

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 53668 / April 18, 2006**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-12265**

**In the Matter of**

**COMPUTERSHARE TRUST  
COMPANY OF CANADA,**

**Respondent.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTIONS 15(b), 17A(c) AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
MAKING FINDINGS AND IMPOSING  
REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b), 17A(c), and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Computershare Trust Company of Canada (“CTCC” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over Respondent and the subject matter of these proceedings, Respondent consents to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b), 17A(c) and 21C of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions, as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

#### **RESPONDENT**

1. CTCC is a transfer agent with its principal offices in Toronto, Ontario, Canada. CTCC provides transfer agent services for public companies, specializing in stock transfer, corporate trust and employee plan administration. CTCC acquired its operations in Canada from a third party in approximately June 2000. CTCC is a wholly-owned subsidiary of Computershare Limited, a financial services company headquartered in Australia with offices worldwide, including in the United States and Canada, which provides transfer agent and employee plan administration services, and whose securities are listed on the Australian stock exchange.

#### **CTCC Acts as an Unregistered Transfer Agent and Broker**

2. CTCC acts as a transfer agent, as defined by Section 3(a)(25) of the Exchange Act, and as a broker, as defined by Section 3(a)(4) of the Exchange Act. Since approximately June 2000, CTCC has acted as a transfer agent for at least 260 companies that had securities registered under Section 12 of the Exchange Act. During that same period, CTCC has acted as a broker by engaging in the business of effecting securities transactions for United States resident investors on behalf of approximately 100 issuers.

3. With respect to each of its clients from June 2000 through April 14, 2004, that had securities registered under Section 12 of the Exchange Act, or that would be required to be registered except for the exemption from registration provided by subsection (g)(2)(B) or (g)(2)(G) of that section, CTCC, alone or with other transfer agents, provided one or more of the following services with respect to such securities:

- Countersigning the securities of these issuers upon issuance of their securities;
- Monitoring the issuance of securities with a view to preventing unauthorized issuance;
- Registering the transfer of these securities;
- Exchanging and converting these securities; or
- Transferring record ownership by bookkeeping entry.

4. From June 2000 through April 14, 2004, CTCC was not registered with the Commission or any other United States agency as a transfer agent pursuant to Section 17A(c)(1) of the Exchange Act.

5. Effective April 14, 2004, CTCC registered with the Commission as a transfer agent.

6. From June 2000 through the present, CTCC has acted as a broker by engaging in the business of effecting securities transactions for U.S. resident investors in connection with its administration of dividend reinvestment and stock purchase plans, employee stock purchase plans, employee stock option plans, and odd-lot programs without registering with the Commission as a broker pursuant to Section 15(a) of the Exchange Act.

### **Violations of Federal Securities Law**

7. Fundamental to the Commission's ability to oversee the securities markets and protect investors is the requirement that brokers and transfer agents register with the Commission. Exchange Act, Sections 15(a), 17A; see also SEC Rel. No. 34-27017 (July 18, 1989) (“[I]t is important to reiterate the fundamental significance of broker-dealer registration within the structure of U.S. securities market regulation. Because of the broker-dealer’s role as an intermediary between customers and the securities markets, broker-dealers have been required to register with the Commission since 1935”); SEC Rel. No. 34-11759 (October 22, 1975) (“Section 17A(c) . . . precludes a person from performing any transfer agent function set forth in Section 3(a)(25) . . . unless such person is registered as a transfer agent” (emphasis added)). Once registered, transfer agents and broker-dealers must conduct their operations in accordance with, among other things, established reporting requirements, record-keeping and record retention practices, and permit the inspection of such records, enabling the Commission and national security exchanges to ensure fairness and the efficient, orderly and open operation of the securities markets. See e.g., Exchange Act, Sections 15, 17, and 17A. A broker-dealer or transfer agent that violates these requirements is subject to a variety of sanctions including an injunction, disgorgement, prejudgment interest, civil penalties and revocation of its registration. Exchange Act, Sections 15 and 21.

8. As a result of the conduct described above, CTCC willfully violated Section 17A of the Exchange Act, which provides that it is unlawful for any transfer agent, unless registered with the Commission or otherwise exempted from such registration, directly or indirectly to make use of the mails or any means or instrumentality of interstate commerce to perform the function of a transfer agent with respect to any security registered under Section 12 of the Exchange Act, or which would be required to be registered except for the exemption from registration provided by Section 12(g)(2)(B) or (g)(2)(G) of the Exchange Act. See e.g., In the Matter of CIBC Mellon Trust Co., Admin. Proc. File No. 3-11839 (March 2, 2005).<sup>1</sup>

9. As a result of the conduct described above, CTCC also willfully violated Section 15(a) of the Exchange Act, under which it is unlawful to make use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers’ acceptances, or commercial bills) unless such broker is registered with the Commission. See e.g., In the Matter of CIBC Mellon Trust Co., Admin. Proc. File No. 3-11839

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<sup>1</sup> “Willfully” as used in this Order means intentionally committing the act which constitutes the violation, Cf. Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000); Tager v. SEC, 344 F.2d 5, 8 (2d Cir. 1965). There is no requirement that the actor also be aware that he is violating one of the Rules or Acts.

(March 2, 2005); SEC v. National Executive Planners, Ltd., 503 F. Supp. 1066, 1073 (M.D.N.C. 1980).

### **Undertakings**

Respondent has undertaken to:

1. within 30 days after the date of the entry of this Order, to retain a qualified independent consultant (the "Consultant"), not unacceptable to the staff of the Commission, to conduct a comprehensive review of all aspects of CTCC's business as a transfer agent for companies with Section 12 registered securities, and as a broker for U.S. resident investors, including, but not limited to, CTCC's level and adequacy of staffing, and its policies and procedures as they relate to CTCC's awareness of, and compliance with, Section 17A of the Exchange Act and the regulations thereunder, and Section 15(a) of the Exchange Act, including the conditions set forth in the Commission's Exemptive Order, exempting CTCC from registering as a broker under Section 15(a) of the Exchange Act;

2. require the Consultant to enter into an agreement that provides that, for the period of engagement and for a period of two years from completion of the engagement, the Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with CTCC, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Securities and Exchange Commission's Division of Enforcement, enter into any employment, consultant, attorney-client, auditing or other professional relationship with CTCC, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

3. direct its agents and employees to cooperate fully with the Consultant's review and answer any questions he or she may have;

4. require that, within 120 days of the entry of this Order, the Consultant complete his/her review and submit a written report documenting its findings and making recommendations (the "Report") to CTCC's Board of Directors, a copy of which shall be transmitted contemporaneously to the staff of the Commission. In the event that CTCC is acquired by another company and becomes a wholly-owned subsidiary of the acquiring company before it has fully complied with all of the terms of this Order, CTCC's obligations under this Order shall remain in effect only as to CTCC as a wholly-owned subsidiary and only as to CTCC's Board of Directors as constituted following the acquisition. In the event that CTCC is acquired by another company and ceases to be a wholly-owned subsidiary of such acquiring company before CTCC has fully complied with all of the terms of this Order, CTCC shall have the acquiring company assume CTCC's obligations under this paragraph; and

5. within 90 days after CTCC receives the Consultant's report described above, CTCC shall adopt, implement and maintain any and all policies, procedures and practices recommended by the Consultant and certify to the staff of the Commission, via an affidavit, that it has done so.

#### IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest and for the protection of investors to impose the sanctions agreed to in CTCC's Offer.

Accordingly it is hereby ORDERED that:

A. Pursuant to Sections 15(b)(4)(C) and 17A(c)(3) of the Exchange Act, CTCC is hereby censured.

B. Pursuant to Section 21C of the Exchange Act Respondent shall cease and desist from committing or causing any violations and any future violations of Sections 15(a) and 17A of the Exchange Act;

C. Respondent shall, within 10 days of the entry of this Order, pay disgorgement and prejudgment interest in the total amount of \$601,868.71 to the United States Treasury, reflecting disgorgement of \$509,366, and prejudgment interest of \$92,502.71, and pay a civil money penalty in the amount of \$500,000 to the United States Treasury. Such payment, totaling \$1,101,868.71 shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Alexandria, Stop 0-3, VA 22312; and (D) submitted under cover letter that identifies CTCC as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Paul R. Berger, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549-4631.

D. Respondent shall comply with the undertakings enumerated in Section III, above.

By the Commission.

Nancy M. Morris  
Secretary