



Abandoned and Unclaimed Property

SEC Rule 17Ad-17 Compliance

Compliance Challenge

The U.S. Securities and Exchange Commission (SEC) estimates that transfer agents and broker-dealer firms are burdened with the management of three million lost security holder accounts. The expense of locating the owners of these accounts costs the industry a one-time compliance burden of \$4.6 million and annual fees of \$5.2 million. As a protective measure for investors, SEC Rule 17Ad-17 obligates transfer agents—and more recently, brokers—to follow and document adherence to specific guidelines in their regulated search efforts.

Who We Are

Ryan is recognized as having one of the largest and most proficient Abandoned and Unclaimed Property (AUP) practices in the country. With our expansion into Search and Location services, Ryan is now distinguished as the most comprehensive provider of unclaimed property solutions.

SEC Rule 17Ad-17 Requirements

Who:	Recordkeeping transfer agents and brokers/dealers with account files that include lost security holders.
What:	“Reasonable care” must be exercised to ascertain correct addresses for lost security holders.
How:	Two database searches are required using at least one information database service.
First search:	3-12 months of security holder deemed as “lost.”
Second search: (if necessary)	6-12 months after the first search by agent or broker/dealer. <ul style="list-style-type: none"> · Must search by Taxpayer Identification Number (TIN) or by name when TIN is unavailable. · Cost for database searches must be without charge to the lost security holder prior to completing the search.
Exceptions:	Searches not necessary if: <ul style="list-style-type: none"> · Documentation is received stating that the security holder is deceased. · Aggregate value of assets listed in the security holder’s account is less than \$25. · Security holder is not a natural person.
Compliance:	SEC requires records to be maintained and filed demonstrating compliance, including written procedures and methodologies.



New Rules for Handling Uncashed Checks

Dodd-Frank also adopted new rules that will change the way all paying agents handle uncashed checks. A “paying agent” is defined as any issuer, transfer agent, broker, dealer, investment adviser, indenture trustee, custodian, or any other person that accepts payments from an issuer of security and distributes payments to security holders.

Specific requirements are:

- Security holders must be considered an “unresponsive payee” if a check is sent to them that remains uncashed for six months (or until the next regularly scheduled check is sent).
- Written notification regarding the “unresponsive payee” status must be provided to the security holder no later than seven months after the check in question was originally sent. The notification may be sent along with a subsequent check or some other mailing, provided that the notice occurs within the seven-month window.
- The notification requirements do not apply if the check is worth less than \$25.

The Ryan Difference

Ryan is an award-winning global tax services firm, with the largest indirect and property tax practices in North America and the seventh largest corporate tax practice in the United States. With global headquarters in Dallas, Texas, the Firm provides a comprehensive range of state, local, federal, and international tax advisory and consulting services on a multi-jurisdictional basis, including audit defense, tax recovery, credits and incentives, tax process improvement and automation, tax appeals, tax compliance, and strategic planning.

Ryan is a three-time recipient of the International Service Excellence Award from the Customer Service Institute of America (CSIA) for its commitment to world-class client service. Empowered by the dynamic *myRyan* work environment, which is widely recognized as the most innovative in the tax services industry, Ryan’s multi-disciplinary team of more than 2,100 professionals and associates serves over 12,000 clients in more than 40 countries, including many of the world’s most prominent Global 5000 companies. More information about Ryan can be found at ryan.com.

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| <ul style="list-style-type: none"> ➤ Address Verification Services ➤ Business Process Improvement and Change Management ➤ Compliance and Outsourcing Services ➤ Corporate Asset Recovery ➤ Customized Policies and Procedures ➤ Due Diligence Mailings ➤ Identification and Application of Statutory Exemptions and Deductions ➤ In-house and/or Web-based Unclaimed Property Training ➤ Legislative and Case Law Tracking Services | <ul style="list-style-type: none"> ➤ Maturity Model and Corporate Governance Analysis ➤ Owner Search and Location Services ➤ Payment to Applicable Jurisdictions ➤ Quantitative Risk Assessments ➤ Technology and Systems Analysis ➤ TRACKER Escheat Software ➤ Report Preparation ➤ Unclaimed Property State Audit Assistance ➤ Voluntary Disclosures/Government Relations |
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“Ryan provided valuable insight and guidance throughout the audit process. They leveraged their relationships with the states, auditors, and transfer agents to expedite the process and ensure an accurate outcome for our company.”

Kathryn Murray
Senior Director, Corporate and Securities



Award-Winning Tax Services

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