contained herein.

## **Section 2**

### **Security Description and Registration Forms**

## Section 2

### Security Description and Registration Forms

#### The Uniform Custodial Trust Act.

<u>Jurisdiction</u>	<u>Effective</u>
Alaska*	July 5, 1994
Arizona*	August 22, 2002
Arkansas**	July 15, 1991
Colorado*	August 4, 1999
District of Columbia*	July 23, 2002
Hawaii*	May 8, 1989
Idaho*	July 1, 1989
Indiana*	July 1, 2003
Louisiana*	January 1, 1998
Massachusetts*	April 12, 1994
Minnesota*	August 1, 1990
Missouri***	August 13, 1986
Nebraska*	September 13, 1997
New Mexico*	July 1, 1992
North Carolina*	October 1, 1995
Rhode Island*	July 1, 1988
Virginia*	July 1, 1990
Wisconsin*	May 12, 1992

\* This jurisdiction has adopted all, or substantially all, of the provisions of the Uniform Custodial Trust Act.

\*\* Variations in form of registration enacted by Arkansas.

\*\*\* Adopted in Missouri as The Personal Custodian Law.

(d) For a more detailed discussion of UTODA, please see Section 12 and Appendix VIII (setting forth the states that have adopted the UTODA).

**2.07 Fiduciaries.** The proper format to register securities to a fiduciary ownership is in the following order:

- (a) **FIRST**, the name of the fiduciary (See Guidelines 2.02 and 2.04 regarding prefixes, suffixes and abbreviations);
- (b) **SECOND**, the capacity of the fiduciary, abbreviated; there are uniform abbreviations for the capacity of the fiduciary, document or agreement governing the fiduciary and words relating to the fiduciary.

The most common fiduciary capacities are:

(i)	Administrator Administratrix	ADM
(ii)	Conservator Conservatrix	CONS
(iii)	Custodian	CUST
(iv)	Committee	COMM
(v)	Executor Executrix	EX
(vi)	Guardian	GDN
(vii)	Receiver	REC
(viii)	Trustee	TR



- (c) **THIRD**, reference to the document or agreement governing the fiduciary relationship, abbreviated as follows;
- (i) **UA** (under agreement) if the document is one of the following:
    - 1. agreement, revocable or irrevocable;
    - 2. amended agreement;
    - 3. indenture or indenture and deed of trust;
    - 4. insurance agreement;
    - 5. letter of instructions;
    - 6. trust agreement;
    - 7. other written agreement; or
  - (ii) **U DEC'L TR** if a declaration of trust;
  - (iii) **U/D/T** if deed or deed of trust; or
  - (iv) **UW** (under will) if the document is:
    - 1. will; or
    - 2. codicil

## Section 2

### Security Description and Registration Forms

**EXAMPLES OF WORDS RELATING TO FIDUCIARIES:**

Ancillary	ANC
And (when joining names of fiduciaries, beneficiaries, or joint owners)	&
Article	ART
Beneficiary; for the benefit of	FBO
Chapter	CH
Clause	CL
(under) court order	UCO
Cum testamento annexo; with will annexed	CTA
Date	(example:09/25/60)
De bonis non	DBN
District	DIST
Estate; of estate of	EST
Et cetera	ETC
Executor(s)	EX
Executor(s) estate; executor(s) of estate of; executor(s) of will of	EX UW
Including; inclusive	INCL
Incompetent	Not abbreviated
Last will and testament: under last will and testament of	UW
Page	P
Paragraph; under paragraph	PAR
Public law	PL
Residuary trust	RES TR
Revised	REV
Section	SEC
Special	SPL
Trustee: substitute trustee under will of	TR UW



## Section 2

### Security Description and Registration Forms

- (d) **FOURTH**, the date of the document or agreement governing the fiduciary relationship expressed by two numerals each for the month, day and year, e.g., 09-25-60;
- (e) **FIFTH**, either:
- (i) the name of the maker (either donor or testator) in the form prescribed by Guideline 2.02; or
  - (ii) the name of the beneficiary if the name of the maker is unavailable, or the name of the beneficiary in addition to the maker's name, if descriptive matters **FIRST** through **FIFTH** are identical with another trust
- (f) **SIXTH**, if descriptive matters **FIRST** through **FIFTH** are identical with another trust, the applicable article, clause or paragraph of the instrument.

*Comment:* Where there is more than one beneficiary, the share of income to which each beneficiary is entitled should not appear in the registration. If the name of the beneficiary is used, the abbreviation "FBO" should precede the name. Under a declaration of trust, however, the names of the beneficiaries should not appear in the registration. If both a corporation and an individual act together as fiduciaries, the name of the corporate fiduciary should appear first. A trustee's name need not appear when the security owner is a chartered association or corporation, such as a college or university, charitable foundation, religious corporation or association, or a pension, profit sharing or other trust established by a corporation.

#### EXAMPLES:

JOHN DOE	ADM	EST	MARY DOE
(fiduciary)	(administrator)	(estate of)	(person deceased with a will)

JOHN DOE	EX	UW	MARY DOE
(fiduciary)	(Executor)	(under the will)	(person deceased whose will was probated.)

MARY DOE	CONS	EST	JOHN DOE
(fiduciary)	(conservator)	(estate of)	(person judged unable to handle his own affairs.)

ABC BANK CUST or TR FOR JOHN DOE IRA PLAN DATED \_\_\_\_\_  
 (fiduciary) (custodian or trustee) (beneficiary of plan) (document) (date)  
 MARY DOE GUARDIAN OF JOHN DOE  
 (fiduciary) (guardian) (person and estate) (person judged impaired)

*Comment:* A more inclusive list of abbreviations and examples of various forms of registrations, including trusts, profit sharing and pension plans as well as IRA and Keogh plans can be found in Appendix V.



## Section 2

### Security Description and Registration Forms

#### 2.08 Abbreviations of Words Relating to Fiduciaries.

ancillary	ANC
and (when joining names of fiduciaries, beneficiaries, or joint owners)	&
article	ART
beneficiary; for the benefit of	FBO
chapter	CH
clause	CL
(under) court order	UCO
cum testamento annexo; with will annexed	CTA
date	(Example: 09-25-60)
de bonis non	DBN
district	DIST
estate; of estate of	EST
et cetera	ETC
executor(s)	EX
executor(s) estate; executor(s) of estate of; executor(s) of will of; executor(s) under will of	EX UW
including; inclusive	INCL
incompetent	not abbreviated
last will and testament; under last will and testament of	UW
page	P
paragraph; under paragraph	PAR
public law	PL
residuary trust	RES TR
revised	REV
section	SEC
special	SPL
trustee: substitute	TR UW
trustee under will of	

**2.09 Life Tenants.** Life tenancies should appear in the registration in the form, "MARY DOE LIFE TEN UW JOHN DOE".

All forms of Louisiana usufructuary registrations should contain the words "usufruct", "naked" and "owner", none of which should be abbreviated.

*Comment:* The name of the "usufruct" and all of the "naked owner(s)" must appear in the registration. (Example: MARY DOE USUFRUCT JOHN DOE JAMES DOE AND SUSAN DOE NAKED OWNERS).

**2.10 Agents.** Agency should appear in the registration in the form, "RICHARD ROE AGENT FOR JOHN DOE UA DATED."

**2.11 Pension and Profit-Sharing Plans and Trusts.** Ownership by such trusts or plans should appear in the registration without abbreviation

## Section 2

### Security Description and Registration Forms

in the form, "TRUSTEES OF ABC CORPORATION PENSION (OR PROFIT-SHARING) PLAN."

*2.12 Explanatory Legends.* The following legend should appear on each certificate:

"The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations":

"The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations":

TEN COM	- as tenants in common
TEN ENT	- as tenants by the entireties
JT TEN	- as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	- ...(CUST)...Custodian...(Minor) under Uniform Gifts to Minors Act .....(State).....
UNIF CUST TRUST ACT	- ...(CUST)...Custodian...(Minor)... under Uniform Transfers to Minors Act .....(State).....
UNIF CUST TRUST ACT	- ...(CUST)...Custodian...(Adult)... under Uniform Custodial Trust Act   .....(State).....
TOD	- ...(owner)...(beneficiary)..... under Uniform TOD Registration Act Subject to Securities Transfer Association Rules.

Additional abbreviations also may be used though not in the above list.

*Comment:* If the legend is printed on the reverse side of the certificate, "see reverse for certain definitions" should be placed on the face of the certificate. If the shares are uncertificated, these abbreviations shall have the same meanings.

## GENERAL GUIDELINES

- (1) Securities transferred to a corporation should not be registered in a trade name or in the name of an officer, but should be registered in the legal name of the corporation or its nominee. An authorized representative of the corporation should establish, through a resolution or by-laws, that the registered owner is a corporation as opposed to a partnership, unincorporated association or other entity.
- (2) Securities should not be registered in the name of an association if there is reason to believe that the association is not a legal entity and has no established constitution, by-laws or other organizational document. The Guidelines governing corporations apply to transfer by those associations that are corporations.
- (3) Transfers by religious organizations require the same documentation as transfers by corporations, but where securities are registered in the name of an official of such an organization as "Corporation Sole", no documentation other than evidence of incumbency is required.

**3.01 Transfer by a Corporation.** Transfer by a corporation requires:

- (a) endorsement by authorized officer or officers in the name of the corporation with an acceptable medallion signature guarantee; and
- (b) a secretary's certificate which contains either an extract from the corporation's by-laws or a copy of a resolution of the corporation's board of directors authorizing the transfer and naming the persons, or the official capacity of the persons, with language establishing they are authorized to make the transfer on behalf of the corporation; such documents should bear a corporate seal or medallion signature guarantee; and
- (c) a certificate of incumbency evidencing that the signer holds the office referred to, if the extract of the by-laws or the resolution names the official capacity rather than the name of the person authorized to act in the name of the corporation.

**3.02 Secretary's Certificate.** A secretary's certificate, in order to be valid, must:

- (a) state that the extract of the by-laws or copy of the resolution is true and complete and in full force and effect;
- (b) be signed by the secretary or an assistant secretary (unless authority to transfer is given to the secretary or assistant secretary, in which case another officer must sign);
- (c) be under the corporate seal or state that no corporate seal exists and have the secretary's (or other signing officer's) signature medallion signature guaranteed; and
- (d) be dated within six months prior to the date of transfer.

## Section 3

### Transfers To and By Corporations, Partnerships, Associations and Other Entities

## Section 3

### Transfers To and By Corporations, Partnerships, Associations and Other Entities

**3.03 Transfer to Individual Name of Officer or Director.** If a security registered in the name of a corporation is presented for transfer to an individual who a processor/guarantor knows or has reason to believe to be an officer or director of the corporation, such transfers require a certificate by a corporate officer other than the transferee containing a copy of a resolution of the corporation's board of directors specifically authorizing such transfer.

**3.04 Transfer by Sole Officer of Corporation.** Transfer requires the documents required by Section 3.01, except that the certificate should be a certificate of a majority of the board of directors rather than of the secretary.

*Comment:* If the sole officer is also the corporation's sole director, the processor should require a written statement by an acceptable financial institution to the effect that the officer is the sole director.

**3.05 Change of Corporate Name.** If the name of a corporation changes by amendment of its certificate of incorporation or by reason of a merger or consolidation, securities registered in the old name may be transferred to the new name on the endorsement of the corporation (with acceptable medallion signature guarantee), without the additional documents required by Section 3.01, if accompanied by a certified copy of the amendment or of the merger or consolidation certificate.

*Comment:* If securities presented for transfer are registered in the name of a corporation which the processor knows or has reason to believe to have been dissolved, the processor should require documentation as outlined by the laws of the state of incorporation, endorsement by the appropriate person (identified by such documentation) with acceptable medallion signature guarantee or, where appropriate, an indemnity bond before processing the transfer.

**3.06 Transfer by Partnership.** Securities registered in a partnership name may be transferred on the endorsement of any general partner (with acceptable medallion signature guarantee).

*Comment:* Partnership securities should be endorsed with the name of the partnership along with the individual signature of the signing partner. The capacity of the signer is recommended but not required.

**EXAMPLE:** Johnson & Co by Harold J. Johnson, General Partner (with acceptable medallion signature guarantee).

A medallion signature guarantee warrants that a partnership signatory is who he or she purports to be, and that he or she is a general partner of the partnership (or other stated capacity). In the absence of notice to the contrary, a registered name appearing to be that of a partnership should be treated as that of a partnership. If for some reason, securities not registered in a name identifiable as that of a partnership are claimed to be those of a partnership, either a statement by an acceptable financial institution, to the effect that there is a partnership and that the endorser is a partner, or a certified copy of the partnership agreement, is required.

## Section 3

### Transfers To and By Corporations, Partnerships, Associations and Other Entities

Investment clubs generally are organized as partnerships, but may take the form of corporations. The processor should inquire as to the legal form of the club before acting on documents that would register securities in the name of the club and the processor should require appropriate supporting documentation.

**3.07 Transfer to Individual Name of Partner.** If a security registered in the name of a partnership is presented for transfer to an individual who a processor knows or has reason to believe to be a partner, transfer requires endorsement by a general partner other than the transferee (with acceptable medallion signature guarantee).

*Comment:* The processor may, in addition, require a statement signed by all partners, as well as an explanation of the circumstances surrounding the transfer (containing information necessary to clarify and authorize the transaction), or where appropriate, satisfactory indemnification, including an indemnity bond.

**3.08 Change of Partnership Name:** If the name of a partnership changes, securities registered in the old name may be transferred to the new name on the endorsement of the partnership (with acceptable medallion signature guarantee) if:

- (a) in the form “JONES & COMPANY, FORMERLY JONES, SMITH & COMPANY, By (signature line) J.P. Jones, General Partner”; and
- (b) accompanied by a certified copy of any change-of-name certificate required by the state in which the partnership was formed.

**3.09 Transfer by Non-Partner or where General Partners are Deceased.**

If a security registered in the name of a partnership is presented for transfer and a processor knows or has reason to believe that the endorser is not a general partner or that all general partners are deceased, transfer requires either:

- (a) A certified copy of the partnership agreement or other document or extract thereof evidencing the authority of the endorser, certified by a general partner; or
- (b) evidence of the death of all general partners, plus
  - (i) endorsement by the executor or administrator of the general partner last deceased (with acceptable medallion signature guarantee), and
  - (ii) the documents required by Rule 4.02.

**3.10 Transfer by Limited Liability Company (LLC).** Securities registered in the name of a LLC may be transferred on the endorsement of any managing member or manager (with acceptable medallion signature guarantee).

*Comment:* Securities registered to a LLC should be endorsed with the name of the LLC along with the individual signature of the signing manager or managing member. The capacity of the signer is recommended but not required.

## **Section 3**

### **Transfers To and By Corporations, Partnerships, Associations and Other Entities**

*EXAMPLE:* Smith Jones, LLC, by John R. Jones, Managing Member (with acceptable medallion signature guarantee).

*Comment:* If the transfer is endorsed by an officer of the LLC other than a manager or managing member, the LLC should provide a medallion signature guaranteed copy of an operating resolution, secretary's certificate, or LLC agreement, in which the signing officer's title is designated as an authorized officer to transfer securities on behalf of the LLC.

*EXAMPLE:* Smith Jones, LLC, by John R. Jones, Director (with acceptable medallion signature guarantee).

## Section 4

### Transfers To and By Executors and Administrators

A processor should not, knowingly, register securities in the name of a deceased person. Estate accounts should be registered indicating a personal representative. The usual form of registration is, "Jane Doe Personal Representative FBO Estate of John Doe." The Uniform Act for the Simplification of Fiduciary Security Transfers, which has been enacted by many states in the U.S., relieves the processor from the duty to inquire into the propriety of transfers by Executors and Administrators.

**4.01 Transfer from Decedent to Executor or Administrator in their Fiduciary Capacity. Transfer Requires**

- (a) court certified document naming estate representative,
- (b) an affidavit of domicile, and
- (c) an inheritance tax waiver or tax waiver stamp, if required by the applicable jurisdiction.

*Comment:* Extracts from wills and court orders are not acceptable. The entire document must be produced.

**4.02 Transfer from Decedent to a Transferee other than the Fiduciary. Transfer requires:**

- (a) endorsement by the executor or administrator with acceptable signature guarantee, and
- (b) the documents required by Rule 4.01.

**4.03 Transfer from Executor or Administrator to Third Party.**

Transfer requires endorsement by the executor or administrator with acceptable medallion signature guarantee.

*Comment:* Transfers to and by ancillary executors or administrators, CTA or DBN, are governed by the same guidelines as transfers to and by executors and administrators. Transfers to and by temporary or special administrators may be made only as authorized by a court order.

**4.04 Transfer from Decedent to Heirs or Beneficiaries under Small Estate Acts. (SEE APPENDIX VIII FOR LIST OF STATE SMALL ESTATE PROCEDURES) Transfer requires a certified copy of the death certificate, and**

- (a) either (i) court order or certificate evidencing appointment or incumbency, or (ii) Small Estate Affidavit by legal heir(s) or beneficiary(ies), and
- (b) an affidavit of domicile and inheritance tax waiver or tax waiver stamp, if required by the applicable jurisdiction, and
- (c) endorsement by estate representative or transferee with acceptable medallion signature guarantee.

**4.05 Transfer by Co-Executor or Co-Administrator.** Where two or more executors or administrators are named, the endorsements of all (with acceptable medallion signature guarantees) are necessary to transfer a security unless the relevant state statute or the will expressly permits fewer to act. If the relevant state statute and the will do not so permit and fewer than all of the named executors or administrators present a security for transfer, transfer requires:

- (a) (i) endorsement of the presenting executors or administrators (with acceptable medallion signature guarantee), and,  
(ii) satisfactory evidence of the death or incapacity of the non-endorsing executor(s) or administrator(s); or
- (b) a court order authorizing the transfer.

## Section 4

### Transfers To and By Executors and Administrators

#### *4.06 Transfer by Successor to an Executor or Administrator.*

When the appointment of an Executor or Administrator is terminated by reason of death or disability, the court may appoint a new Executor or Administrator. Some will be appointed as Executor WWA (with will annexed), Administrator CTA or DBN. Transfer requires:

- (a) Court certificate evidencing appointment or incumbency of the successor executor or administrator, and endorsement by the successor executor or administrator with acceptable medallion signature guarantee, or
- (b) a court order authorizing the transfer.

*4.07 Transfer of Security Owned by Decedent but Registered in Name of Another.* Securities owned by a decedent are frequently registered in the name of a nominee of an agent of the decedent or in “street name.” Transfer requires the documents required by Guideline 7.01.

*4.08 Transfer of Security Owned by Another but Registered in Name of Decedent.* If there is reason to believe that a security owner is deceased and a security endorsed by the security owner with acceptable medallion signature guarantee is presented for transfer after death, the security should be treated as part of the decedent’s estate. Transfer requires the documents required by Guideline 4.01 unless the processor receives;

- (a) acceptable evidence that the security was assigned and delivered for value prior to the decedent’s death; and
- (b) a release from the executor or administrator with an acceptable medallion signature guarantee.

*4.09 Transfer from Fiduciary Capacity to Individual Name of Executor or Administrator (or to Nominee).* Transfer requires endorsement by the executor or administrator with acceptable medallion signature guarantee.

*Comment:* If not covered by a simplification statute, a processor is obliged to inquire into the propriety of the transfer and may require releases signed by the beneficiary (or beneficiaries) with signature(s) medallion signature guaranteed or evidence acceptable to the processor that the transfer has been properly authorized.

*4.10 Transfer from a Closed Estate.* When securities forming part of an estate are discovered after the estate has been closed, the relevant state statute determines what must occur before a transfer may be processed.

*Comment:* A petition to reopen the estate and the reissuance of letters testamentary may be required and the transfer may require documents required by Guidelines 4.01, 4.02 or 4.03. However, a processor may request and examine the Final Order closing the estate and distributing the assets to determine if the security may be transferred in accordance with that Order.

A trust registration usually includes (i) the name(s) of the trustee(s), (ii) the name of the trust or the name of the Grantor, and (iii) the date of the trust.



## Section 5

### Transfer To and By Trustees

**5.01 Registration Without Naming Trustee.** A processor should not register securities owned by a trust in a form which does not name the trustee unless the trust is a pension or profit-sharing plan and is otherwise adequately described. The trust instrument should be identified to the processor.

**Comment:** Even registered owners of securities who transfer them under an oral trust agreement, rather than a written trust instrument, must identify by name the beneficiary and the date of the declaration before a processor may process the transfer. Securities should not, under any circumstances, be registered in the name of a trustee if no testamentary or other trust exists. If there is any doubt that a trust exists, a processor may require a certified copy of the trust instrument or written statement to the effect that there is a trust by the grantor or a responsible third party.

Medallion signature guarantee program members may place a Medallion signature guarantee imprint on the document to certify its authenticity and a Medallion signature guarantee on an endorsement certifies the trustee when endorsed in his/her capacity. Example: "John Doe, trustee", "John Doe, sole surviving trustee:", "John Doe, successor trustee".

Trustees for Individual Retirement Accounts, or IRA's, must be financial institutions qualified under the Internal Revenue Code; they cannot be individuals. Individuals may, however, act as trustees of Keogh plans. Certain brokers, may act as custodians of IRA's. Letters need to be from custodian with a medallion signature guarantee from the custodian. In such case, the shares should be registered "ABC Securities Inc. Custodian John Doe IRA Dated \_\_\_\_\_".

**5.02 Transfer to Trustee of Testamentary Trust.** Transfer requires the documents required by Guideline 4.03. Transfer from the deceased trustee of a testamentary trust to a successor trustee requires:

- (a) if the state of residence issues a court certificate appointing a successor,
  - (i) certified copy of court appointment; and
  - (ii) endorsement of successor (with acceptable medallion signature guarantee).
- (b) if the state of residence does not issue court appointments to a successor,
  - (i) certified copy of the will creating the testamentary trust; and
  - (ii) endorsement by the named successor trustee (with acceptable medallion signature guarantee).

**5.03 Transfer by Trustee to Third Person.** Transfer requires endorsement by the trustee(s) (with acceptable medallion signature guarantee).

## Section 5

### Transfer To and By Trustees

**5.04 Transfer from Decedent Claimed to Be Trustee.** When a security registered in the name of a decedent is claimed not to belong to his estate but to a trust estate for which he acted as trustee, transfer requires:

- (a) endorsement by the executor or administrator of the decedent's estate (with an acceptable medallion signature guarantee) plus the documents required by Guideline 4.03; or
- (b) a release by the executor or administrator (with an acceptable medallion signature guarantee) plus the documents required by Guideline 5.06 or 5.07.

*Comment:* In order for an asset to be included in a trust for which a deceased trustee acted, it should be listed in the inventory of assets granted to the trust by the grantor. This is frequently known as "Schedule A" and can then be certified as part of the trust instrument. In addition, the processor would require certification that the trust was not revoked during the lifetime of the "Grantor".

**5.05 Transfer from Deceased Trustee Claimed to be Beneficial Owner.** Where a security registered in the name of a decedent as trustee is claimed not to belong to a trust but to the decedent's estate, transfer requires;

- (a) endorsement by the successor trustee (with acceptable medallion signature guarantee) plus the documents required by Guideline 4.02 or 4.03; or
- (b) a release by the successor trustee plus the documents required by Guideline 4.02; or
- (c) if there is no successor trustee, a release from the beneficiary (with acceptable medallion signature guarantee) plus the documents required by Guideline 4.02; or
- (d) if the trust was revoked by the grantor during his or her lifetime, a copy of the revocation (with acceptable medallion signature guarantee); or
- (e) a court order authorizing the transfer.

**5.06 Transfer by Co-Trustee.** Where two or more trustees are named, the endorsements of all (with acceptable medallion signature guarantee) are necessary to transfer a security unless the relevant state statute or the trust instrument permits fewer to act. If the relevant state statute and the trust instrument do not so permit and fewer than all the named trustees present a security for transfer, transfer requires:

- (a) (i) endorsement by the presenting trustee(s) (with acceptable medallion signature guarantee), and
  - (ii) satisfactory evidence of the death or incapacity of the non-endorsing trustee(s); or
- (b) a court order authorizing the transfer.

**Section 5**  
**Transfer To and By**  
**Trustees**

**5.07 Transfer by Successor Trustee.** Transfer requires:

- (a) endorsement by successor trustee(s) (with acceptable medallion signature guarantee) plus a court order or court certificate naming the successor trustee; or
- (b) a court order authorizing the transfer.

**5.08 Transfer from Fiduciary Capacity to Individual Name of Trustee (or to Nominee).** Transfer requires:

- (a) endorsement by the trustee (with acceptable medallion signature guarantee); or
- (b) a court order authorizing the transfer.



## Section 6

### Transfers To and By Minors or Incompetents

There are several circumstances which create owners of securities who are adjudged to be incompetent, such as impaired capacity due to age or injury as well as mental or emotional illness. Minors are persons who have not attained the age of majority as defined in the laws of their state of residence. Legal representatives for incompetents are appointed by the court as guardian, conservator or committee. Minors may have court appointed guardians or a custodian may be created under Uniform Gift to Minors Act, Uniform Transfers to Minors Act or Uniform Custodial Trust Act. In some states, the age referred to in the state's UGMA or UTMA differs from the age of majority in that state. In such cases, the age stated in the statute governs.

In addition, as noted in Section 2 (page S2-B), a number of state UTMA statutes allow the transferor at the time of establishment of the UTMA account to designate an age generally between 18 and 21, and in some states up to age 25, at which the custodianship terminates. If an account registration includes a designated age (see example at page S2-B), this is the age at which the custodianship terminates.

**6.01 Transfer to Minor or Incompetent.** Registration of a security owned by an incompetent should refer to a committee for the incompetent. Registration of a security owned by a minor should refer to a guardian or a custodian for the minor.

*Transfer from the Name of the Minor or Incompetent to Guardian or Committee.* Transfer requires the court order or a certified copy of the instrument or extract thereof appointing the guardian or committee.

*Transfer from the name of the Minor or Incompetent to Third Person.* Transfer requires:

- (a) endorsement by the guardian or committee (with acceptable medallion signature guarantee); and
- (b) the court order or a certified copy of the instrument or extract thereof appointing the guardian or committee.

*Comment:* Most transfers to and by minors are governed by the UGMA or UTMA, if enacted in the relevant jurisdiction, under which securities transferred to minors are registered in the name of a custodian for the minor. However, the UGMA and UTMA do not apply to all transfers to minors. For example, transfers to minors for value would not be governed by the UGMA, nor would transfers by a court appointed guardian. Securities should not be registered without reference to a guardian or custodian.

A parent may not transfer securities registered in the name of his or her minor child unless he or she is legally appointed guardian or furnishes satisfactory indemnification to the processor.

**6.02 Transfer to Guardian or Committee by Third Person.** Transfer requires:

- (a) endorsement by the third person (with acceptable medallion signature guarantee); and

## Section 6

### Transfers To and By Minors or Incompetents

(b) the court order or a certified copy of the instrument or extract thereof appointing the guardian or committee.

**6.03 Transfer by a Guardian or Committee to Third Person.** Transfer requires endorsement by the guardian or committee (with acceptable medallion signature guarantee).

**6.04 Transfer by Guardian or Committee to Incompetent whose Disability has ended.** Transfer requires endorsement by the guardian or committee (with acceptable medallion signature guarantee) plus evidence that the incompetent has been adjudicated competent.

**6.05 Transfer of Securities by the Custodian of a Minor who has not reached his or her Majority, to a Third Person or to the Individual Name of the Custodian.** Transfer requires endorsement of the custodian (with acceptable medallion signature guarantee).

*Comment:* Since a Donor of a gift under a UGMA often is not aware that such a gift is complete and irrevocable, some processors require a certification that the proceeds from the sale or transfer go to the benefit of the Minor.

**6.06 Transfer of Securities to a Former Minor who has Reached the age specified in the Designated UGMA/UTMA.** Transfer requires:

- (a) endorsement by the custodian or former minor (with acceptable medallion signature guarantee); and
- (b) a certified copy of the birth certificate of the former minor or other satisfactory evidence showing that the former minor has reached the age specified by the governing statute, or the age designated in the registration (see Comment on page S6-A).

*Comment:* Although some processors will transfer securities from a custodian registration to the individual name of the former minor without requiring evidence that they have reached the age specified by the governing statute, the interest of the former minor is better protected by requiring such evidence. Since the age specified by the UGMA/UTMA varies from state to state, reference should be made to the statute of the state named in the registration of the Security or, as applicable, the age designated in the registration.

**6.07 Transfer to Executor or Administrator of Deceased Minor or Incompetent.** Transfer requires:

- (a) evidence of appointment or incumbency of the minor's or the incompetent's executor or administrator, and
- (b) affidavit of domicile and inheritance tax waiver or tax waiver stamp, if required by the applicable jurisdiction.

**6.08 Deceased Guardian or Committee.** Transfer to a third person requires:

- (a) endorsement by the successor guardian or committee (with acceptable medallion signature guarantee); and
- (b) the court order or a certified copy of the instrument or extract thereof appointing the successor guardian or committee.

## Section 6

### Transfers To and By Minors or Incompetents

*Comment:* When securities are registered to a minor under UGMA or UTMA and the custodian is deceased, transfer can be made to a successor custodian selected by the Minor if he or she has attained the age of 14 years (In Connecticut, the age is 12 years. In Delaware, Texas and Vermont some form of petition is made to the Court to approve the designated successor.). If the minor has not attained the age of 14 years, transfer requires a court appointed guardian.

**6.09 Transfer by Joint Guardians or Members of Committee.** Where two or more guardians or members of a committee are appointed, transfer requires the endorsement of all of the named guardians or members of a committee (with acceptable medallion signature guarantee) unless the governing statute or the instrument or court order creating the guardianship or committee permits fewer to act. If the governing state statute and the court order do not so permit and fewer than all guardians or members of a committee present a security for transfer, transfer requires:

- (a) (i) endorsement of the presenting guardians or members of a committee (with acceptable medallion signature guarantee), and
- (ii) satisfactory evidence of the death or incapacity of the non-endorsing guardian(s) or committee member(s); or
- (b) a court order authorizing the transfer.

**6.10 Transfer from Fiduciary Capacity to Individual Name of Guardian or Committee (or to Nominee).** Transfer requires:

- (a) endorsement by the guardian or committee (with acceptable medallion signature guarantee); or
- (b) a court order authorizing the transfer.





## Section 7

### Transfers To and By Nominees

A “Nominee” is a Fiduciary that is ‘nominated’ or appointed to represent others. Banks, Brokers, Securities Dealers and Trust Companies routinely establish Nominees (which are partnerships) to represent the beneficial owners of their customers securities and hold securities in Nominee names in order to facilitate delivery when shares are bought and sold.

The most prominent Nominee is that of the major depository: Cede & Co as Nominee for the Depository Trust Company.

The exercise of security owner rights, such as the capacity to vote, give proxies, etc., is only at the direction of the beneficial owners. A nominee, though a fiduciary, has no discretion to deal with securities registered in its name. It must act solely on the direction of its principal and may not act until its principal so directs.

The nominee arrangements described above are usually referred to as “Street Name” nominees. However, it must be kept in mind that there are also individual Nominees. Since a processor will usually have no knowledge of the existence of such Nominee arrangements, transfers are typically treated as transfers out of the name of an individual.

*7.01 Transfer by Nominee.* Transfer requires;

- (a) if covered by a simplification statute, endorsement by the nominee (with acceptable medallion signature guarantee); or
- (b) if not covered by a simplification statute, endorsement by the nominee (with acceptable medallion signature guarantee) plus a certified copy of the instrument appointing the nominee.

*7.02 Transfer to Nominee by Fiduciary.* Transfer requires;

- (a) if covered by a simplification statute, endorsement by the fiduciary (with acceptable medallion signature guarantee); or
- (b) if not covered by a simplification statute, endorsement by the fiduciary (with acceptable medallion signature guarantee) plus,
  - (i) the relevant state statute or the controlling instrument must permit the transfer, and
  - (ii) the fiduciary must obtain an opinion of counsel licensed in the jurisdiction of the situs of the fiduciary relationship that such a transfer is lawful.

*Comment:* Transfers by non-fiduciaries do not require special documentation. For example, a transfer to the nominee of a partnership requires no more than a general partner’s endorsement in the name of the partnership.

*7.03 Deceased Individual Nominee.* Transfers require the documents required by Guideline 4.02 or 4.03.



The filing of a petition in bankruptcy by a person or corporation (referred to as a “debtor”) creates an estate that is administered for the benefit of creditors of the debtor. Under federal law, a trustee may be appointed by the bankruptcy court as a fiduciary for the estate and will generally have the authority to transfer or dispose of assets in the estate. Alternatively, the debtor may remain in possession and limited control of the bankrupt estate in the capacity of a “debtor in possession.” A trustee or debtor in possession may not ordinarily transfer assets from the bankrupt estate without the permission of the bankruptcy court (except to the extent that such transfers are in the ordinary course of the debtor’s business). In addition, under the laws of various states, a receiver or assignee for the benefit of creditors (collectively, a “receiver”) may be appointed by a court and given control over certain assets of a debtor. The power or ability of a receiver should be covered by the court order appointing the receiver. Transfers of securities to or by a trustee appointed under the Securities Investors Protection Act (“SIPA”) are also governed by the Guidelines contained in this Section.

Consequently, a transfer agent must not transfer a security registered in the name of the debtor without assurances that:

- (a) the transfer is authorized by the court supervising the bankruptcy or other proceeding; or
- (b) the security does not constitute an asset belonging to the estate of the debtor; or
- (c) the transfer is in the ordinary course of the debtor’s business and the debtor is authorized to operate its business (i.e., a debtor in possession).

**8.01 Transfers by Trustee or Receiver.** If a trustee or receiver has been appointed, a transfer by the trustee or receiver (whether to a third party or into the name of the trustee or receiver) requires:

- (a) the security endorsed by the trustee or receiver (with acceptable medallion signature guarantee); and
- (b) the court order appointing the trustee or receiver or a court order authorizing the trustee or receiver to transfer securities of the debtor.

**8.02 Transfers by Debtor.** If the transfer agent knows or has reason to believe that a registered owner has filed for protection in bankruptcy and a security endorsed by that registered owner is presented for transfer, the security should be treated as part of the bankruptcy estate. In the first instance, the transfer agent should determine whether a trustee has been appointed for the debtor’s estate; and, if a trustee has been appointed, the transfer should only be effected in compliance with Section 8.01. If the court has not appointed a trustee but has allowed the debtor to remain in possession of the bankruptcy estate, a transfer by the debtor in possession requires:

## **Section 8**

### **Transfers To and By Trustees, Debtors in Possession, Receivers, Assignees for the Benefit of Creditors and SIPA Trustees In Bankruptcy**

## **Section 8**

### **Transfers To and By Receivers and Trustees in Bankruptcy**

- (a) the security endorsed by the debtor in possession (with an acceptable medallion signature guarantee); and
- (b) court order(s) authorizing the debtor to operate its business or affairs (as a debtor in possession) and authorizing the debtor to transfer securities.

**8.03. Emergence From Bankruptcy:** When a registered owner emerges from bankruptcy, a transfer agent who has previously been advised of the bankruptcy may process a transfer when presented with the following:

- (a) the security endorsed by the registered owner (with an acceptable medallion signature guarantee);
- (b) a certified copy of a court order confirming the plan of reorganization or the dismissal of the case and discharge of the debtor; and
- (c) a statement by the registered owner (with an acceptable medallion signature guarantee) that the plan or a court order does not limit or prohibit the registered owner from transferring the security being presented.

## Section 9

### Transfers To and By Agents and Attorneys-In-Fact

**9.01 Transfer to Agent or Attorney-in-Fact.** Transfer requires:

- (a) endorsement by the principal (with acceptable medallion signature guarantee); or
- (b) (i) endorsement by the agent or attorney (with acceptable medallion signature guarantee);
- (ii) a certified copy of the instrument creating the agency or of the power of attorney, containing language permitting the agent or attorney to so act; and
- (iii) a statement by an acceptable financial institution stating that the power of attorney or agency agreement is in full force and effect and that the principal is still alive.

**Comment:** A power of attorney creates an agency relationship between the principal and the attorney-in-fact. For registration format see Guideline 2.10. The certification that the maker of the power of attorney is still alive is necessary since the power of attorney is automatically revoked by death.

For a processor whose Standards require eligible guarantor institutions to participate in a Medallion signature guarantee program, the medallion signature guarantee imprint on the Agency Agreement or Power of Attorney certifies that the document is a true copy, in full force and effect and that the Principal is alive. (See Guideline 1.13)

**9.02 Revocation of Agency.** If the processor receives notification from the principal that the agency agreement or power of attorney has been revoked, stop transfer restrictions should be placed on any account in the name of the agent or attorney reflecting that capacity.

**Practice Commentary:** As a practical matter, if the agency agreement or power of attorney has been revoked, instructions from the principal directly may be accepted and acted upon but the processor should no longer accept instructions from the agent or attorney-in-fact.

**9.03 Transfer by Agent or Attorney-in-Fact to Third Party.** Transfer requires:

- (a) endorsement by the agent or attorney (with acceptable medallion signature guarantee);
- (b) a certified copy of the instrument or extract thereof, or of the power of attorney, containing language authorizing the agent or attorney to so act; and
- (c) a statement by an acceptable financial institution stating that the power of attorney or agency agreement is in full force and effect and that the principal is still alive.

**Comment:** Transfers by an agent or attorney-in-fact acting for a court appointed fiduciary should not be accepted, since such fiduciaries generally may not lawfully delegate their duties.

**Practice Commentary:** Where available, it is preferable to obtain a certified copy of the entire instrument (authorizing the agent or attorney-in-fact to act) rather than an extract. Laws vary from state to state, in general,

## Section 9

### Transfers To and By Agents and Attorneys-In-Fact

a fiduciary may delegate ministerial acts (to an agent or attorney-in-fact) but not substantive acts. A transfer by an agent or attorney-in-fact to carry out the specific terms of the instrument (that creates the fiduciary duty) may be acceptable.

**9.04 Deceased Principal.** If a processor knows or has reason to believe that a designated principal is deceased and a security endorsed by an agent is presented for transfer after the principal's death, the security should be treated as part of the principal's estate. Transfer requires the documents required by Guideline 4.02.

*Comment:* An agent for a deceased principal may never transfer securities to a third person, since an agency terminates with the principal's death.

*Practice Commentary:* If the principal is deceased, any request for transfer should be automatically refused, the security should be retained by the processor and the principal's estate, executor or personal representative or next of kin contacted.

**9.05 Transfer by Agent to Individual Name of Agent.** In addition to endorsement by the agent (with acceptable medallion signature guarantee), transfer requires:

- (a) a certified copy of the Power of Attorney or instrument creating the agency with language that specifically authorizes the transfer; or
- (b) a release signed by the principal (with acceptable medallion signature guarantee); or
- (c) acceptable evidence that the security was purchased for value; or
- (d) a court order authorizing the transfer.

*Practice Commentary:* Requests for a transfer by an agent or attorney-in-fact to the individual name of the agent or attorney-in-fact should always be suspect. In this situation it is important to obtain a certified copy of the entire instrument (authorizing the agent or attorney-in-fact to act) rather than an extract. There should be clear and explicit authority by the principal to the agent or attorney-in-fact to effect a transfer to the individual name of the agent or attorney-in-fact.

## Section 10

### Transfers To and By Multiple Owners

There are two types of tenancy ownership common to the registration of securities in the names of multiple owners. The most common is joint tenants with rights of survivorship. This means that each tenant has the right of survivorship to own 100% of the security.

The other type of multiple ownership is Tenants in Common. Each Tenant in Common owns a percentage of the shares. i.e. each of two tenants owns 50% of the shares, each of three tenants owns 33 and 1/3% of the shares, etc.

For example: If two or more people hold shares registered as joint tenants with right of survivorship and one of the tenants dies, the surviving tenant(s) owns 100 % of the shares. For the processor, that means that the shares can be transferred to the surviving tenant or tenants upon presentation of the share certificate with an endorsement or endorsements by the surviving tenant or tenants, affidavit of domicile (and any inheritance tax waiver which may be required) and the death certificate of the decedent tenant.

When shares are registered Tenants in Common, the representative of a deceased Tenant's estate must act to transfer the shares. There are two less frequent types of multiple ownership: Tenancies by the Entireties and Community Property. Tenancies by the Entireties are in most ways similar to Joint Tenancies, except that Tenants by the Entireties can only be spouses. Community Property ownership is required by States that have adopted community property laws for securities owned by husband and wife.

**10.01 Designation of Tenancy.** The registration of a security in the names of two or more owners must designate the type of tenancy.

*Comment:* Although a corporation or other entity (such as a partnership) other than an individual may be a tenant in common, it cannot be a joint tenant. Accordingly, a request for the registration of securities with a corporation or other such entity as a joint tenant should be refused. However a Custodianship under a Uniform Gifts to Minors Act or a Uniform Transfers to Minors Act may be a Joint Tenant.

Although the joint tenant form of multiple ownership is by far the most common, if a processor receives a request to register a security in multiple names, but no instruction is provided regarding the type of tenancy, the processor should request that the presenter specify the tenancy desired.

No security should be registered in the form \_\_\_\_\_ and/or \_\_\_\_\_ because the processor will not know what type of tenancy is intended.

*Practice Commentary:* The type of tenancy must be indicated with specificity (because presumptions vary from state to state). In New York, for non-spouses, Joint Tenancies must be expressly indicated otherwise it is a Tenancy-in-Common; between husband and wife a Joint Tenancy must also be expressly indicated otherwise it is a Tenancy-by-the-Entirety. Joint tenancies may be created between non-spouses for convenience (presumption is one-half, called a moiety, is owned by two joint tenants absent evidence to the contrary). For joint tenancies, the words "with

## Section 10

### Transfers To and By Multiple Owners

right of survivorship” are presumed included in the title and the surviving joint tenant(s) is entitled to the property. Tenancies by the Entirety may only be created between spouses (that is husband and wife); if both spouses are alive, any transfer requires the signatures and consents of both spouses (because both spouses are entitled to one-half).

Any requested transfer on the death of a tenant or tenants may be effected by the surviving tenant or tenants upon presentation of the share certificate with an endorsement or endorsements by the surviving tenant or tenants, affidavit of debts and domicile (and any inheritance tax waiver which may be required) and the death certificate of the decedent tenant; any Affidavit of Debts and Domicile must be signed in the presence of a Notary Public by the executor, personal representative or court appointed administrator of deceased tenant’s estate together with proof of the court appointment (e.g., Letters Testamentary or Probate Certificate) and a certified Death Certificate.

*10.02 Transfer by Joint Tenants.* If all joint tenants are alive transfer requires endorsement by all joint tenants (with acceptable signature guarantee) even where one or more joint tenants are the transferees.

*Practice Commentary:* Especially for tenancies by the entirety between spouses (that is husband and wife), it is important to distinguish between joint tenancies, tenancies-in-common, tenancies-by-the-entirety AND Transfer-on-Death (TOD) designations. Some states, including New York, recognize the TOD registration of securities (for example: Mary Marshall TOD John Smith). If the registration is a TOD designation and the owner is alive, then only the owner’s endorsement is required to effect the transfer, the endorsement of the TOD payee is not required. The TOD registration may be preferable to both joint tenancy and tenancy-by-the-entirety to carry out a survivorship transfer on death. (See Section 12 herein).

*10.03 Deceased Joint Tenant.* Transfer to surviving tenant(s) requires:

- (a) evidence of death of the deceased joint tenant(s); and
- (b) affidavit of domicile and inheritance tax waiver if required.

Transfer to surviving tenant or tenants or to surviving tenant(s) and third person (creating a new joint tenancy) the above documents plus requires an endorsement(s) by all surviving joint tenants (with acceptable signature guarantee(s)).

*Comment:* Where a surviving joint tenant is also the deceased joint tenant’s spouse, inheritance tax waivers may not be necessary in many states, as may also be the case with a transfer to a surviving tenant by the entireties. The processor should require sufficient evidence that the person to whom securities are to be transferred was married to the deceased joint tenant at the time of his or her death, and that inheritance tax waivers are not required in the particular state.

*Practice Commentary:* Affidavit of Debts and Domicile must be signed in the presence of a Notary Public by the executor, personal representative or Court appointed administrator of deceased tenant’s



## Section 10

### Transfers To and By Multiple Owners

estate together with proof of the Court appointment (e.g., Letters Testamentary or Probate Certificate) and a certified Death Certificate.

**10.04 Last Deceased Joint Tenant.** Transfer to a third person requires:

- (a) evidence of death of all joint tenants;
- (b) endorsement by the executor or administrator of the last deceased joint tenant (with acceptable signature guarantee); and
- (c) the documents required by Rule 4.02 and 4.03.

*Comment:* When a joint tenant dies, his or her interest in the property passes to the surviving joint tenants, not to his or her heirs (unlike tenancies in common, where a tenant's interest in property passes to his or her heirs on his or her death, creating a new tenancy in common between those heirs and the surviving original tenants in common). At the death of the last surviving joint tenant, all of the interest in the property passes to that tenant's heirs. Thus, any transfer by a joint tenant's executor or administrator cannot be processed without evidence that all other joint tenants predeceased the decedent.

*Practice Commentary:* Documents required should include a copy of the last deceased joint tenant's will (with dispositive provisions) or proof that the last deceased joint tenant died intestate (without a will) together with evidence of intestate heirs to determine who is entitled to property. Affidavit of Debts and Domicile should be obtained and must be signed in the presence of a Notary Public by the executor, personal representative or court appointed administrator of last deceased joint tenant's estate together with proof of the court appointment (e.g., Letters Testamentary or Probate Certificate) and a certified Death Certificate.

**10.05 Transfer by Tenants by the Entireties.** If both tenants are alive, transfer requires the endorsement (with acceptable signature guarantee) of both tenants, even where one spouse is the transferee. Some states recognize tenants by entireties.

*Comment:* In states which permit personal property to be registered as tenants by the entireties, only a husband and wife may be tenants by the entireties. A processor should be aware that if the husband and wife divorce, the tenancy is automatically converted to tenants in common. Some states recognize Community Property rights of joint owners who are married.

**10.06 Deceased Tenant by the Entireties.** Transfer to the surviving tenant by the entireties or to a third person requires:

- (a) endorsement by the survivor (with acceptable signature guarantee);
- (b) evidence of the death of the deceased tenant; and
- (c) affidavit of domicile and inheritance tax waiver if required.

*Comment:* See Comment following Rule 10.03.

When a tenant by the entireties dies, his or her interest in the property passes to the surviving tenant, not to his or her heirs.

*Practice Commentary:* Affidavit of Debts and Domicile must be signed in the presence of a Notary Public by the executor, personal representative or court appointed administrator of deceased tenant by the

## Section 10

### Transfers To and By Multiple Owners

entirety's estate together with proof of the court appointment (e.g., Letters Testamentary or Probate Certificate) and a certified Death Certificate. Most states conform to the Federal Unlimited Marital Deduction from estate taxes on the death of the first spouse to die, accordingly, an inheritance tax waiver will not be necessary.

**10.07 Both Deceased Tenants by the Entireties.** Transfer to a third person requires:

- (a) evidence of death of all tenants;
- (b) endorsement by the executor or administrator of the last deceased tenant (with acceptable signature guarantee); and
- (c) the documents required by Rule 4.02 and 4.03.

**Comment:** At the death of the last tenant, all of the interest in the property passes to that tenant's heir(s). Thus, any transfer by a tenant's executor or administrator cannot be processed without evidence that the other tenant predeceased the decedent.

If the processor knows or has reason to believe that the tenants were no longer married, specific assurance as to the marital status should be requested since, if the marriage no longer exists, the tenancy by the entireties may have by law become a tenancy in common.

**Practice Commentary:** Documents required should include a copy of the last deceased tenant's will (with dispositive provisions) or proof that the last deceased tenant died intestate (without a will) together with evidence of intestate heirs to determine who is entitled to property.

Affidavit of Debts and Domicile should be obtained and must be signed in the presence of a Notary Public by the executor, personal representative or court appointed administrator of last deceased tenant's estate together with proof of the court appointment (e.g., Letters Testamentary or Probate Certificate) and a certified Death Certificates for both tenants.

**10.08 Transfer by Tenants in Common.** Where all tenants in common are alive, transfer to a third person requires endorsement by all tenants in common (with acceptable signature guarantees).

**10.09 Deceased Tenant in Common.** Transfer of the interest of the deceased tenant in common requires:

- (a) the endorsement of the administrator of the deceased joint tenant;
- (b) affidavit of domicile and/or inheritance tax waiver.

**Comment:** The interest of a tenant in common in property passes to his or her heirs on his or her death, creating a new tenancy in common between those heirs and the surviving original tenants in common.

**Practice Commentary:** Affidavit of Debts and Domicile must be signed in the presence of a Notary Public by the executor, personal representative or court appointed administrator of deceased tenant's estate together with proof of the court appointment (e.g., Letters Testamentary or Probate Certificate) and a certified Death Certificate.

## Section 11

### Transfers To and By Life Tenants

A “Life Tenant” is a person who is given the “right” to use property during their lifetime where the ownership is vested in another.

For example: A husband wants to provide for his wife during her lifetime, and still bequeath his property to his son or daughter. He could create a life tenancy under his will and “give the right” to his wife to “use” the family home, certain income producing properties, etc. Upon her death, the property would pass to the “remaindermen”, his children in accordance with his will.

Life tenancies, although they are created infrequently, cause a disproportionate amount of problems. Since they are created for a lifetime of a person, who may be a young child, at the time of death of that person which may occur decades later, it may be impossible to locate the document which created the tenancy and names the remainderman. Even if the document creating the life tenancy was a will, it may be difficult and expensive to obtain a copy of the will, and to determine the remainderman or the heirs of a deceased remainderman.

*11.01 Transfer to Life Tenant.* Transfer requires:

- (a) endorsement by either the creator of the life tenancy or the executor or administrator of the will creating the life tenancy (with acceptable signature guarantee);
- (b) the documents required by Rule 4.02 in the case of a transfer by an executor or administrator; and
- (c) a certified copy of the will or other instrument creating the life tenancy.

*Comment:* The registration should refer to the will or other instrument or agreement creating the life tenancy. The most common situation is “Mary Smith Life Tenant under the will of John Smith”.

If the life tenancy is created by a document other than a will, examples would be, “Mary Smith Life Tenant under deed dated \_\_\_ John Smith” or “Mary Smith Life Tenant under declaration of trust dated \_\_\_ John Smith”.

*Practice Commentary:* A legal Life Tenancy is a difficult designation and caution is advised. A legal Life Tenancy is like a Trust without being an expressed trust, recognition may depend on state law. Documents required (where life tenancy created by will or intestacy) should include court certified Letters Testamentary or Letters of Administration dated within six months of presentation. The registration should refer to the will or other instrument or agreement creating the life tenancy. For example: “Mary Smith Life Tenant under the will of John Smith, dated \_\_\_\_\_ (deceased on \_\_\_\_\_).”

*11.02 Transfer by Life Tenant to Person Other than Remainderman.* Transfer is not advisable.

*Practice Commentary:* Caution is advised, a transfer by the Life Tenant is very problematic. It is tantamount to breaking a trust. This requires close analysis of the document creating the Life Tenancy. The Life Tenant may not have the authority under the document creating the Life Tenancy to effect the transfer. The processor may have exposure for transferee liability.

## Section 11

### Transfers To and By Life Tenants

**11.03 Transfer by Life Tenant to Remainderman.** Transfer is not advisable.

*Practice Commentary:* Caution is advised, a transfer by the life tenant is very problematic. It is tantamount to breaking a trust. This requires close analysis of the document creating the Life Tenancy. The Life Tenant may not have the authority under the document creating the Life Tenancy to effect the transfer. The processor may have exposure for transferee liability.

**11.04 Deceased Life Tenant.** Transfer to the remainderman requires:

- (a) a certified copy of the will or other instrument creating the life tenancy and naming the remainderman; and
- (b) evidence of the death of the life tenant.

*Comment:* If a remainderman is deceased at the time of transfer, reference to the will or other instrument creating the life tenancy is necessary for direction.

A similar "right to use" is created under Louisiana small estates law.

A Processor should rely on the "Judgement of Possession" which is issued by the court and names the persons entitled to the succession of the deceased. In instances where a husband passes away, and the wife and children are the survivors, certain property passes to the wife directly and certain other property may pass to the wife as Usufructuary (which entitles her to use the property during her lifetime) with the children named as "Naked Owners".

The proper form of registration is " \_\_\_\_\_  
Usufruct \_\_\_\_\_ Naked Owner(s)" (No abbreviation of "Usufruct" "Naked" or "Owner" is permitted).

*Practice Commentary:* Evidence of death should be a certified Death Certificate. Any Judgement of Possession should be by court certified copy. States may vary on the recognition of a "Usufruct."

**11.05 Louisiana Resident Small Estate.** Transfer from decedent requires:

- (a) evidence of death of registered owner;
- (b) certified copy of the Judgement of Possession; plus
- (c) endorsement of all of the heirs named in the "Judgement" (with acceptable signature guarantee).

**11.06 Deceased Usufruct.** Transfer to remainderman requires:

- (a) evidence of death of the Usufruct; and
- (b) endorsement of the remainderman (with acceptable signature guarantee).

*Practice Commentary:* Evidence of death should be a certified Death Certificate.

## Section 12

### Transfer On Death STA TOD Rules

The law authorizing TOD registration may be the Uniform TOD Security Registration Act (the “UTODA”) or a similar law. Under the UTODA, securities processors, in their discretion, may determine whether they wish to offer TOD registration and adopt rules in accordance with which they will accept TOD registration. The Rules contained in this Section have been developed for use by those securities processors which determine to offer TOD registrations.

**NOTE:** Securities Processors (issuers and transfer agents) are not compelled to offer TOD registrations if they elect not to.

These Rules will govern the acceptance and implementation of TOD registrations, except to the extent altered, modified or supplemented by the issuer or the transfer agent.

**12.01 Authorization for Transfer on Death.** Registration in TOD form must be authorized by the law of the state of any one of the following:

- (a) state where the issuer is organized (incorporated); or
- (b) state where the processor is organized (incorporated); or
- (c) state where the issuer’s principal office is located; or
- (d) state where the processor’s principal office is located; or
- (e) state where the processor’s office making the registration is located; or
- (f) state listed as the owner’s address at the time of registration.

**Practice Commentary:** An issuer or a transfer agent can determine to offer TOD registrations to all shareholders, regardless of whether the state of residence of such shareholder has adopted UTODA, if (1) the issuer’s state of organization or state where its principal office is located has adopted UTODA, or (2) the transfer agent’s state of organization, state where its principal office is located, or state where the office making the registration is located, is a state that has adopted UTODA. In New York, the effective date of the new EPTL (Estates Powers and Trust Law) Article 13-4 is January 1, 2006, and applies to registrations of securities in beneficiary form made before or after January 1, 2007, by decedents dying on or after January 1, 2007.

**12.02 Registration in TOD Form.** Any security owner may request registration in TOD form. Registration in TOD form requires:

- (a) endorsement of the security owner (with acceptable signature medallion signature guarantee); and
- (b) instructions designating the TOD beneficiary.

**Comment:** The owner of a security registered in TOD form must be a natural person or natural persons holding the security as joint owners with the right to survivorship (i.e., joint tenants or tenants by the entireties). TOD registrations by non-natural persons are not permitted since such owners have perpetual existence.

Registration in TOD form shall be indicated by the abbreviation “TOD”. The designation “POD” or the words “payable on death” shall not be used.

The designation JT TEN (Joint Tenants with rights of survivorship) or TEN ENT (Tenants by the Entireties), if applicable, must be included in the registration. If a request for TOD registration in joint ownership does not specify the nature of the ownership, the processor shall use the JT TEN designation. The designation TEN COM (Tenants in Common) or

## Section 12

### Transfer On Death STA TOD Rules

a designation in any form of Community Property is not permitted since such tenancies lack the right of survivorship (except in California, see Appendix AV-1).

TOD registrations shall be concluded by the phrase: SUBJECT TO STA TOD RULES.”

*Examples:* “John Doe TOD Jane Smith SUBJECT TO STA TOD RULES”. “William Brown & Robert Jones JT TEN TOD James Walker SUBJECT TO STA TOD RULES”, “John Smith TOD Mary Green CUST Robert Green Unif Trans Min Act FL SUBJECT TO STA TOD RULES”. “Andrew Mason TOD Williams College Alumni Fund SUBJECT TO STA TOD RULES”.

*Practice Commentary:* In New York, under the new EPTL Article 13-4, the words “transfer on death” may be spelled out in the registration; registration may also be indicated by the abbreviation TOD. Any request for a TOD registration should be acted upon in good faith unless the processor receives written notice from a claimant, prior to effecting any re-registration, objecting to the TOD designation.

**12.03 Permitted TOD Beneficiaries.** The following govern TOD beneficiaries:

- (a) The beneficiary of a TOD registration may be an individual or other entity.
- (b) Only one beneficiary per registration may be designated by the security owner.
- (c) No designation such as Lineal Descendants (LD) or Lineal Descendants Per Stirpes (LDPS) will be permitted.

*Comment:* Individuals, trusts, guardianships, corporations and other entities may be TOD beneficiaries. Custodians under The Uniform Transfers to Minors Act are permitted to be TOD beneficiaries, but Custodians under The Uniform Gifts to Minors Act are not permitted beneficiaries because the Uniform Gifts to Minors Act applies only to gifts made during the lifetime of the donor.

*Practice Commentary:* In New York, the new EPTL Article 13-4 limits access to TOD registration: “only to individuals whose registration of security shows sole ownership by one individual or multiple ownership by two or more with right of survivorship, rather than as tenants-in-common, may obtain registration in beneficiary form. Multiple owners of a security registered in beneficiary form hold as joint tenants with right of survivorship, as tenants by the entireties or as owners of community property held in survivorship form, and not as tenants in common.”

**12.04 Change or Revocation of TOD Registration.** Change or revocation requires:

- (a) endorsement by the owner(s) (with acceptable medallion signature guarantee); and
- (b) instruction indicating either a new form of registration or designating a new TOD beneficiary.

*Comment:* A TOD registration may be changed or revoked only by presentation of the security in proper form for transfer, accompanied by clear instruction to the processor, and will be effective only upon the processor’s re-registration of the security in accordance with the owner’s instructions. A TOD registration may not be changed or revoked by will,

## Section 12

### Transfer On Death STA TOD Rules

by codicil, by telephone conversation or other communication, written or oral. Until the security owner dies, the TOD beneficiary has no rights in or with respect to the security; thus, neither the beneficiary's signature nor consent is required in connection with a transfer while the owner is alive.

*Practice Commentary:* The TOD registration is similar to a "Totten Trust" also known as a "poor man's will" and will, generally, not be affected by the terms of the security owner's Will or any probate proceeding with respect to the security owner's other assets. However, the TOD registration will not defeat the rights of the creditors of the security owner nor the Right of Election of the surviving spouse of the security owner nor any federal or state estate tax liability due from the security owner's estate. State law may vary, but any TOD designation to a spouse may be automatically revoked upon the dissolution of the marriage absent an expressed instrument to the contrary.

Any notice received by the processor that the TOD beneficiary intends to Renounce or Disclaim the TOD designation should be signed by the TOD Beneficiary in the presence of a Notary Public and dated within nine months of the original request of the security owner to effect the TOD registration; if timely, the processor should re-register the security in the owner's individual name.

**12.05 Deceased Co-Owner.** On the death of a co-owner (joint tenant or tenant-by-the entirety) of a security registered in TOD form transfer requires:

- (a) endorsement by all surviving co-owners (with acceptable medallion signature guarantee);
- (b) evidence of the death of the deceased co-owner;
- (c) affidavit of domicile of the deceased co-owner and any inheritance tax waivers required; and
- (d) instructions indicating the new registration, with or without designating a TOD beneficiary.

*Comment:* Evidence of death can be either a certified copy of the death certificate or a certified copy of a probate certificate indicating the date of death.

The instructions could direct the re-registration of the security into any valid name(s) including the name of the surviving co-owner(s) without designating a TOD beneficiary.

*Practice Commentary:* Affidavit of Debts and Domicile should be obtained and must be signed in the presence of a Notary Public by the executor, personal representative or court appointed administrator of deceased co-owner's estate together with proof of the court appointment (e.g., Letters Testamentary or Probate Certificate) and a certified Death Certificate for deceased co-owner. The instructions for the new registration should be in writing from the surviving co-owner. The surviving co-owner has the ability to continue, change or remove altogether the TOD beneficiary.

**12.06 Transfer to Designated TOD Beneficiary on Notice of Death of Owner.** Transfer requires:

- (a) evidence of death of the owner(s);
- (b) affidavit of domicile of the owner and any inheritance tax waiver required; and

## Section 12

### Transfer On Death STA TOD Rules

- (c) endorsement by the beneficiary (with acceptable medallion signature guarantee). In the event the beneficiary is a natural person, transfer agents may determine to accept the endorsement by the beneficiary without requiring a medallion signature guarantee.

*Comment:* Although the UTODA contemplates that the ownership of a security registered in TOD form passes from the owner to the beneficiary upon the death of the owner, the processor shall not be required to re-register the security in the name of the beneficiary until the security is presented for transfer in accordance with this Rule. The beneficiary will not be recognized as the owner of the security until the security is registered in the name of the beneficiary following compliance with this rule. The phrase ‘SUBJECT TO STA TOD RULES’ which concludes each TOD registration is intended to provide notice of the limitations of the Rules contained in this Section 12. (See Rule 12.08).

The beneficiary must survive the owner in order for the security to be re-registered in the beneficiary’s name in accordance with the TOD registration. If the beneficiary fails to survive the owner, the security will be treated as belonging to the decedent owner’s estate upon the death of the owner. (See Rule 12.07).

If the beneficiary survives the owner but is not alive at the time the security is presented, the security becomes part of the estate of the beneficiary. Transfer requires:

- (a) evidence that the beneficiary survived the owner of the security; and
- (b) evidence of death of the beneficiary; plus
- (c) endorsement by the beneficiary’s executor or administrator (with acceptable medallion signature guarantee) together with the documents required by Guideline 4.02 (Transfer from Decedent to Executor or Administrator) or Guideline 4.02 (Transfer from Decedent to Third Person).

Evidence of death can be either a certified copy of the death certificate or a certified copy of a probate certificate indicating the date of death.

If the beneficiary is a minor, a parent or guardian of the minor (they must indicate their relationship to the minor) must submit an affidavit attesting to the fact that the beneficiary survived the owner. An acceptable medallion signature guarantee of the person preparing the affidavit must be obtained. The security should be re-registered in the beneficiary’s name followed by the words “A MINOR” in accordance with Guideline 6.01 (Transfer to Minor or Incompetent).

If the beneficiary is otherwise incompetent and thus unable to execute an endorsement, the beneficiary’s guardian or conservator must submit an affidavit stating that the beneficiary survived the owner. An acceptable medallion signature guarantee of the person preparing the affidavit must be obtained.

*Practice Commentary:* State law may vary, generally, TOD ownership passes by-operation-of-law on death of the owner. Affidavit of Debts and Domicile should be obtained and must be signed in the presence of a Notary Public by the executor, personal representative or court appointed administrator of deceased owner’s estate together with proof of the court



## Section 12

### Transfer On Death STA TOD Rules

appointment (e.g., Letters Testamentary or Probate Certificate) and a certified Death Certificate for deceased owner. The instructions for the new registration should be in writing from the surviving TOD beneficiary.

**12.07 Beneficiary Does Not Survive the Owner.** If the beneficiary does not survive the owner, the security will be treated as belonging to the decedent owner's estate at the death of the owner. Transfer requires:

- (a) evidence satisfactory to the processor that the beneficiary did not survive the owner; and
- (b) endorsement by the owner's executor or administrator (with acceptable medallion signature guarantee) and the documents required by Securities Transfer Association Guideline 4.01 (Transfer from Decedent to Executor or Administrator) or Guideline 4.01 (Transfer from Decedent to Third Person).

**Comment:** Evidence that the beneficiary did not survive the owner can be either certified copies of death certificates or certified copies of probate certificates indicating dates of death for both the owner and the beneficiary.

**Practice Commentary:** If the TOD beneficiary dies after the security owner but before the security is presented for re-registration, then the security should be treated as an asset of the estate of the deceased TOD beneficiary; any re-registration should be in the name of the executor, personal representative or Court appointed administrator of deceased TOD beneficiary's Estate upon presentation of proof appointment of executor, personal representative or Court appointed administrator (e.g., Letters Testamentary or Letters of Administration) of deceased TOD beneficiary's estate and a certified Death Certificate.

**12.08 Dividends, Interest and other Distributions After the Owner's Death.** Neither the issuer nor the transfer agent shall be responsible to a designated TOD beneficiary for dividends, interest and other distributions in respect of a security registered in TOD form paid after the owner's death but before the presentation of the security in proper form for transfer.

**Comment:** This Rule amplifies Section 8-201(1) of the Uniform Commercial Code (the UCC), which states, in substance, that, prior to due presentment for registration of transfer, the issuer has the right to treat the registered owner of a security as the person exclusively entitled to the rights and powers of an owner. Even though ownership of a security registered in TOD form passes to the beneficiary upon the death of the owner, neither the issuer nor the transfer agent shall have any liability to the beneficiary. The beneficiary will have no claims against the issuer or transfer agent, for distributions that may have been made to the owner or his or her representatives after the death of the owner unless and until the security has been re-registered in the name of the beneficiary in accordance with these Rules. (See Rule 12.06).



## Section 13

### Restricted Securities Guidelines

In order to provide the securities industry with a secure, safe and timely process for Restricted Securities, all such transactions should be submitted to the Transfer Agent in “good transfer” form. In general terms, this means that all appropriate legal opinions, releases or other documents accompany the securities when presented to the Transfer Agent. Commercial Transfer Agents should notify issuers, issuer’s counsel and the brokerage community when adopting this policy (refer to Exhibit “K”). The specific requirements are noted herein. The Paperless Legal Program does not eliminate the requirement for appropriate legal opinion, releases or other documents set forth in this Section.

“*In good transfer form*” means that the following documentation must accompany the certificate(s).

- (a) An appropriate endorsement with medallion signature guarantee;
- (b) A corporate resolution where applicable. The corporate seal should be affixed, and the resolution dated within six months of submission to the Transfer Agent. The endorsement must include the officer’s title, and be signed by an officer other than the one executing the resolution;
- (c) A copy of the appropriate legal opinion from Issuer’s counsel, addressed to the Transfer Agent, covering the specific transfer. If a blanket opinion was issued covering multiple transfers, a reference to such opinion should be noted by the presenter;
- (d) A certification of sale (past tense) executed by the presenting broker, if appropriate. If a Registration Statement covers the sale, the presenting broker should execute a certification of sale with a reference to the date of the prospectus.

The association further commits to a specific time requirement. All transactions should be completed whether transferred, rejected or notification of deficiency to the presenter within 3-5 business days or the current turnaround time required by SEC rules. If a particular transaction is received in good order, new certificates or book entry statements should be deliverable within that time frame. If the transaction is deficient, in any way, notification or rejection of the item should be made to the presenter within the same period. For restrictions other than for securities not registered under the Securities Act of 1933, refer to Section 1.22.

The following samples are included for reference:

Exhibit A – Restrictive Legend

Exhibit B – Seller’s Representation Letter (Affiliate -Reporting Company)

Exhibit C – Seller’s Representation Letter (Affiliate - Non-Reporting Company)

Exhibit D – Seller’s Representation Letter (Non-Affiliate - Reporting Company - Six-Month Holding Period)

Exhibit E – Seller’s Representation Letter (Non-Affiliate - Reporting or Non-Reporting Company - One-Year Holding Period)

**Section 13**  
**Restricted**  
**Securities Guidelines**

**Exhibit F – Broker’s Rule 144 Confirmation Letter (Affiliates)**

**Exhibit G – Broker’s Rule 144 Representation Letter**

**Exhibit H – Rule 144 Legal Opinion Letter (Affiliates)**

**Exhibit I – Rule 144 Legal Opinion Letter (Non-Affiliates)**

**Exhibit J – Rule 144 Opinion Letter for replacement certificate**

**Exhibit K – Form of letter notifying Brokers of your policy**

**This Guideline would not apply if alternative arrangements with the Issuer, Issuer’s Counsel or other financial entities were in place.**

**“EXHIBIT A”**

**EXAMPLE OF RESTRICTED LEGEND**

**THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR ANY OTHER SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, ASSIGNED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (I) UPON EFFECTIVE REGISTRATION OF THE SECURITIES UNDER THE ACT AND OTHER APPLICABLE SECURITIES LAWS COVERING SUCH SECURITIES, OR (II) UPON ACCEPTANCE BY THE COMPANY OF AN OPINION OF COUNSEL IN SUCH FORM AND BY SUCH COUNSEL, OR OTHER DOCUMENTATION, AS IS SATISFACTORY TO COUNSEL FOR THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.**

**“EXHIBIT B”**

**SELLER’S REPRESENTATION LETTER  
(AFFILIATE – REPORTING COMPANY)**

**Section 13  
Restricted  
Securities Guidelines**

(Broker’s name and address)

Re: Proposed sale(s) of \_\_\_\_\_ shares of Common Stock  
(the “Shares”) of \_\_\_\_\_ (the  
“Issuer”) pursuant to Rule 144 under the Securities Act of  
1933, as amended (“Rule 144”).

Ladies and Gentlemen:

This letter will confirm to you that I have requested you to sell for my account, in “brokers’ transactions,” as that term is used in Rule 144, the above-referenced Shares in the manner permitted by Rule 144. In connection with the proposed sale, I hereby represent to you that:

1. I am not an underwriter with respect to the Shares, nor will the proposed transaction be part of a distribution of securities of the Issuer.
2. Based in part upon information furnished by the Issuer, the Shares are fully paid and a minimum of six months has elapsed since the date that the Shares were acquired from the Issuer or an affiliate of the Issuer thereof as described in Rule 144.
3. Based on information published or made available to me by the Issuer and relied upon by me, I have reason to believe there is adequate current public information available with respect to the Issuer.
4. The amount of shares of Common Stock of the Issuer sold by me and by all persons whose sales are required to be aggregated with mine pursuant to Rule 144 within the past three months, together with the Shares, does not exceed the maximum amount permitted by Rule 144.
5. I have neither solicited or made any arrangements for the solicitation of buy orders in connection with the proposed sale of the Shares, nor will I make any payment to any person in connection with this sale except the payment of the usual and customary brokers’ commission with respect to any of the Shares that are sold in brokers’ transactions.
6. I do not currently intend to sell additional shares of Common Stock of the Issuer through any means other than as may be permitted in the future by Rule 144.

**Section 13**  
**Restricted**  
**Securities Guidelines**

[IF FORM 144 SHARE/VALUE THRESHOLD MET]

7. I am today transmitting, for filing, three copies of the required "Notice of Proposed Sale of Securities Pursuant to Rule 144 under the Securities Act of 1933" (Form 144) to the U.S. Securities and Exchange Commission, Washington, D.C. 20549, and am enclosing one copy thereof for your records. It is my bona fide intention to sell the Shares within a reasonable time after the filing of such notice.

I am familiar with Rule 144 and agree that, in connection with the matters described above, you and the Issuer are relying on the statements made herein. The Issuer may rely on such statements as if this letter were addressed to the Issuer.

Very truly yours,

**“EXHIBIT C”**

**SELLER’S REPRESENTATION LETTER  
(AFFILIATE – NON-REPORTING COMPANY)**

**Section 13  
Restricted  
Securities Guidelines**

(Broker’s name and address)

Re: Proposed sale(s) of \_\_\_\_\_ shares of Common Stock (the “Shares”) of \_\_\_\_\_ (the “Issuer”) pursuant to Rule 144 under the Securities Act of 1933, as amended (“Rule 144”).

Ladies and Gentlemen:

This letter will confirm to you that I have requested you to sell for my account, in “brokers’ transactions,” as that term is used in Rule 144, the above-referenced Shares in the manner permitted by Rule 144. In connection with the proposed sale, I hereby represent to you that:

1. I am not an underwriter with respect to the Shares, nor will the proposed transaction be part of a distribution of securities of the Issuer.
2. Based in part upon information furnished by the Issuer, the Shares are fully paid and a minimum of one year has elapsed since the date that the Shares were acquired from the Issuer or an affiliate of the Issuer as described in Rule 144.
3. Based on information published or made available to me by the Issuer and relied upon by me, I have reason to believe there is adequate current public information available with respect to the Issuer.
4. The amount of shares of Common Stock of the Issuer sold by me and by all persons whose sales are required to be aggregated with mine pursuant to Rule 144 within the past three months, together with the Shares, does not exceed the maximum amount permitted by Rule 144.
5. I have neither solicited or made any arrangements for the solicitation of buy orders in connection with the proposed sale of the Shares, nor will I make any payment to any person in connection with this sale except the payment of the usual and customary brokers’ commission with respect to any of the Shares that are sold in brokers’ transactions.
6. I do not currently intend to sell additional shares of Common Stock of the Issuer through any means other than as may be permitted in the future by Rule 144.

**Section 13**  
**Restricted**  
**Securities Guidelines**

[IF FORM 144 SHARE/VALUE THRESHOLD MET]

7. I am today transmitting, for filing, three copies of the required “Notice of Proposed Sale of Securities Pursuant to Rule 144 under the Securities Act of 1933” (Form 144) to the U.S. Securities and Exchange Commission, Washington, D.C. 20549, and am enclosing one copy thereof for your records. It is my bona fide intention to sell the Shares within a reasonable time after the filing of such notice.

I am familiar with Rule 144 and agree that, in connection with the matters described above, you and the Issuer are relying on the statements made herein. The Issuer may rely on such statements as if this letter were addressed to the Issuer.

Very truly yours,





**“EXHIBIT D”**

**SELLER’S REPRESENTATION LETTER  
(NON-AFFILIATE – REPORTING COMPANY, SIX-MONTH HOLDING  
PERIOD)**

**Section 13  
Restricted  
Securities Guidelines**

(Issuer’s name and address)

Re: Proposed sale(s) of \_\_\_\_\_ shares of Common Stock (the “Shares”) of \_\_\_\_\_ (the “Issuer”) pursuant to Rule 144 under the Securities Act of 1933, as amended (“Rule 144”).

Ladies and Gentlemen:

I propose to sell the above-referenced Shares in the manner permitted by Rule 144. In this connection, I represent to you and warrant as follows:

1. I am not an underwriter with respect to the Shares, nor will the proposed transaction be part of a distribution of securities of the Issuer.
2. I am not currently an affiliate of the Issuer and have not been an affiliate of the Issuer for the three-month period immediately preceding the proposed sale under Rule 144.
3. Based in part upon information furnished by the Issuer, the Shares are fully paid and a minimum of six months has elapsed since the date that the Shares were acquired from the Issuer or an affiliate of the Issuer as described in Rule 144.
4. Based on information published or made available to me by the Issuer and relied upon by me, I have reason to believe there is adequate current public information available with respect to the Issuer.

I am familiar with Rule 144 and agree that, in connection with the matters described above, you and the Issuer are relying on the statements made herein. The Issuer may rely on such statements as if this letter were addressed to the Issuer.

Very truly yours,

S13-G



**Section 13**  
**Restricted**  
**Securities Guidelines**

**“EXHIBIT E”**

**SELLER’S REPRESENTATION LETTER**  
**(NON-AFFILIATE – REPORTING COMPANY OR NON-REPORTING**  
**COMPANY, ONE-YEAR HOLDING PERIOD)**

(Issuer’s name and address)

**Re: Proposed sale(s) of \_\_\_\_\_ shares of Common Stock**  
**(the “Shares”) of \_\_\_\_\_ (the**  
**“Issuer”) pursuant to Rule 144 under the Securities Act of 1933,**  
**as amended (“Rule 144”).**

**Ladies and Gentlemen:**

**I propose to sell the above-referenced Shares in the manner**  
**permitted by Rule 144. In this connection, I represent to you and warrant**  
**as follows:**

- 1. I am not an underwriter with respect to the Shares, nor will the**  
**proposed transaction be part of a distribution of securities of the**  
**Issuer.**
- 2. I am not currently an affiliate of the Issuer and have not been**  
**an affiliate of the Issuer for the three-month period immediately**  
**preceding the proposed sale under Rule 144.**
- 3. Based in part upon information furnished by the Issuer, the**  
**Shares are fully paid and a minimum of one year has elapsed**  
**since the date that the Shares were acquired from the Issuer or**  
**an affiliate of the Issuer as described in Rule 144.**

**I am familiar with Rule 144 and agree that, in connection with the**  
**matters described above, you and the Issuer are relying on the statements**  
**made herein. The Issuer may rely on such statements as if this letter were**  
**addressed to the Issuer.**

**Very truly yours,**



**“EXHIBIT “F”**

**BROKER’S RULE 144 CONFIRMATION LETTER  
(AFFILIATES)**

**Section 13  
Restricted  
Securities Guidelines**

(Seller’s name and address)

Dear \_\_\_\_\_:

We have read your letter to us dated \_\_\_\_\_, 20\_\_\_\_, confirming that you have requested us to sell for your account, in “brokers’ transactions”, as that term is used in Rule 144 under the Securities Act of 1933, as amended (“Rule 144”), \_\_\_\_\_ shares (the “Shares”) of Common Stock of \_\_\_\_\_ (the “Issuer”) in the manner permitted by Rule 144, and confirm that in connection with sales of any of the Shares sold or to be sold by us pursuant to your request:

1. We have done, and shall do, no more than execute your order or orders to sell the portion of the Shares you have requested us to sell, as Agent for you, and, in connection with such sales, we shall receive no more than the usual customary broker’s commission.
2. We have not solicited or arranged for the solicitation of, and we shall not solicit or arrange for the solicitation, of customers’ orders to buy the Shares in anticipation of or in connection with the sale of the shares by you except as permitted by Rule 144(g) (3).
3. After reasonable inquiry, we are not aware of circumstances indicating that you are an underwriter with respect to the Shares, or that the sale of the Shares is part of a distribution of securities of the Issuer.

The Issuer may rely on the statements made herein as if this letter were addressed to the Issuer.

Very truly yours,



**Section 13**

**Restricted  
Securities Guidelines**

**“EXHIBIT G”**

**144 BROKER REPRESENTATION LETTER**

(Counsel Name & Address)

Re: Sale of \_\_\_\_\_ Shares of \_\_\_\_\_ (the “Company”)  
on \_\_\_\_\_ by \_\_\_\_\_ (the “Client” or “Seller”)

In connection with the sale of \_\_\_\_\_ shares of the Company (the “Shares”) by our Client, which sale has been made under Rule 144, as promulgated under the Securities Act of 1933, as amended, \_\_\_\_\_ [Selling Firm Name] advises that it:

1. Has fully complied with the “Manner of Sale” provisions as contained in paragraph (f) of Rule 144.
2. Has received no more than usual and customary broker dealer compensation.
3. Has neither solicited nor arranged for the solicitation of orders to buy the Shares in anticipation of or in connection with the aforementioned transaction, except as permitted under paragraph (g)(3) of Rule 144.
4. Has made reasonable inquiry as required by Rule 144 and is unaware of any circumstances indicating that the Seller is failing to comply with the Rule.

In addition, please find enclosed herewith a copy of the Seller’s Representation Letter [IF VOLUME/SHARE THRESHOLD MET and Notice of Proposed Sale as filed with the Securities and Exchange Commission].

Please furnish us with a copy of your opinion letter to the transfer agent authorizing it to transfer said shares free of any restrictive legends.

Very truly yours,



**“EXHIBIT H”**

**RULE 144 LEGAL OPINION LETTER  
(AFFILIATES)**

**Section 13  
Restricted  
Securities Guidelines**

(Transfer Agent’s name and address)

Re: Sale of Common Stock by \_\_\_\_\_

Ladies and Gentlemen:

\_\_\_\_\_ (the “Issuer”) has requested us to render an opinion with respect to the proposed sale by \_\_\_\_\_ (the “Seller”) of \_\_\_\_\_ shares of the Common Stock of the Issuer. We understand that such shares are restricted securities within the meaning of Rule 144 under the Securities Act of 1933, as amended (Rule 144”), that the certificates for such shares are marked with a legend to such effect and that your transfer books are marked with a stop order with respect to these securities.

In connection with the opinion hereinafter expressed, we have relied upon the representations of the Seller contained in the Seller’s Rule 144 Representation Letter dated \_\_\_\_\_, 20\_\_, the representations of the Seller’s broker, \_\_\_\_\_, contained in its letter dated \_\_\_\_\_, 20\_\_, and the representations of the Issuer with respect to its status as a [reporting/non-reporting] issuer under Rule 144(c).

Based upon the foregoing, we are of the opinion that such transfer may be consummated in the absence of registration under the Securities Act of 1933, as amended, by virtue of the exemption from registration afforded by Rule 144.

Upon your receipt of appropriate transfer instructions, together with the legended stock certificate, you are hereby authorized to remove the stop order on your books with respect to the shares sold, effect the transfer requested and issue new certificates in accordance with the transfer instructions free of any restrictive legend on the certificates or stop order on its transfer books.

In the event that a balance certificate is issued to the Seller, you are hereby instructed to mark your transfer books with a stop order with respect to the shares evidenced by such balance certificate and to mark the certificate with the restrictive legend marked on the certificates submitted to you for transfer.

Very truly yours,

S13-K



**Section 13**  
**Restricted**  
**Securities Guidelines**

**“EXHIBIT I”**  
**RULE 144 LEGAL OPINION LETTER**  
**(NON-AFFILIATES)**

(Transfer Agent’s name and address)

Re: Sale of Common Stock by \_\_\_\_\_

Ladies and Gentlemen:

\_\_\_\_\_ (the “Issuer”) has requested us to render an opinion with respect to the proposed sale by \_\_\_\_\_ (the “Seller”) of \_\_\_\_\_ shares of the Common Stock of the Issuer. We understand that such shares are restricted securities within the meaning of Rule 144 under the Securities Act of 1933, as amended (“Rule 144”), that the certificates for such shares are marked with a legend to such effect and that your transfer books are marked with a stop order with respect to these securities.

In connection with the opinion hereinafter expressed, we have relied upon the representations of the Seller contained in the Seller’s Rule 144 Representation Letter dated \_\_\_\_\_, 20\_\_, and the representations of the Issuer with respect to its status as a [reporting/non-reporting] issuer under Rule 144(c).

Based upon the foregoing, we are of the opinion that such transfer may be consummated in the absence of registration under the Securities Act of 1933, as amended, by virtue of the exemption from registration afforded by Rule 144.

Upon your receipt of appropriate transfer instructions, together with the legended stock certificate, you are hereby authorized to remove the stop order on your books with respect to the shares sold, effect the transfer requested and issue new certificates in accordance with the transfer instructions free of any restrictive legend on the certificates or stop order on its transfer books.

In the event that a balance certificate is issued to the Seller, you are hereby instructed to mark your transfer books with a stop order with respect to the shares evidenced by such balance certificate and to mark the certificate with the restrictive legend marked on the certificates submitted to you for transfer.

Very truly yours,



**“EXHIBIT J”**  
**RULE 144 OPINION LETTER FOR**  
**REPLACEMENT OF CERTIFICATE**

**Section 13**  
**Restricted**  
**Securities Guidelines**

Transfer Agent’s name and address)

Re: \_\_\_\_\_ - Replacement of Common Stock Certificate

Ladies and Gentlemen:

\_\_\_\_\_ (the “Issuer”) has requested us to render an opinion with respect to the proposed issuance of a new certificate, without the current restrictive legend for the certificate in the name of \_\_\_\_\_, certificate number \_\_\_\_\_. We understand that all such shares are restricted securities within the meaning of Rule 144, that the certificates for such shares are marked with a legend to such effect and that your transfer books are marked with a stop order with respect to these securities.

In connection with the opinion hereinafter expressed, we have relied upon the representations of \_\_\_\_\_ contained in (his/her) letter dated \_\_\_\_\_, 20\_\_.

Based upon the foregoing and such investigations as we have deemed necessary and relevant, we are of the opinion that such removal of the legends may be consummated, and you are hereby authorized to remove the stop order on your books with respect to the shares referenced above.

Upon receipt of appropriate transfer instructions, together with the legended stock certificates, you are hereby authorized to issue new certificates in accordance with the instructions free of any legend on the certificates or any stop orders on the Issuer’s transfer books.

Very truly yours,

S13-M



## Section 13

### Restricted Securities Guidelines

### “EXHIBIT K”

(FROM TRANSFER AGENT)

TO: BANKS AND BROKERS

RE: RESTRICTED TRANSFERS

Effective [March 20, 2000] all restricted certificates presented to us for transfer must be submitted in good order for transfer or they will be immediately rejected with a notice of deficiencies to be cured. The Paperless Legal Program does not eliminate the requirement for appropriate legal opinion, releases or other documents set forth in this Section.

“In good order for transfer” means that the following documentation must accompany the certificate(s):

1. An appropriate endorsement with Medallion signature guarantee;
2. Corporate resolution where appropriate. The corporate seal should be affixed, and the resolution dated within thirty days of submission to the Transfer Agent. If the registered owner is a corporation, the endorsement must include the officers title, and be signed by an officer other than the one executing the assignment;
3. A copy of the appropriate opinion from Issuer’s counsel, addressed to the Transfer Agent, covering the specific transfer or reference to a blanket opinion previously issued covering multiple transfers including the one submitted;
4. A certification of sale (past tense) from the presenter/broker, if appropriate. If the sale is covered by a Registration Statement, a certification of sale pursuant to the Prospectus with a reference to the date of the Prospectus.

Very truly yours,



# Appendix I

## Signature Guarantees Under SEC Rule 17Ad-15

One of the cornerstones of the securities transfer function is the medallion signature guarantee. In fact, without such a feature, the securities industry as we know it would have great difficulty and significantly higher costs.

### BACKGROUND

#### Uniform Commercial Code

Although Issuers of securities and their Transfer Agents have relied on the signature guarantee since the 1800's its present status and meaning were codified in the Uniform Commercial Code (UCC) during the 1960's. Article 8 of the UCC has been enacted in all fifty states and in the District of Columbia.

The Official Text of UCC Section 8-404 makes the general statement that "an issuer is liable for wrongful registration of transfer if the issuer has requested a transfer of a security to a person not entitled to it, and the transfer was registered pursuant to an ineffective indorsement."<sup>1</sup>

Section 8-306 states that "A person who guarantees a signature of an indorser of a security warrants that at the time of signing (a) the signature was genuine; and (b) the signer was an appropriate person to indorse; and (c) the signer had legal capacity to sign." Section 8-306 also states that the guarantor "does not otherwise warrant the rightfulness of the transfer."

Section 8-107 explains who an "appropriate person" is.

Section 8-401 says that when a security in registered form is presented to an Issuer with a request to transfer it, the Issuer is under a duty to register the transfer as requested if, among other things, " (a) the indorsement is made by the appropriate person or by an agent who has authority to act on behalf of the appropriate person; and (b) reasonable assurance is given that the indorsement is genuine and authorized."

Section 8-402(a) (1) then discusses "reasonable assurance," one of these assurances being, "in all cases, a guarantee of the signature of the person making an indorsement;" and Section 8-402(c) (1) explains that "a 'guarantee of the signature' in subsection (a) means a guarantee signed by or on behalf of a person reasonably believed by the issuer to be responsible. An issuer may adopt standards with respect to responsibility if they are not manifestly unreasonable."

These sections speak specifically of the duties and responsibilities of an "Issuer", not a "Transfer Agent". However, Section 8-407 explains that a person acting as Authenticating Agent, Transfer Agent, Registrar, or other agent for an Issuer has "the same obligation to the holder or owner of the security with regard to the particular functions performed as the Issuer has in regard to those functions."

#### Previous Practice

Since under Section 8-404 an Issuer who registers the transfer of a security upon an ineffective endorsement "is liable for wrongful

---

<sup>1</sup> The UCC uses the variations "indorse," "indorsement" rather than "endorse," "endorsement" and "guaranty," "guaranties" rather than "guarantee," "guarantees."

## **Appendix I**

### **Signature Guarantees Under SEC Rule 17Ad-15**

registration of transfer,” and since it is impractical to independently verify the authenticity of all signatures of persons signing transfer instructions, reliance must be placed on some party which will vouch for those signatures. This is accomplished by a signature guarantee by a party who usually knows or has some relationship with the signer.

However, the effectiveness of a signature guarantee is only as good as the financial integrity of the Guarantor. Since it would be extremely burdensome to have to verify the financial status of every Guarantor, virtually all Transfer Agents have developed guidelines as to what signature guarantees they will accept. Usually these were guarantees from members of stock exchanges which established elaborate procedures for the distribution of signature cards for their members, and from certain financial institutions, typically commercial banks and trust companies, which were assumed to be financially responsible and which were known to have legal authority to guarantee signatures.

Based on experience over the years, this system has operated effectively. Claims against Issuers, Transfer Agents, and Guarantors were negligible. However, literally thousands of signature cards distributed by stock exchanges and signature books from other financial institutions had to be maintained. Most Transfer Agents found that maintaining these items, and comparing signature guarantees against them, was simply too time-consuming and costly.

#### **Attempts to Change the System**

During the 1970's The Securities Transfer Association, Inc. (“STA”) began developing variations of a plan which would (1) permit Transfer Agents and Guarantors to do away with the thousands of signature cards and signature books; and (2) expand the class of eligible Guarantors.

Earlier plans, under such names as SignaSure and GAP, were proposed by the STA. Some groups within the financial industry supported some or all these plans. However, other groups, such as those whose members' guarantees were already accepted by Transfer Agents, refused to participate, chiefly because they were accustomed to the present system and did not want to incur what they perceived to be an additional expense.

The STA's final plan, the Securities Transfer Agents Medallion Program (“STAMP”), resolved the major concerns of the industry about previous plans, and was acceptable to many financial industry associations. Further impetus to the STA's efforts came from other financial institutions and from the Securities and Exchange Commission (SEC).

#### **SEC Involvement**

Certain financial industry groups, primarily savings and loan associations and credit unions, whose guarantees had not been deemed acceptable to the vast majority of Transfer Agents, mounted an intensive effort to have guarantees of their members accepted. They were often forced to send a customer to a competing financial institution to have a medallion signature guaranteed. They claimed that since they had the legal power to guarantee signatures, and were as financially responsible as many other institutions whose guarantees were generally accepted, refusal to honor their guarantees was discriminatory.

**Appendix I**  
**Signature**  
**Guarantees Under**  
**SEC Rule 17Ad-15**

The SEC agreed that the existing practice was in fact discriminatory. By 1990, the patience of the industry associations and public officials had run out and Congress decided to act. The Securities Enforcement and Penny Stock Reform Act of 1990 added Section 17A(d) (5) to the Securities Exchange Act of 1934, providing that:

“A registered transfer agent may not, directly or indirectly, engage in any activity in connection with the guarantee of a signature of an endorser of a security, including the acceptance or rejection of such guarantee, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest, for the protection of investors, to facilitate the equitable treatment of financial institutions which issue such guarantees or otherwise in furtherance of the purposes of this title.”

Acting under this authority, the SEC, in September, 1991, published proposed Rule 17Ad-15 (“the Rule”) for comment. In response to the 80 comment letters it received, most of which generally supported the proposed rule, the Commission modified the Rule, and as revised, the Rule was published in the Federal Register on January 10, 1992, with an effective date of February 24, 1992.

**SEC RULE 17AD-15**

**Objectives**

As stated in the release announcing its adoption, the stated purposes of the Rule are to:

“provide for the protection of investors; facilitate the equitable treatment of financial institutions which guarantee signatures of endorsers of securities; increase the efficiency of the security transfer process; and, reduce the risk associated with a signature guarantor’s inability to meet its obligations.”

To accomplish this, the Rule will:

- (1) prohibit inequitable treatment of eligible guarantor institutions,
- (2) require transfer agents to establish written standards for the acceptance of signature guarantees, and
- (3) enable transfer agents to reject a request for transfer because the guarantor is neither a member of nor a participant in a signature guarantee program.”

(See Appendix II for the full text of the Rule.)

**Transfer Agent Standards and Procedures**

The Rule required that by its effective date, February 24, 1992, every Transfer Agent have in place written standards which satisfied paragraph (c) of the Rule. The STA drafted a simplified model Standards and Procedures (see Appendix IA) which it recommended for use by Transfer Agents.

The STA urged that all Transfer Agents take advantage of the provision in the Rule which allowed them to require participation by all guarantors in a Medallion signature guarantee Program. The written standards of virtually every Transfer Agent require participation in a Medallion signature guarantee Program; this means that transfer agents cannot accept guarantees from non-members.

## **Appendix I**

### **Signature Guarantees Under SEC Rule 17Ad-15**

If a transfer request is rejected because it does not satisfy the Transfer Agent's written standards or procedures, the Transfer Agent must, within two business days after such rejection, notify both the presenter and the Guarantor of the rejection and of the reason for the rejection. Notification to the presenter may accompany the rejected item. Notification to the Guarantor may be made by telephone, fax, or ordinary mail.

Any person may request a copy of a Transfer Agent's written Standards and Procedures, even if the person is not a security holder, or even if the person is not presenting the securities. The Transfer Agent must respond within three days by sending the requesting party a copy.

In addition, Transfer Agents are required to maintain, for a period of three years following the date of rejecting an item, a record of transfers rejected because of unacceptable signature guarantees. The record must reflect the reason for rejection, including the name of the Guarantor.

#### **Applications of the Rule**

The Rule applies only to guarantees of signatures; it does not apply to erasure guarantees, one-and-the-same guarantees, certifications, etc. (However, see "Guarantee and Certification Imprints.")

Transfer Agents do not require signature guarantees from SEC registered depositories presenting securities registered in their nominee names, with multi-colored, machine facsimile signatures. However, Transfer Agents do require signature guarantees of facsimile endorsements of bank or broker nominees or banks or brokers presenting securities in their firm name.

## **SIGNATURE GUARANTEE PROGRAMS**

#### **Definition**

The Rule, at paragraph (g) (3), states that a "signature guarantee program" is one the terms and conditions of which a Transfer Agent reasonably determines to facilitate the equitable treatment of eligible guarantor institutions; and to promote the prompt, accurate and safe transfer of securities by providing the Transfer Agent with adequate protection against risk of financial loss if persons have no recourse against the Guarantor, and adequate protection against the issuance of unauthorized guarantees.

Transfer Agents and others who rely on a guarantee from a member of a Signature Guarantee Program are protected against loss from wrongful endorsements if the Guarantor is unwilling to meet, or is incapable of meeting, its financial obligation under its program's indemnity agreement.

#### **Present Signature Guarantee Programs**

The STA has evaluated and approved three Signature Guarantee Programs:

- Securities Transfer Agents Medallion Program (STAMP)
  - STAMP is open to all eligible Guarantors
  - STAMP is administered by Kemark Financial Services, Inc.
- Stock Exchanges Medallion Program (SEMP)

## Appendix I

### Signature Guarantees Under SEC Rule 17Ad-15

- SEMP is open to members of the American, Boston, Chicago, Pacific, and Philadelphia Stock Exchanges, and Clearing and Trust Companies
- SEMP is also administered by Kemark Financial Services, Inc.
- New York Stock Exchange, Inc., Medallion Signature Program (MSP)
  - MSP is open to members of the New York Stock Exchange, Inc.
  - MSP is administered by the KFS Technologies, LLC.

Appendix IV contains the names and addresses of the Administrators of these programs.

Any other Signature Guarantee Programs will be reviewed by the STA to ensure that as a minimum they meet the same standards as those already approved. The STA will communicate its evaluation to its members and to trade associations.

#### Role of Program Administrators

As Program Administrators, Kemark Financial Services, Inc. and KFS Technologies, LLC have the following principal responsibilities in connection with operation of the Programs:

Monitor entry into the Program of all eligible institutions wishing to act as Guarantors.

Review all documentation submitted by Guarantors for adequacy, accuracy and completeness.

Process and control guarantee equipment orders and forward them to equipment manufacturers.

Maintain Guarantor databases.

Notify registered Transfer Agents<sup>2</sup> of developments affecting Guarantor members and of reports of missing imprint equipment.

Note: Program Administrators are not involved in securities transfers or other securities processing.

#### STAMP, Inc.

The existence of STAMP and SEMP necessitated the formation of an oversight function to ensure that such programs best serve the financial services industry. Accordingly, Securities Transfer Agents Medallion Program, Inc. ("STAMP, Inc."), a not-for-profit corporation, was created to own and operate signature guarantee programs for the benefit of all securities industry participants. The activities and affairs of STAMP, Inc., are managed by a Board of Directors. The Board of Directors has, in turn, formally appointed Kemark Financial Services, Inc., to act as Program Administrator.

#### How Signatures Will Be Guaranteed

Guarantors may affix signature medallion imprints by a hand stamp. The medallion imprint contains an area for either a manual or a facsimile signature. Whichever device is used, Transfer Agents will have no obligation to authenticate or otherwise verify the signature, although a signature is required to complete the imprint.

---

<sup>2</sup> Organizations which have registered as Transfer Agents pursuant to Section 17A of the Securities Exchange Act of 1934.

## Appendix I

### Signature Guarantees Under SEC Rule 17Ad-15

#### Enrollment in Medallion signature guarantee Program

Eligible Guarantor Institutions<sup>3</sup> may join a program by:

- Submitting an Application and Subscription Agreement to the Program Administrator<sup>4</sup>
- Completing the Program Indemnity Agreement
- Obtaining a Surety Bond
- Completing the equipment order form

Transfer Agents have the option to accept only transactions that fall within the Surety Bond limit indicated on the Guarantor's medallion imprint. Section 8-402 (c) (1) of the Uniform Commercial Code 2006. In light of this, guarantors who have subscribed to higher Surety Bond limits are advised to discontinue the use of their lower level medallion imprints for transactions exceeding those imprint levels. The transfer agent may reject transactions where the value of the transaction exceeds the value of the surety coverage indicated on the medallion imprint. In addition, the STA recommends that Transfer Agents carefully review presentations exceeding the highest recognized program surety limits and process them in accordance with their own policies and procedures.

Bank Guarantors which are part of a holding company network may share a surety bond with other banks in the same network.

The maximum Surety Bond coverage is per Guarantor in an amount not to exceed the surety amount for any one transaction<sup>5</sup>, and in no event to exceed an aggregate limit of twice the surety amount over the life of the Surety Bond.<sup>6</sup>

There is a unique identification number with a letter prefix on each Guarantor's medallion imprint which signifies the amount of the Surety Bond obtained. The prefixes are:

<i>Alpha Prefix</i>	<i>Surety Amount</i>
A	\$1,000,000
B	750,000
C	500,000
D	250,000
E	100,000
F (Credit Unions)	100,000 (per transaction)
X	\$2,000,000
Y	\$5,000,000
Z	\$10,000,000

**Note: B through F designations not available through MSP.**

<sup>3</sup> See paragraph (a) (2) of the Rule.

<sup>4</sup> See Appendix --.

<sup>5</sup> A "transaction" includes all certificates in a presentation which have the same CUSIP number and Guarantor.

<sup>6</sup> However, Credit Union STAMP guarantees are "per transaction" because of the special blanket Surety Bond coverage which has been arranged for credit unions.

# Appendix I

## Signature Guarantees Under SEC Rule 17Ad-15

Coverage under the Surety Bond is available to firms for 45 days after notice is received by the Program Administrator of a surety company's intent to cancel or to not renew its Surety Bond. In the case of MSP, the notice period is 60 days.

For detailed instructions, applications, or copies of Program Indemnity Agreements, contact the appropriate Program Administrator.

Guarantors may withdraw from a Program by returning their medallion imprint plates to the Program Administrator. The Program Administrator will advise Transfer Agents of this status change.

### Guarantee and Certification Imprints

Medallion imprints are in distinctively colored ink, and are in a unique format and size for each Program.

The imprint was designed to operate exclusively in the context of security transfers. Within this context, it has both primary and secondary functions. It provides, first, the warranties associated with a guarantee of signature of the person endorsing the security or originating an instruction regarding the security. In addition, it furnishes incidental assurances relating to accompanying documentation, the endorsement or instruction itself or the security owner.

### The Program Indemnity Agreement

The Program Indemnity Agreement obligates the guarantor to protect any indemnitee against loss suffered in reliance on a medallion imprint when used

“...for the purpose of executing guarantees of signatures (within the meaning of Section 8-306 of the Uniform Commercial Code) and for the purpose of executing other certifications and guarantees incident to the transfer, payment, exchange, purchase or delivery of securities, including, but not limited to, erasure guarantees and one-and-the-same guarantees...”

The language quoted above directs itself specifically at the dual functions of the imprint, namely: (A) guarantees of signatures; and (B) other incidental certifications and guarantees, either such function being in connection with a security transfer. Uses of the medallion imprint outside of these functions are not covered by the Agreement.

### The Guarantee of Signature

Section 8-306 of the Uniform Commercial Code defines a guarantee of signature as a warranty, with respect to the signature of an endorser of a security or an originator of an instruction regarding a security, that, at the time of signing,

- (a) the signature was genuine;
- (b) the signer was an appropriate person to sign, or if the signature is by an agent, the agent had actual authority to act on behalf of the appropriate person; and
- (c) the signer had legal capacity to sign.

If any of these warranties is breached, the guarantor is liable for loss resulting from the breach to any person taking or dealing with the security in reliance on the guarantee. Before the medallion imprint came into use

## Appendix I

### Signature Guarantees Under SEC Rule 17Ad-15

in 1992, security transfers were accompanied by guarantees of signature that were manually signed. STAMP and SEMP substitute the imprint for a manual guarantee of signature. Under the Program Indemnity Agreement, if there is (i) reliance on the imprint in connection with a security transfer, (ii) breach of any Section 8-306 warranty and (iii) exposure to liability as a result, the guarantor is obligated to assume such liability.

#### Other Incidental Certifications and Guarantees

Before the medallion imprint, a number of other incidental certifications and guarantees were used to deal with circumstances that might affect a particular security transfer. These other incidental certifications and guarantees were generally made by means of manually-signed stamps that accompanied but were separate from the manually-signed guarantee of signature. As indicated above, the medallion imprint was designed to cover these other incidental certifications and guarantees, which, with two exceptions, are described in only general terms in the Program Indemnity Agreement. The exceptions are the erasure guarantee and the one-and-the-same guarantee, which were felt to be in such common use as to warrant specific enumeration.

Apart from the erasure guarantee and the one-and-the-same guarantee, these other incidental certifications and guarantees can be described as follows:

#### To certify papers that accompany the transfer:

- The accompanying document is a true and correct copy of the original, and the original is still in effect
- The accompanying power of attorney is a true and correct copy of the original, and the original is still in full force and effect.

#### To certify the status or authority of the person or persons who endorsed the security or originated an instruction regarding the security:

- The situs of the trust is [name of state] and the signers are the currently acting trustees
- [name of firm] is a partnership and the partner who signed has the authority to sign and transfer the subject securities
- [name of firm] is a sole proprietorship and [name of person who signed] is the sole proprietor

#### To certify the validity or intended effect of an endorsement:

- The above endorsement is a valid endorsement for the purpose of assigning the subject securities
- The assignment of the subject securities and the above signature are guaranteed and/or a signature is guaranteed and/or an erasure or alteration is guaranteed
- The execution of the transfer by the registered owner is guaranteed

#### To certify particular circumstances of a security purchase:

- The subject securities were purchased after the death of the registered owner and were not part of the estate at the registered owner's death



The medallion imprint will certify accompanying papers when placed directly on the papers, in addition to being placed below the signature of the endorser of the security or the originator of an instruction regarding the security, where it serves its guarantee of signature function. If there are no accompanying papers, placement of the imprint below such signature automatically provides all of the above certifications and guarantees.

The medallion imprint does not take the place of “tax paid,” “tax waiver,” or “transfer as directed” stamps, or eliminate, as appropriate, the need for specific legal documentation, such as certificates of incumbency for executors, administrators or other personal representatives.

#### Claims

Claims can be made against a Guarantor’s Surety Bond if the Guarantor cannot, or will not, fulfill its obligation under its Indemnity Agreement. The Indemnity Agreement requires that a demand for indemnity be acknowledged within three business days, and specifies that failure to satisfy a demand within ten business days constitutes a default.

#### Safeguarding Medallion Equipment

Guarantors must ensure that all medallion equipment is tightly controlled and treated as cash equivalent. A person or persons should be designated as custodians of each piece of equipment and internal procedures should be established regarding its use and its security.

Periodically Guarantors should take inventories of all equipment and monitor lists of personnel authorized to use it. Any equipment unaccounted for should be reported to the relevant Program Administrator immediately.

## ANSWERS TO SOME COMMON QUESTIONS

### Applications of the Rule

**Q:** In the past, some Transfer Agents did not require signature guarantees in certain situations, such as a request from an Issuer, or receipt of an item registered in the name of a depository nominee or in the name of a broker or a bank nominee. Do Transfer Agents now require medallion signature guarantees in these situations?

**A:** The Rule applies only to situations in which signature guarantees are required. The STA has recommended that:

- signature guarantees be required when a broker or bank submits items in its firm name or nominee name for transfer. However, MSP medallion imprints will act as both endorsements and guarantees, so an additional guarantee will not be required.
- signature guarantees not be required when the depositories submit items in their nominee names with a Medallion facsimile endorsement for transfer.

**Q:** Does the Rule apply to certifications, erasures, powers of substitution, or endorsement guarantees?

**A:** No. However, see the Section on “Guarantee and Certification Imprints” in the text.

## Appendix I

### Signature Guarantees Under SEC Rule 17Ad-15

## Appendix I

### Signature Guarantees Under SEC Rule 17Ad-15

- Q:** How is notification given to the Presenter and the Guarantor when an item is rejected due to an inadequate signature guarantee?
- A:** Notification may be given to Presenters by returning items with the reasons for rejection. Notification may be given to Guarantors by telephone, fax, or ordinary mail.

#### Standards and Procedures

- Q:** May a Transfer Agent's Standards and Procedures require, as a condition of acceptance, that a Signature Guarantor be a member of or a participant in a Signature Guarantee Program?
- A:** Yes. The Rule specifically permits this.
- Q:** Do all Transfer Agents require, as a condition of acceptance, membership in or participation in a Signature Guarantee Program?
- A:** The STA has strongly recommended that all Transfer Agents require such participation, and that their Standards and Procedures require guarantees only from participants. It is believed that most Transfer Agents have adopted this recommendation.
- Q:** Have all Transfer Agents adopted the same Standards and Procedures regarding the Rule?
- A:** Transfer Agents for the vast majority of security issues have adopted the Standards and Procedures recommended by the STA or Standards and Procedures which are virtually the same. However, the STA is not a regulatory body; it can only make recommendations. Therefore, it is possible that some Transfer Agents may have adopted other Standards and Procedures.
- Q:** Are there any restrictions on whether, or how often, a Transfer Agent can change its procedures?
- A:** No. However, any changes must be consistent with the Rule; in particular, they must continue to be non-discriminatory.
- Q:** Who can request a copy of a Transfer Agent's written Standards and Procedures?
- A:** The Transfer Agent must make copies available to any person requesting a copy.  
When a request is from a member of the general public and is not incident to a rejected item or a guarantee, the Transfer Agent must respond within three days by sending a copy to the requesting party.
- Q:** May a Transfer Agent reject transfers that do not satisfy its Standards and Procedures?
- A:** Yes. Notification must be given to both the presenter and the Guarantor within two business days.
- Q:** If the Transfer Agent has no address or telephone number for the Guarantor, how does it satisfy the two-business-day notification requirement?
- A:** The Transfer Agent must make a reasonable effort to provide notification; e.g., telephone information service, trade organizations lists, etc.

## Appendix I

### Signature Guarantees Under SEC Rule 17Ad-15

- Q:** Will Guarantors who participate in a Signature Guarantee Program be required to furnish Transfer Agents with signature cards and/or signature books?
- A:** No. Participation in any Signature Guarantee Program deemed acceptable by the STA will eliminate the need for such documents.
- Q:** Can a Transfer Agent, as its “base” or “primary” program, require, as a condition of acceptance, participation in a Signature Guarantee Program, but also use other criteria for institutions which are not participants?
- A:** Yes, but only if such practice does not discriminate against any class of Guarantor, and if the Transfer Agent’s Standards and Procedures so provide. However, since virtually all Transfer Agents require participation in a Signature Guarantee Program, there seems to be little reason for Guarantors not to be participants.
- Q:** If a Transfer Agent’s Standards and Procedures did not require, as a condition of acceptance, participation in a Signature Guarantee Program, can it subsequently amend its Standards and Procedures to impose such a requirement?
- A:** Yes. However, it cannot require participation unless it so amends its Standards and Procedures and waits six months. This six-month period may be shortened to 90 days on an individual Guarantor basis if the Transfer Agent notifies a Guarantor of its intent to require participation in an acceptable program.

#### *Signature Guarantee Programs*

- Q:** What is an acceptable Signature Guarantee Program?
- A:** An acceptable Signature Guarantee Program is a Signature Guarantee Program supported by major financial industry associations, and which enables all financial institutions within groups of like creditworthiness to have access to securities transfer processing. The guarantees of program Guarantors will be accepted for processing by Transfer Agents and others, thus avoiding the delays and embarrassments caused by rejected guarantees. Also, the need for third party re-guarantees is reduced.
- Q:** Where can information about the various programs be obtained?
- A:** Appendix -- contains a list of the names and addresses of each of the Program Administrators.
- Q:** Will it be costly to join one of the programs?
- A:** There is an annual fee of \$395 to join STAMP. In addition, each participant must purchase the necessary STAMP guarantee equipment, and obtain Surety Bond coverage. In many cases, Surety Bond coverage can be obtained at little cost from the Guarantor institution’s existing insurance carrier.

Information regarding MSP and SEMP may be obtained by contacting the Program Administrators of those programs; see Appendix --.

The programs should provide offsetting cost savings in the form of a reduced number of costly and time-consuming rejects, the elimination of

## Appendix I

### Signature Guarantees Under SEC Rule 17Ad-15

the need to furnish signature cards and/or signature booklets, and more expeditious transfer processing.

**Q: Do the Program Administrators maintain records of authorized signatures of Guarantors?**

**A: No. Program Administrators have records of which financial institutions are Guarantors, and of the amount of guarantee equipment, but they do not keep records of individual signatures.**

**Q: What will be the role of a Program Administrator in analyzing and determining the creditworthiness of program participants?**

**A: No role. A Program Administrator will ensure that the necessary documents are submitted; the Surety Bond is a statement by the surety company of the participant's creditworthiness.**

**Q: Who is protected by the Surety Bond?**

**A: All Transfer Agents and others who rely on a Guarantor's medallion imprint are protected against loss from wrongful or fraudulent signatures in the event a Guarantor is unwilling to meet, or is incapable of meeting, its obligation under the program Indemnity Agreement.**

**Q: If a Guarantor is unwilling to make good, or is incapable of making good, on a demand for indemnity, how does a Transfer Agent make a claim against the Guarantor's Surety Bond?**

**A: The Program Procedures provide time frames within which the participant must respond to demands or be in default. When the time frames are exceeded, the claim is then made against the surety bond.**

**Q: What steps does a Guarantor take to cease its participation in a Signature Guarantee Program?**

**A: The Guarantor should notify the Program Administrator immediately and at the same time return to the Program Administrator all medallion imprint plates. The Program Administrator notifies Transfer Agents of this change.**

However, if participation in the Signature Guarantee Program terminates because of cancellation or non-renewal of Surety Bond coverage, the Surety Bond continues for 45 days after receipt by the Program Administrator of notice of such cancellation or non-renewal from the surety company. In the case of MSP, the period is 60 days.

#### Authorized Limits; Claims

**Q: How is amount of required Surety Bond coverage for a Guarantor determined?**

**A: The minimum bond limit is determined by the surety company and depends on the amount of Gross Assets of the Guarantor. For detailed information, Guarantors should contact the appropriate Program Administrator.**

**Q: What is the difference between a Surety Bond and Insurance?**

**A: A Surety Bond is a promise by which one party (the surety underwriter, a.k.a., the insurance company) becomes accountable to another party (the Transfer Agent) for a debt or obligation of a third party (the**

## Appendix I

### Signature Guarantees Under SEC Rule 17Ad-15

Guarantor). The basic premise of a corporate surety, as in a case involving the extension of credit, presumes that there will be minimal loss. The premiums are in fact service fees for the lending of credit; they do not result in the surety absolving the Guarantor of liability.

In the case of insurance, the underwriter assumes the full risk of a particular hazard for what is assumed to be a premium adequate for the risk. Insurance is based upon loss distributed over the entire membership of an insured class. Insurance is a two-party contract between the insurer and the insured.

- Q:** If a medallion imprint by a Guarantor with a low Surety Bond limit is not accepted by a Transfer Agent, what recourse does the presenter have?
- A:** That presenter should obtain a re-guarantee by a Guarantor with a sufficiently high limit. The original Guarantor should consider raising its surety bond limit.
- Q:** Is the maximum Surety Bond coverage for a Guarantor “per day,” “per transaction,” or what?
- A:** The maximum Surety Bond coverage is per Guarantor in an amount not to exceed the surety amount for any one transaction, and in no event to exceed an aggregate limit of twice the surety amount over the life of the Surety Bond.
- However, credit union STAMP guarantees are “per transaction,” because of the special blanket Surety Bond coverage which has been obtained by them, and certain bank Guarantors which are part of a holding company network may share a bond with other banks in the network.
- Q:** Is it possible that claims could “exhaust” the coverage of a Guarantor’s Surety Bond?
- A:** It is possible, but past experience indicates that the number of claims will be negligible.
- Q:** Is there a time within which a Transfer Agent must make its claim against the Surety Bond?
- A:** Yes. A claim must be made within six years of the time when the Transfer Agent first has knowledge of the underlying event.
- Q:** Is a demand for indemnity made against the Guarantor, or directly against the Surety Bond?
- A:** Demands for indemnity are made first against the Guarantor itself. Only if the Guarantor is unable or unwilling to honor its obligation under its Indemnity Agreement will there be a claim against the surety.
- Q:** What steps must a Guarantor take when it receives a demand for indemnity?
- A:** The Transfer Agent or other person making the claim shall submit the demand to the Guarantor, accompanied by a concise written

## Appendix I

### Signature Guarantees Under SEC Rule 17Ad-15

description of the claim and of the circumstances giving rise to the claim, and by copies of all documents supporting the claim.

The Guarantor shall acknowledge receipt of the demand in writing within three days after receipt, as required by its Subscription Agreement. The acknowledgment shall provide the name, address, and telephone and/or fax number of the individual in the Guarantor's organization authorized to handle the claim.

The Guarantor's failure to satisfy the demand within ten business days after receipt will constitute a default under the Guarantor's Indemnity Agreement, entitling the claimant to present the demand as a claim under the Guarantor's Surety Bond.

**Q:** What has been the claim experience to date?

**A:** The incidence of claims has been, and is expected to continue to be, minimal.

#### Guarantee and Certification Imprints

**Q:** Does the medallion imprint do away with the need for other certifications and guarantees incident to a transfer?

**A:** Yes. See the discussion in the text under "Guarantee and Certification Imprints."

**Q:** Does the medallion imprint mean that documents such as corporate resolutions, death certificates, appointments of executors and administrators, etc., no longer need to be provided to Transfer Agents?

**A:** Medallion imprints do not do away with the requirement to review other documents typically required to assure the legal validity of the transaction. For additional information, review "Paperless Legals" data.

**Q:** Is a date required on a medallion imprint used to certify a copy of a power of attorney?

**A:** No. However, if a Guarantor does include a date, the item should be presented to the Transfer Agent promptly.

**Q:** What happens if a medallion is lost or stolen?

**A:** Medallion equipment must be kept secure by Guarantors and should be treated as the equivalent of cash. If medallion equipment is lost or stolen, the Guarantor must immediately inform the Program Administrator by filing the appropriate affidavit. The Program Administrator will inform Transfer Agents and major financial industry associations of lost or stolen medallion equipment.

**Q:** What happens if a medallion is counterfeited?

**A:** Guarantors are not responsible for losses arising from reliance by Transfer Agents on counterfeit medallion imprints, unless negligence on the part of Guarantors is a substantial contributing factor.

**Q:** Are Transfer Agents required to ensure that medallion imprints are made in the prescribed colors?

**A:** Yes. The prescribed medallion imprint colors contain a security compound and are an important protective feature. Further, STAMP

## **Appendix I**

### **Signature Guarantees Under SEC Rule 17Ad-15**

2000 technology enables the Transfer Agent, through the bar-coding on the stamp, to verify the status of the medallion.

- Q: What happens if a security on which a medallion imprint has been affixed is counterfeit?**
- A: The presence of a genuine medallion imprint will not render Guarantors liable for losses arising from acceptance by a Transfer Agent of a counterfeit certificate.**

#### ***Miscellaneous***

- Q: If a Guarantor has numerous branch offices, must it purchase medallion equipment for each branch?**
- A: The amount and type of equipment which is ordered by the Guarantor institution are decisions of the institution itself. However, the institution should ensure that all equipment is subject to adequate safeguards.**
- STAMP or SEMP medallion imprint equipment is issued with numbers identifying locations at which the equipment will be maintained. Location identity numbers do not themselves affect the genuineness or authenticity of the imprints.**
- Q: How does a Guarantor obtain additional medallion equipment?**
- A: All equipment orders must be processed through the Program Administrator.**
- Q: Can Canadian financial institutions become participants in one of the approved Medallion Signature Guarantee Programs?**
- A: Canadian institutions are not covered by the Rule, so United States Transfer Agents are not required to accept their medallion signature guarantees. However, they can participate in the Medallion Signature Guarantee Program if they meet the same requirements as United States applicants, and Transfer Agents who rely on Medallion signature guarantees from Canadian Guarantors receive the same protection offered by United States Guarantors.**
- Q: Can institutions in other countries become participants in one of the approved Medallion Signature Guarantee Programs?**
- A: Yes, provided they meet the requirements of the Medallion Signature Guarantee Programs.**





**APPENDIX I –A**  
**UNIFORM**  
**COMMERCIAL CODE**

**Article 8 -**  
**INVESTMENT SECURITIES**  
**(Selected Sections)**

The provisions of the original Article 8 of the Uniform Commercial Code as adopted by the National Conference of Commissioners on Uniform State Laws (referred to as the Uniform Law Commission, or ULC) were consistent with an environment in which only certificated securities existed.

In 1994, the ULC adopted changes to Article 8 that were in addition to comprehensive revisions which occurred during 1977, resulting from recognition of securities in “uncertificated” form. In addition to adding new material to Article 8, the 1994 version reflects numerous instances of re-numbering of Sections.

The Article 8 Sections below reflect the current, 1994 version, which is in force in all fifty states.

Note: In some instances, the following sections are not shown in their entirety, but contain only so much of the text as is necessary to illustrate the points made in this Guidebook.

**Section 8-102. Definitions**

**(a) In this Article:**

(11) “Indorsement” means a signature that alone or accompanied by other words is made on a security certificate in registered form or on a separate document for the purpose of assigning, transferring, or redeeming the security or granting a power to assign, transfer, or redeem it.

**Section 8-107. Whether Indorsement, Instruction, or Entitlement Order is Effective**

**(a) “Appropriate person” means:**

(1) with respect to an indorsement, the person specified by a security certificate or by an effective special indorsement to be entitled to the security;

(4) if the person designated in paragraph (1)...is deceased, the designated person’s successor taking under other law or the designated person’s personal representative acting for the estate of the decedent; or

(5) if the person designated in paragraph (1)...lacks capacity, the designated person’s guardian, conservator, or other similar representative who has power under other law to transfer the security or financial asset.

**(b) An indorsement is effective if:**

(1) it is made by the appropriate person;

(2) it is made by a person who has power under the law of agency to transfer the security or financial asset on behalf of the appropriate person...; or

(3) the appropriate person has ratified it or is otherwise precluded from asserting its ineffectiveness.

**APPENDIX I –A**  
**UNIFORM**  
**COMMERCIAL CODE**

**Article 8 -**  
**INVESTMENT SECURITIES**  
**(Selected Sections)**

**Section 8-306. Effect of Guaranteeing Signature, Indorsement, or Instruction**

- (a) A person who guarantees a signature of an indorser of a security certificate warrants that at the time of signing:
- (1) the signature was genuine;
  - (2) the signer was an appropriate person to indorse, or if the signature is by an agent, the agent had actual authority to act on behalf of the appropriate person; and
  - (3) the signer had legal capacity to sign.

**Section 8-401. Duty of Issuer to Register Transfer**

- (a) If a certificated security in registered form is presented to an issuer with a request to register transfer or an instruction is presented to an issuer with a request to register transfer of an uncertificated security, the issuer shall register the transfer as requested if:
- (1) under the terms of the security the person seeking registration of transfer is eligible to have the security registered in its name;
  - (2) the indorsement or instruction is made by the appropriate person or by an agent who has actual authority to act on behalf of the appropriate person;
  - (3) reasonable assurance is given that the indorsement or instruction is genuine and authorized (Section 8-402);
- (b) If an issuer is under a duty to register a transfer of a security, the issuer is liable to a person presenting a certificated security or an instruction for registration or to the person's principal for loss resulting from unreasonable delay in registration or failure or refusal to register the transfer.

**Section 8-402. Assurance that Indorsement or Instruction is Effective**

- (a) An issuer may require the following assurance that each necessary indorsement or each instruction is genuine and authorized:
- (1) in all cases, a guaranty of the signature of the person making an indorsement...
- (c) In this section:
- (1) "Guaranty of the signature" means a guaranty signed by or on behalf of a person reasonably believed by the issuer to be responsible. An issuer may adopt standards with respect to responsibility if they are not manifestly unreasonable.

**Section 8-404. Wrongful Registration**

- (a) Except as otherwise provided in Section 8-406, an issuer is liable for wrongful registration of transfer if the issuer has registered a transfer of a security to a person not entitled to it, and the transfer was registered:

- (1) pursuant to an ineffective indorsement...;
- (c) Except as otherwise provided in subsection (a) or in a law relating to the collection of taxes, an issuer is not liable to an owner or other person suffering loss as a result of the registration of a transfer of a security if registration was made pursuant to an effective indorsement....

**Section 8-407. Authenticating Trustee, Transfer Agent, and Registrar**

A person acting as authenticating trustee, transfer agent, registrar, or other agent for an issuer in the registration of a transfer of its securities, in the issue of new security certificates or uncertificated securities, or in the cancellation of surrendered security certificates has the same obligation to the holder or owner of a certificated or uncertificated security with regard to the particular functions performed as the issuer has in regard to those functions.

**APPENDIX I –A**  
**UNIFORM**  
**COMMERCIAL CODE**

**Article 8 -**  
**INVESTMENT SECURITIES**  
**(Selected Sections)**



Section 240.17Ad-15 provides as follows:

§ 240.17Ad-15 Signature Guarantees.

(a) **Definitions.** For purposes of this section, the following terms shall mean:

- (1) “Act” means the Securities Exchange Act of 1934;
- (2) “eligible guarantor institution” means:
  - (i) banks (as that term is defined in Section 3(a) of the Federal Deposit Insurance Act [12 U.S.C. 1813(a)]);
  - (ii) brokers, dealers, municipal securities dealers, municipal securities brokers, government securities dealers, and government securities brokers, as those terms are defined under the Act;
  - (iii) credit unions (as that term is defined in Section 19 (b) (1) (A) of the Federal Reserve Act [12 U.S.C. 461 (b)]);
  - (iv) national securities exchanges, registered securities associations, clearing agencies, as those terms are used under the Act; and
  - (v) savings associations (as that term is defined in Section 3(b) of the Federal Deposit Insurance Act [12 U.S.C. 1813(b)]).
- (3) “guarantee” means a guarantee of the signature of the person endorsing a certificated security, or originating an instruction to transfer ownership of a security or instructions concerning transfer of securities.

(b) **Acceptance of Signature Guarantees.** A registered transfer agent shall not, directly or indirectly, engage in any activity in connection with a guarantee, including the acceptance or rejection of such guarantee, that results in the inequitable treatment of any eligible guarantor institution or a class of institutions.

(c) **Transfer Agent’s Standards and Procedures.** Every registered transfer agent shall establish:

- (1) written standards for the acceptance of guarantees of securities transfers from eligible guarantor institutions; and
- (2) procedures, including written guidelines where appropriate, to ensure that those standards are used in determining whether to accept or reject guarantees from eligible guarantor institutions. Such standards and procedures shall not establish terms and conditions (including those pertaining to financial condition) that, as written or applied, treat different classes of eligible guarantor institutions inequitably, or result in the rejection of a guarantee from an eligible guarantor institution solely because the guarantor institution is of a particular type specified in paragraphs (a) (2) (i) - (a) (2) (v) of this section.

(d) **Rejection of Items Presented for Transfer.**

**APPENDIX II****Text of Rule**

- (1) No registered transfer agent shall reject a request for transfer of a certificated or uncertificated security because the certificate, instruction, or documents accompanying the certificate or instruction includes an unacceptable guarantee, unless the transfer agent determines that the guarantor, if it is an eligible guarantor institution, does not satisfy the transfer agent's written standards or procedures.
  - (2) A registered transfer agent shall notify the guarantor and the presenter of the rejection and the reasons for the rejection within two business days after rejecting a transfer request because of a determination that the guarantor does not satisfy the transfer agent's written standards or procedures. Notification to the presenter may be accomplished by making the rejected item available to the presenter. Notification to the guarantor may be accomplished by telephone, facsimile, or ordinary mail.
- (e) Record Retention.
- (1) Every registered transfer agent shall maintain a copy of the standards and procedures specified in paragraph (c) of this section in an easily accessible place.
  - (2) Every registered transfer agent shall make available a copy of the standards and procedures specified in paragraph (c) of this section to any person requesting a copy of such standards and procedures. The registered transfer agent shall respond within three days of request for such standards and procedures by sending the requesting party a copy of the requested transfer agent's standards and procedures.
  - (3) Every registered transfer agent shall maintain, for a period of three years following the date of the rejection, a record of transfers rejected, including the reason for the rejection, who the guarantor was and whether the guarantor failed to meet the transfer agent's guarantee standards.
- (f) Exclusions. Nothing in this section shall prohibit a transfer agent from rejecting a request for transfer of a certificated or uncertificated security:
- (1) for reasons unrelated to acceptance of the guarantor institution;
  - (2) because the person acting on behalf of the guarantor institution is not authorized by that institution to act on its behalf, provided that the transfer agent maintains a list of people authorized to act on behalf of that guarantor institution; or
  - (3) because the eligible guarantor institution of a type specified in paragraph (a) (2) (ii) of this section is neither a member of a clearing corporation nor maintains net capital of at least \$100,000.

## APPENDIX II

### Text of Rule

- (g) Signature Guarantee Program.**
- (1) A registered transfer agent shall be deemed to comply with paragraph (c) of this section if its standards and procedures include:**
- (i) rejecting a request for transfer because the guarantor is neither a member of nor a participant in a signature guarantee program; or**
  - (ii) accepting a guarantee from an eligible guarantor institution who, at the time of issuing the guarantee, is a member of or participant in a signature guarantee program.**
- (2) Within the first six months after revising its standards and procedures to include a signature guarantee program, the transfer agent shall not reject a request for transfer because the guarantor is neither a member of nor participant in a signature guarantee program, unless the transfer agent has given that guarantor ninety days written notice of the transfer agent's intent to reject transfers with guarantees from non-participating or non-member guarantors.**
- (3) For purposes of paragraph (g) of this section, the term "signature guarantee program," means a program, the terms and conditions of which the transfer agent reasonably determines:**
- (i) to facilitate the equitable treatment of eligible guarantor institutions; and**
  - (ii) to promote the prompt, accurate and safe transfer of securities by providing:**
    - (A) adequate protection to the transfer agent against risk of financial loss in the event persons have no recourse against the eligible guarantor institution; and**
    - (B) adequate protection to the transfer agent against the issuance of unauthorized guarantees.**





Name of Transfer Agent

**STANDARDS, PROCEDURES AND GUIDELINES FOR THE ACCEPTANCE  
OF SIGNATURE GUARANTEES**

The following standards, procedures and guidelines, established in accordance with Rule 17Ad-15 under the Securities Exchange Act of 1934 (the “Rule”), apply to the acceptance by this institution of signature guarantees in connection with the transfer of securities. They cover this institution’s requirements for the approval of eligible guarantor institutions and the handling of securities transfers in reliance on guarantees from approved eligible guarantor institutions. As used herein, the terms “guarantee” and “eligible guarantor institution” have the meanings attributed thereto by the Rule.

**Standards**

1. In order to be approved by this institution, the eligible guarantor institution must be a participant in a Securities Transfer Association (“STA”) recognized signature guarantee program.
2. In order to maintain this institution’s approval, an eligible guarantor institution must maintain its participation in an STA recognized signature guarantee program in good standing.

**Procedures**

1. At the time that an eligible guarantor institution renews its participation in an STA recognized signature guarantee program, or relevant information becomes known, this institution may fix an Authorized Limit, or revise a previously fixed Authorized Limit, for the eligible guarantor institution.
2. Except as provided below, no guarantee will be accepted from an approved eligible guarantor institution if the securities involved in the transfer have an aggregate value above the Authorized Limit.

**Guidelines**

1. If the aggregate value of securities presented for transfer in reliance on a guarantee from an approved eligible guarantor institution exceeds the Authorized Limit, the transaction will be rejected unless, after consideration, a designated officer for this institution (the “Reviewing Officer”) determines otherwise.

**APPENDIX III  
SECURITIES  
TRANSFER  
ASSOCIATION (STA)  
SUGGESTED MODEL  
FOR STANDARDS,  
PROCEDURES AND  
GUIDELINES**



## APPENDIX IV

### Addresses for Program Administrators

#### *Securities Transfer Agents Medallion Program® (STAMP)*

**Kemark Financial Services, Inc.**  
One Blue Hill Plaza, 11th Floor  
Pearl River, New York 10965-8686

**Tel: (845) 620-9300**

**Fax: (845) 620-9340**

**General Program Information: [www.KemarkFinancial.com](http://www.KemarkFinancial.com)**

**Specific Guarantor Information: [www.MedallionPrograms.com](http://www.MedallionPrograms.com)**

**(secure site; access restricted)**

#### *Stock Exchanges Medallion Program® (SEMP)*

**Kemark Financial Services, Inc.**  
One Blue Hill Plaza, 11th Floor  
Pearl River, New York 10965-8686

**Tel: (845) 620-9300**

**Fax: (845) 620-9340**

**General Program Information: [www.KemarkFinancial.com](http://www.KemarkFinancial.com)**

**Specific Guarantor Information: [www.MedallionPrograms.com](http://www.MedallionPrograms.com)**

**(secure site; access restricted)**

#### *New York Stock Exchange, Inc. Medallion Signature Program<sup>sm</sup> (MSP)*

**KFS Technologies, LLC**  
One Blue Hill Plaza, 11th Floor  
Pearl River, New York 10965-8686

**Tel: (845) 620-9300**

**Fax: (845) 620-9340**

**General Program Information: [www.KFSTech.com](http://www.KFSTech.com)**

**Specific Guarantor Information: [www.MedallionPrograms.com](http://www.MedallionPrograms.com)**

**(secure site; access restricted)**



## APPENDIX V

### Explanation of Appropriate Registrations

1. **Broker holds securities for customers of the firm.**  
**PRUDENTIAL SECURITIES INC (INCORPORATED)**
2. **Financial institution holds shares for customers in Nominee name.**  
**CUDD & CO**  
**BLOCK & CO**  
**GLYNS NOMINEES LIMITED**
3. **Two or more partners hold shares in a PARTNERSHIP.**  
**DOLLAR INVESTMENT CLUB A PARTNERSHIP**  
**MILLER & JONES**
4. **Individual ownership.**  
**JOHN BROWN**  
**MARY BLACK**
5. **Joint ownership.**
  - *Joint Tenancy* – Form of ownership where two or more individuals hold shares as joint tenants with right of survivorship. When one tenant dies, the entire tenancy remains to the surviving tenants.  
**JOHN BROWN & MARY BROWN JT TEN**
  - *Tenants by the Entirety* – Recognized by certain states as an appropriate form of registration for two individuals who are married to each other. When one tenant dies the property passes to the survivor.  
**MELVIN JONES & GRACE JONES TEN ENT**
  - *Tenants in common* – Form of ownership where each tenant owns an undivided interest. When one tenant dies, his interest passes to his estate.  
**MELVIN SMITH & NANCY SMITH TEN COM**
  - *Community property* – Form of ownership required by states that have adopted community property laws for shares owned by husband and wife.  
**JOHN BROWN & MARY BROWN COMMUNITY PROPERTY**
  - *Practice Commentary* – California law allows community property to be held with rights of survivorship if the transfer document includes this designation and the grantees (i.e., new holders) accept this in writing on the transfer document by signing it or initialing it. Processors may have their own procedures on how to establish such accounts. If permitted, the registration would be:  
**JOHN BROWN & MARY BROWN COMMUNITY PROPERTY WROS.**  
Transfers of such accounts would follow the same guidelines as joint tenants with rights of survivorship.
6. **Form of registration of fiduciaries.**

**APPENDIX V****Explanation  
of Appropriate  
Registrations**

Estate representatives who are appointed by the court would register stock in the following manner depending on whether they were appointed executor under a will or administrator when there was no will.

- JOHN BROWN EX U/W MARY JONES
- JOHN BROWN ADM EST MARY JONES
- FRANK PARIS PERSONAL REPRESENTATIVE OF THE ESTATE OF ARTHUR PINK.

**(Louisiana only)**

- SUSAN BROWN USUFRUCT JOHN BROWN & MARY WILSON NAKED OWNERS.

**7. Form of registration for life tenancy.**

JOHN SMITH LIFE TENANT U/W MARY SMITH

**8. Forms of registration for fiduciaries appointed by the court to act for persons deemed impaired.**

- SALLY GREEN CONSERVATOR FOR ROBERT SMITH
- THOMAS ADAMS GUARDIAN FOR JOHN BROWN
- JOHN DOE CONSERVATOR OF THE PERSON AND ESTATE OF HARRY DOE
- FIRST NATIONAL BANK GUARDIAN OF THE ESTATE OF JOHN DOE SALLY GREEN AND JOHN DOE COMMITTEE MARY JONES

**9. Forms of TOD registration.**

- JOHN DOE TOD JANE SMITH  
SUBJECT TO STA TOD RULES
- ADAM JONES & MARY BROWN JT TEN  
TOD ROBERT SMITH SUBJECT TO STA TOD RULES

**10. Forms of custodial registrations.**

- MILTON GREEN CUST NANCY GREEN UNDER UNIF GIFTS TO MINORS ACT CA
- GEORGE GRIFFIN CUST PATRICIA BROWN UNDER UNIF TRANSFERS TO MINORS ACT OF NY
- MELVIN JONES CUST NANCY JONES UNDER THE MISSOURI TRANSFERS TO MINORS LAW.
- ABC BANK AGENT FOR JOHN DOE UA DTD 09-20-80
- ABC BANK TRUSTEE JOHN DOE IRA DTD 06-17-88

**11. Forms of Living Trust Registrations.**

- JOHN DOE TRUSTEE U/A DTD 07-01-91 JOHN DOE TRUST
- ROBERT COHEN & MARY SMITH TRUSTEES U/A DTD 07-09-91 JOHN BROWN REVOCABLE TRUST
- SALLY GREEN TRUSTEE U/A DTD 03-04-91 RUTH BROWN IRREVOCABLE TRUST
- JOHN BROWN TRUSTEE U/A DTD 02-03-91 NANCY SMITH LIVING TRUST F/B/O MARK SMITH

## APPENDIX V

### Explanation of Appropriate Registrations

- THOMAS WATSON TRUSTEE U/A DTD 04-03-91 RUTH BENSON MARITAL TRUST
  - THOMAS DOE TRUSTEE U/A DTD 04-03-91 MELVIN JACKSON LIVING TRUST
  - CALVIN DOE TRUSTEE U/A DTD 06-28-91 DOE FAMILY TRUST
  - MELVIN JOHNSON TRUSTEE U/A 10/26/91 PATRICIA JOHNSON TRUST M/B MELVIN JOHNSON
  - JOHN DOE TRUSTEE U/A 07-01-91 F/B/O JANE DOE
  - MARK BROWN TRUSTEE U/A DTD 04-12-91 M/B JOHN DOE
  - BILL SMITH TRUSTEE UNDER DECLARATION OF TRUST DTD 06-05-91
  - MARK BROWN TR U-A DTD 05-15-91 JANE DOE TRUST & PETER SMITH TR U-A DTD 06-03-91 KATHY DOE TRUST TEN COM AV-2
12. Forms of Trusts created under a will. "TESTAMENTARY TRUST"
- JANE DOE TRUSTEE U/W JOHN DOE
  - MARY BAKER TRUSTEE U/W JOHN DOE F/B/O PHIL SMITH
  - JOHN BROWN TRUSTEE U/W SUSAN GREENE JOHN BROWN.
  - JOHN BROWN TRUSTEE U/W MARY BROWN TRUST
  - JOHN BROWN TRUSTEE U/W SAMUEL NEVINS F-B-O ERIC BROWN
  - JOHN BROWN TRUSTEE U/W MARY BROWN RESIDUARY TRUST





## Appendix VI

### State Inheritance Tax Waiver List

The information in this Appendix is based on information published as of December 16, 2014 in the Securities Transfer Guide, a publication of CCH Incorporated, or obtained from the applicable state tax agency. For current information, please consult your legal counsel or, to the extent you subscribe to the Securities Transfer Guide or similar publication, please contact the publisher. This STA publication is published with the understanding that neither the authors nor the publisher is engaged in rendering legal advice or other professional services. The information contained in this publication is provided as a reference resource with the understanding that it does not constitute and should not be construed as legal advice. You should seek the guidance of your attorney and other advisors with regard to your individual situation. The STA disclaims any responsibility for the accuracy and completeness of the information contained herein.

#### STATES WITHOUT INHERITANCE TAX WAIVER REQUIREMENTS

(35 States and District of Columbia)

Arizona	Kansas	New Mexico
Alaska	Kentucky	North Carolina
Arkansas	Louisiana	Oregon
California	Maine	South Carolina
Colorado	Maryland	South Dakota
Connecticut	Massachusetts	Texas
Delaware	Michigan	Utah
District of Columbia	Minnesota	Vermont
Florida	Mississippi	Virginia
Georgia	Nebraska	Washington
Idaho	Nevada	Wisconsin
Iowa	New Hampshire	Wyoming

#### States For Which You Need To Check Date Of Death (8 states)

- **Alabama**      Not required if decedent died after 12/31/04; required if decedent died on or before 12/31/04 and was a resident of Alabama<sup>1</sup>
  
- **Hawaii**      Not required if decedent died on or after 7/1/83; required if decedent died before 7/1/83 and was a legal resident of Hawaii *and* stock is of a corporation incorporated in Hawaii
  
- **Illinois**      Not required if the decedent died on or after 1/1/83; required if decedent died before 1/1/83 *and* was a legal resident of Illinois

<sup>1</sup> Per the Alabama Department of Revenue.

**Appendix VI**  
**State Inheritance Tax**  
**Waiver List**

- **Missouri** Not required if decedent died on or after 1/1/81; required if decedent died before 1/1/81 *and* was a legal resident of Missouri. Also not required if assets were held jointly with Rights of Survivorship, except for transfer of joint property of decedents who died prior to 8/13/74.
- **Montana** Not required if decedent died on or after 1/1/01; required if decedent died prior to 1/1/01 *and* was a legal resident of Montana.
- **North Dakota** Not required if decedent died on or after 8/1/97<sup>2</sup>
- **Oklahoma** Not required if decedent died on or after 1/1/10; may be required if decedent died prior to 1/1/10 and was a legal resident of Oklahoma – please contact the Oklahoma Tax Commission for assistance in determining when required.
- **West Virginia** Not required if decedent died on or after 7/1/85; required if decedent died prior to 7/1/85 *and* was a legal resident of West Virginia

**States With Other Qualifications**  
**(7 states and Puerto Rico)**

- **Indiana** Waiver not required if decedent died on or after 1/1/13. If decedent died before 1/1/13, waiver is required except if the stock is being transferred to the surviving spouse.
- **New Jersey** Waiver required if (1) the decedent was a legal resident of New Jersey, and (2) stock is of a corporation incorporated in New Jersey. In lieu of a Waiver, an “Affidavit and Self-Executing Waiver” may be used in the following situations<sup>3</sup>:
  - when the decedent died on or after 7/1/88 for transfers to a surviving spouse, parent, grandparent, child or children (including legally adopted children), or the issue of any child (including legally adopted child), by joint ownership or the decedent’s will; and
  - when the decedent died on or after 7/10/04 for a transfer to a surviving domestic partner, by joint ownership or the decedent’s will.
  - when the decedent died on or after 2/19/07 to a registered domestic partner, by joint ownership or the decedent’s will.

<sup>2</sup> For additional information please contact the North Dakota State Tax Dept., which has indicated that it will not require waivers if the decedent’s date of death was 10 or more years ago.

<sup>3</sup> For additional “Affidavit and Self-Executing Waiver” requirements, please refer to the State of New Jersey’s Dept. of the Treasury Division of Taxation Form L-8.

## **Appendix VI**

### **State Inheritance Tax Waiver List**

- **New York** Waiver is not required if decedent died on or after 2/1/00; waiver is required for assets belonging to or jointly owned with decedent if decedent died before 2/1/00 *and* was a resident of New York *and* assets valued over \$30,000 as of the date of the transfer request (valuation to include the aggregate amount of securities presented or the total amount of securities owned by decedent for a single issuer). **BUT**, no waiver is required if stock is held in the name of decedent and decedent's surviving spouse as tenants by the entirety or joint tenants **WROS** *and* is transferred to the surviving spouse.
- **Ohio** Waiver is not required if decedent died on or after 1/1/13. No waiver is required for decedents with a date of death prior to 1/1/13 for any property passing to the surviving spouse either through the estate of the decedent or by joint tenancy, or for assets valued at \$25,000.00 or less as of the decedent's date of death.
- **Pennsylvania** Waiver only required if shares are registered in TOD, POD or other type of beneficiary designated registration (where shares go directly to the beneficiary at death of owner and beneficiary is not a surviving spouse).
- **Rhode Island** Waiver required if (1) decedent was a legal resident of Rhode Island, and (2) stock was issued by a Rhode Island corporation.
- **Puerto Rico** Waiver required if decedent was a legal resident of Puerto Rico. For non-residents of Puerto Rico, may be required.
- **Tennessee** Waiver not required if decedent died on or after 1/1/16. No tax waiver or consent is required for decedents with a date of death prior to 1/1/16 for property passing to the surviving spouse, tenant by entirety or joint tenant with rights of survivorship.



## APPENDIX VII

### Small Estate Procedures

The information in this Appendix is updated periodically based on notification from STA members. For current information, please consult your legal counsel or, to the extent you subscribe to the Securities Transfer Guide or similar publication, please contact the publisher. This STA publication is published with the understanding that neither the authors nor the publisher is engaged in rendering legal advice or other professional services. The information contained in this publication is provided as a reference resource with the understanding that it does not constitute and should not be construed as legal advice. You should seek the guidance of your attorney and other advisors with regard to your individual situation. The STA disclaims any responsibility for the accuracy and completeness of the information contained herein.

Foreign Domicile Items (including Canada) require a Federal Transfer Certificate.

STATE	Statute for Non-Probate?	Value Does Not Exceed	Method
Alabama	YES	\$25,000	Court certified copy of Summary Distribution.
Alaska	YES	\$50,000	Collection of Personal Property by Affidavit properly notarized.
Arizona	YES	\$75,000	Collection of Personal Property by Affidavit properly notarized.
Arkansas		\$100,000	Court certified copy of Collection of Small Estate by Distribution (court seal should be affixed).
California	YES	\$150,000	Collection or Transfer of Personal Property without Probate Affidavit under Section 13100/13101 Probate Code properly notarized.
Colorado	YES	\$60,000	Collection of Personal Property by Affidavit properly notarized. Note that for estates of decedents who die after 2011, this amount may be increased or decreased if the Consumer Price Index for the calendar year preceding the year of death exceeds or is less than the reference base index. The Colorado department of revenue will publish any increase/decrease before Feb. 1 each year.

**APPENDIX VII****Small Estate  
Procedures**

STATE	Statute for Non-Probate?	Value Does Not Exceed	Method
Connecticut	YES	\$40,000	Court certified copy of an Authorization to Transfer Personal Property without Probate Proceedings.
Delaware	YES	\$30,000	Small Estate Affidavit properly notarized.
District of Columbia	YES	\$40,000	Court certified copy of Personal Representative of the Small Estate
Florida	YES	\$75,000	Court certified copy of the Order of Summary Administration.
Georgia	YES	No Value Set	Court certified copy of the Order Declaring No Administration Necessary.
Hawaii	YES	\$100,000	Collection of Personal Property by Affidavit properly notarized, or Court certified copy of Summary Settlement.
Idaho	YES	\$100,000	Collection of Personal Property of Affidavit properly notarized.
Illinois	YES	\$100,000	Small Estate Affidavit properly notarized.
Indiana	YES	\$50,000	Collection of Estate Affidavit properly notarized.
Iowa	YES	\$25,000	Small Estate Affidavit properly notarized.
Kansas	YES	\$40,000	Small Estate Affidavit properly notarized (copy of death certificate attached).
Kentucky	YES	No Value Set	Court certified copy of Order to Dispense with Administration.
Louisiana	YES	\$75,000	Court certified copy of Judgment of Possession
Maine	YES	\$20,000	Collection of Personal Property by Affidavit properly notarized.
Maryland	YES	\$50,000	Court certified copy of Letters of Administration of Small Estate.
Massachusetts	YES	\$25,000	Court certified copy of Letters of Voluntary Administration dated within 60 days.

**APPENDIX VII**

**Small Estate  
Procedures**

STATE	Statute for Non-Probate?	Value Does Not Exceed	Method
Michigan	YES	\$15,000	Court certified copy of Petition and Order for Assignment, or Affidavit, properly notarized, as long as no real property is included in the estate.
Minnesota	YES	\$75,000	Small Estate Affidavit properly notarized (certified copy of death certificate attached).
Mississippi	YES	\$50,000	Small Estate Affidavit or Affidavit of Successor properly notarized.
Missouri	YES	\$40,000	Court certified copy the Order Refusing Letters of Administration.
Montana	YES	\$50,000	Collection of Personal Property by Affidavit properly notarized.
Nebraska	YES	\$50,000	Collection of Personal Property by Affidavit properly notarized.
Nevada	YES	\$100,000	Court certified copy of summary Administration.
		\$20,000	Collection of Personal Property by Affidavit properly notarized.
New Hampshire	YES	\$10,000	Court certified copy of Letters of Voluntary Administration dated within 60 days.
New Jersey	YES	\$20,000 (Spouse) \$10,000 (Heirs)	Small Estate Affidavit filed with the Surrogate Court. (Court seal should be affixed to Affidavit).
New Mexico	YES	\$50,000	Collection of Personal Property by Affidavit.
New York	YES	\$30,000	Court certified copy of Letters of Voluntary Administration dated within 60 days.
North Carolina	YES	\$30,000 (Spouse) \$20,000 (Heirs)	Collection of Personal Property by Affidavit properly notarized.
North Dakota	YES	\$50,000	Collection of Personal Property by Affidavit properly notarized.
Ohio	YES	\$100,000 (Spouse) \$35,000 (Non-spouse)	Court certified copy of Order Relieving Estate from Administration.
Oklahoma	YES	\$150,000 \$20,000	Court certified copy of Court Order. Small Estate Affidavit

## APPENDIX VII

Small Estate  
Procedures

STATE	Statute for Non-Probate?	Value Does Not Exceed	Method
Oregon	YES	\$275,000 (not more than \$75,000 personal property, and not more than \$200,000 real property)	Small Estate Affidavit filed with the Clerk of the Surrogate Court. (Court seal should be affixed to Affidavit).
Pennsylvania	YES	\$50,000	Court certified copy of Decree of Distribution.
Rhode Island	YES	\$15,000	Small Estate Affidavit properly notarized.
South Carolina	YES	\$25,000	Collection of Personal Property by Affidavit with court seal affixed or by affidavit from personal representative.
South Dakota	YES	\$50,000	Collection of Personal Property by Affidavit properly notarized.
Tennessee	YES	\$50,000	Affidavit filed with the Clerk of the Surrogate Court. (Court seal should be affixed to the Affidavit).
Texas	YES	\$50,000	<ol style="list-style-type: none"> <li>1. Affidavit of Heirship filed with the Clerk of the Surrogate Court</li> <li>2. Judgment Declaring Heirship.</li> <li>3. Order Admitting Will to Probate as a Muniment Title both issued by the court.</li> </ol>
Utah	YES	\$100,000	Collection of Personal Property by Affidavit properly notarized.
Vermont	YES	\$10,000	Court certified copy of Letters of Administration.
Virginia	YES	\$50,000	Collection of Personal Property by Affidavit properly notarized.
Washington	YES	\$100,000	Small Estate Affidavit properly notarized (with copy of death certificate).
West Virginia	YES	\$200,000	Court certified copy of Summary Settlement.
Wisconsin	YES	\$50,000	Affidavit of Transfer of Property properly notarized or Court certified copy of Summary Settlement
Wyoming	YES	\$200,000	Distribution by Affidavit properly notarized.



## APPENDIX VIII

### Transfer on Death — Discussion Guide to Accompany Section 12 – STA TOD Rules

This Discussion Guide elaborates upon the STA TOD Rules set forth in Section 12 of the Guidelines of the Securities Transfer Association, Inc. (the STA).

Securities processors (issuers and transfer agents) are urged to review this Discussion Guide and to issue securities in TOD form only in accordance with these new Securities Transfer Association TOD Rules.

*What is TOD?* TOD (Transfer on Death) is a new form of ownership which enables a security owner, while retaining all normal rights of ownership during his/her lifetime, to designate an individual or other entity that will automatically become the security owner on the death of the current owner. The ownership of the security passes to the designated beneficiary outside of probate.

During the lifetime of the owner(s), the beneficiary has no rights in, to or with respect to the security or any dividends or interest paid. The owner(s) can transfer the security and negotiate dividend or interest checks without the signature of consent of the beneficiary.

TOD is a new form of registration of securities and does not replace any existing form of securities registration.

*Why has the Securities Transfer Association adopted these Rules?* The Rules contained in Section 12 of the Guidelines of the Securities Transfer Association (the STA) have been devised based on the adoption in many states of the Uniform TOD Securities Registration Act (the “UTODA”) or a similar statute, such as the Nonprobate Transfers Law enacted in Missouri. These statutes generally do not specify exactly how to process TOD registrations (they permit several options).

Securities processors will experience operational difficulties and may be subject to liability in processing securities registered in TOD form if they do not have adequate rules covering all possible circumstances.

These Securities Transfer Association Rules insure that securities registered in TOD form are processed uniformly throughout the securities industry and will limit the liability of securities processors.

*What law governs securities registered in TOD form?* The law authorizing securities registered in TOD form may be the Uniform TOD Security Registration Act (the “UTODA”) or a similar statute. The UTODA is a “Uniform Statute” that has been approved by the American Bar Association and is currently being considered for adoption by various state legislatures.

To validly create a registration in TOD form one of the criteria in Securities Transfer Association Rule 12.01 must apply. Once the registration is validly created (the security is properly registered in TOD form), it remains valid until the registration is changed, even if the owner moves to a different state or foreign country that does not have a statute authorizing TOD registrations. Once created, the TOD registration also remains valid if the issuer changes transfer agents and the new transfer agent is located in a state that has not adopted a statute authorizing TOD.

## APPENDIX VIII

### Transfer on Death — Discussion Guide to Accompany Section 12 – STA TOD Rules

*May an issuer or transfer agent refuse to register a security in TOD form?* Yes. The UTODA and similar statutes permit but do not require securities to be registered in TOD form. Thus an issuer or transfer agent may elect not to offer TOD registrations and may not be compelled to do so.

*Who may request that a security be registered in TOD form?* Any security holder, individually or through a broker, depository or nominee, may request that a security be registered in TOD form provided that the person making the request has the capacity to do so (see Section 9, Guidelines 9.01 – 9.05) the new security is registered in the proper TOD form as described in Securities Transfer Association Rule 12.02.

*What types of securities may be registered in TOD form?* Any security may be registered in TOD form. Examples include (but are not limited to) stocks, bonds, UITs, mutual fund shares, and ADRs. Also any Noncertificated position such as a book entry or dividend reinvestment account may also be registered in TOD form.

*Who may be the owner of a security registered in TOD form?* An owner must be a natural person. Non-natural entities (such as corporations and trusts) may not be owners because they may have perpetual existence and thus never “die”.

Two or more natural persons may own the security in joint ownership as Joint Tenants (JT TEN). A husband and wife may also own the security in joint ownership as Tenants by the Entireties (TEN ENT). (For additional information on Joint Tenants and Tenants-by-the-Entireties see Section 10).

The owners may not register the security as either Tenants in Common (TEN COM) or in any form of Community Property designation because such tenancies lack the right of survivorship (except California, see Appendix AV-1). (For additional information on Tenants-in-Common see Section 10).

*Why is the legend “SUBJECT TO STA TOD RULES” necessary?* The legend puts all parties on notice that these Rules govern the TOD registration and it is designed to protect securities processors from legal action in situations such as:

- 1) Attempts by the owner to revoke the registration in TOD form in an invalid manner such as by writing a letter to the issuer or transfer agent, telephoning, by will or by codicil;
- 2) Attempts by a personal representative or a family member to cash dividend or interest checks issued and dated after the death of the owner;
- 3) Attempts by the beneficiary to claim dividend or interest amounts paid after the death of the owner but before presentation of the security for re-registration into the name of the beneficiary; and

**APPENDIX VIII****Transfer on Death —  
Discussion Guide to  
Accompany Section 12  
– STA TOD Rules**

- 4) Claims from a lender for a security pledged as collateral on a loan. The legend should be a part of the registration and appear on the face of the certificate, on the dividend or interest checks, on the dividend reinvestment or book entry statements and on all stock splits or stock dividends.

*Who may be designated a beneficiary?* The beneficiary may be any individual or other entity. This includes natural persons, trusts, guardianships, corporations, churches, schools, Custodians under the Uniform Transfers to Minors Act, etc.

The only entity that may not be designated as a beneficiary is a Custodian under the Uniform Gifts to Minors Act because the UGMA applies only to gifts made during the lifetime of the donor.

*May more than one beneficiary be designated per security registration?* No. Only one beneficiary may be designated per security registration. The liability that a securities processor would encounter in determining percentage interests of multiple beneficiaries, and the operational costs that would be encountered in selling extra shares to even out distributions make it impractical.

If an owner wishes to designate more than one beneficiary, the owner should split the security position and designate one beneficiary for each split position. Example: An owner has 100 shares and wishes to name two beneficiaries. The owner should split the position and name beneficiary #1 on a 50 share position and beneficiary #2 on the other 50 share position.

*May any descendants of the beneficiary be named in the security registration?* No. Designations such as Lineal Descendants (LD) or Lineal Descendants Per Stirpes (LDPS) are not permitted. If the beneficiary predeceases the owner, then the security will be treated as belonging to the decedent owner's estate at the death of the owner. This is done to protect the issuer and transfer agent from the potential liability and operational cost of determining who is a descendant, which descendants are alive and who died when. However, if the designated beneficiary dies after the owner but before the security is presented for re-registration, then the re-registration should be in the name of the deceased designated beneficiary's estate.

*Can the owner(s) re-register the security without the consent of the beneficiary?* Yes. During the lifetime of the owner(s) the beneficiary has no rights in, to or with respect to the security or any dividends or interest paid. The owner can transfer the security and negotiate dividend or interest checks without the signature or consent of the beneficiary.

*What happens if the owner phones or writes and directs the removal of the name of the TOD beneficiary?* The call or letter is not a proper method to remove a beneficiary from the security registration. The only way that a TOD beneficiary may be changed or removed is for the owner(s) to present the security for transfer with the appropriate

## APPENDIX VIII

### Transfer on Death — Discussion Guide to Accompany Section 12 – STA TOD Rules

signature(s), medallion signature guarantee and other documentation as necessary. Until the security is properly presented and re-registered the name of the TOD beneficiary remains on the security.

*Can the surviving owner of a security remove the name of the TOD beneficiary at the death of the co-owner? Yes.* The surviving co-owner is exactly that, the owner. The owner of a security can register the security in any name that he or she wishes. Remember that the beneficiary only has rights to the security at the death of all the owners. Before that time the owner or co-owners (joint tenant or tenant-by-the-entirety) may register the security any way that they choose, which includes changing or removing the TOD beneficiary.

*What protects the securities processor from claims of the beneficiary after the death of the owner?* The UTODA and similar statutes allow the securities processor to adopt rules governing the registration of securities in TOD form. The Securities Transfer Association Guidelines in Section 12 specifically state that even though ownership of a security registered in TOD form passes to the beneficiary upon the death of the owner, neither the issuer nor the transfer agent shall have any liability to the beneficiary, and the beneficiary will have no claims against the issuer or transfer agent for distributions that may have been made to the owner or his or her representatives after the death of the owner unless and until the security has been re-registered in the name of the beneficiary in accordance with these Rules. (See Securities Transfer Association Rule 12.06). The legend on the certificate “SUBJECT TO STA TOD RULES” places all parties on notice that the security is subject to the Rules.

*How does a securities processor determine if the beneficiary is still alive after the death of the owner?* The death of the owner can be proved by submitting a certified copy of a death certificate. The beneficiary proves that he or she is still alive by obtaining a medallion signature guarantee.

*What happens if the beneficiary is a minor and cannot obtain a medallion signature guarantee?* The securities processor must receive an affidavit attesting to the fact that the beneficiary is still alive. The affidavit must be prepared and signed by a parent or a guardian of the beneficiary. The person signing the affidavit must indicate their relationship to the beneficiary. A medallion signature guarantee of the person preparing the affidavit must be obtained. The securities processor may rely upon this affidavit as being proof that the beneficiary did not predecease the owner.

*What happens if the beneficiary is incompetent and cannot endorse the security and obtain a medallion signature guarantee?* The securities processor must receive an affidavit attesting to the fact that the beneficiary is still alive. The affidavit must be prepared and signed by the guardian or conservator of the beneficiary. A medallion signature guarantee of the person preparing the affidavit must be obtained. The securities processor may rely upon this affidavit as being proof that the beneficiary did not predecease the owner.

*What happens if the beneficiary is unable to obtain a medallion signature guarantee because he or she is living in a foreign country?* The securities processor must receive an affidavit attesting to the fact that the beneficiary is still alive. The affidavit must be prepared and signed by the beneficiary. The signature of the beneficiary must be attested by a person or entity satisfactory to the securities processor (such as an official or Consulate General of the American Embassy). The securities processor may rely upon this affidavit as being proof that the beneficiary did not predecease the owner.

*What happens if the beneficiary predeceases the owner?* The security will be treated as belonging to the decedent owner's estate at the death of the owner and will be distributed in accordance with the owner's Will or the intestate statute of the state of the owner's last domicile.

*What happens if an owner realizes that he/she does not want a security to be registered in TOD form?* The owner should submit the security (in accordance with the Rules of the Securities Transfer Association) to the securities processor for re-registration into a registration that does not contain a TOD beneficiary.

*How may a person obtain a copy of Section 12 of the Guidelines of the Securities Transfer Association?* Individual security owners should contact the issuer or the transfer agent for the security. Brokers and depositories should contact the Securities Transfer Association (phone (908) 888-6040) or any issuer or transfer agent that offers registrations in TOD form. The following states have adopted UTODA or similar legislation. **FOREIGN DOMICILE ITEMS (INCLUDING CANADA) REQUIRE FEDERAL TRANSFER CERTIFICATE.**

The chart of states that have enacted UTODA on the next page is based on information published as of June 27, 2005 in the Securities Transfer Guide, a publication of CCH Incorporated. For current information, please consult your legal counsel or, to the extent you subscribe to the Securities Transfer Guide or similar publication, please contact the publisher. This STA publication is published with the understanding that neither the authors nor the publisher is engaged in rendering legal advice or other professional services. The information contained in this publication is provided as a reference resource with the understanding that it does not constitute and should not be construed as legal advice. You should seek the guidance of your attorney and other advisors with regard to your individual situation. The STA disclaims any responsibility for the accuracy and completeness of the information contained herein.

## **APPENDIX VIII**

### **Transfer on Death — Discussion Guide to Accompany Section 12 – STA TOD Rules**

**APPENDIX VIII****Transfer on Death —  
Discussion Guide to  
Accompany Section 12  
– STA TOD Rules**

Alabama	August 1, 1997
Alaska	January 1, 1997
Arizona	January 1, 1995
Arkansas	August 13, 1993
California	January 1, 1999
Colorado	July 1, 1990
Connecticut	October 1, 1997
Delaware	June 26, 1996
District of Columbia	April 27, 2001
Florida	January 1, 1995
Georgia	July 1, 1999
Hawaii	April 29, 1998
Idaho	July 1, 1996
Illinois	January 1, 1995
Indiana	July 1, 1997
Iowa	July 1, 1997
Kansas	July 1, 1994
Kentucky	April 1, 1998
Maine	March 27, 1998
Maryland	October 1, 1994
Massachusetts	November 5, 1998
Michigan	December 2, 1996
Minnesota	June 1, 1992
Mississippi	July 1, 1997
Missouri	January 1, 1990
Montana	October 1, 1993
Nebraska	September 9, 1993
Nevada	October 1, 1997
New Hampshire	January 1, 1998
New Jersey	September 20, 1995
New Mexico	July 1, 1992
New York	January 1, 2006
North Carolina	October 1, 2005
North Dakota	July 1, 1991
Ohio	October 1, 1993
Oklahoma	September 1, 1994
Oregon	September 29, 1991
Pennsylvania	February 16, 1997
Rhode Island	July 9, 1998
South Carolina	June 13, 1997
South Dakota	July 1, 1996
Tennessee	July 1, 1995
Utah	May 1, 1995
Vermont	July 1, 1999
Virginia	July 1, 1994
Washington	July 25, 1993
West Virginia	June 8, 1994
Wisconsin	May 11, 1990
Wyoming	July 1, 1993

**NOTE: While the above states have passed statutes concerning TOD registrations, the corporations must approve the issuance of their stock into these registrations.**