

File Number:  
**84.1256**

For the reporting period ended  
December 31, **2003**



**OMB APPROVAL**

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response. . . . . .50

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM TA-2**

**FORM FOR REPORTING ACTIVITIES OF TRANSFER AGENTS  
REGISTERED PURSUANT TO SECTION 17A OF THE SECURITIES EXCHANGE ACT OF 1934**

**ATTENTION: INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACT  
CONSTITUTE FEDERAL CRIMINAL VIOLATIONS.  
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a)**

**SECURITIES AND EXCHANGE COMMISSION  
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1. Full name of Registrant as stated in Question 3 of Form TA-1:  
(Do not use Form TA-2 to change name or address.)

**MAR 29 2004**

**CHARLES SCHWAB & CO., INC.**

2. a. During the reporting period, has the Registrant engaged a service company to perform agent functions?  
(Check appropriate box.)

**OFFICE OF COMPLIANCE INSPECTIONS  
AND EXAMINATIONS**

All                       Some                       None

b. If the answer to subsection (a) is all or some, provide the name(s) and transfer agent file number(s) of all service company(ies) engaged:

Name of Transfer Agent(s):	File No. (beginning with 84- or 85- ):
<b>BOSTON FINANCIAL DATA SERVICES</b>	<b>84.00896</b>

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c. During the reporting period, has the Registrant been engaged as a service company by a named transfer agent to perform transfer agent functions?  
 Yes                       No

d. If the answer to subsection (c) is yes, provide the name(s) and file number(s) of the named transfer agent(s) for which the Registrant has been engaged as a service company to perform transfer agent functions: (If more room is required, please complete and attach the Supplement to Form TA-2.)

Name of Transfer Agent(s):	File No. (beginning with 84- or 85- ):

*DR 4-14*

3. a. Registrant's appropriate regulatory agency (ARA): (Check one box only.)
- Comptroller of the Currency
  - Federal Deposit Insurance Corporation
  - Board of Governors of the Federal Reserve System
  - Securities and Exchange Commission
- b. During the reporting period, has the Registrant amended Form TA-1 within 60 calendar days following the date on which information reported therein became inaccurate, incomplete, or misleading? (Check appropriate box.)
- Yes, filed amendment(s)
  - No, failed to file amendment(s)
  - Not applicable
- c. If the answer to subsection (b) is no, provide an explanation:

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**If the response to any of questions 4-11 below is none or zero, enter "0."**

4. Number of items received for transfer during the reporting period: ..... 0
5. a. Total number of individual securityholder accounts, including accounts in the Direct Registration System (DRS), dividend reinvestment plans and/or direct purchase plans as of December 31: ..... 4,466,746
- b. Number of individual securityholder dividend reinvestment plan and/or direct purchase plan accounts as of December 31: ..... 4,466,746
- c. Number of individual securityholder DRS accounts as of December 31: ..... 0
- d. Approximate percentage of individual securityholder accounts from subsection (a) in the following categories as of December 31:

Corporate Equity Securities	Corporate Debt Securities	Open-End Investment Company Securities	Limited Partnership Securities	Municipal Debt Securities	Other Securities
		100%			

6. Number of securities issues for which Registrant acted in the following capacities, as of December 31:

	Corporate Securities		Open-End Investment Company Securities	Limited Partnership Securities	Municipal Debt Securities	Other Securities
	Equity	Debt				
a. Receives items for transfer and maintains the master securityholder files:			0			
b. Receives items for transfer but does not maintain the master securityholder files:			0			
c. Does not receive items for transfer but maintains the master securityholder files:			14			

7. Scope of certain additional types of activities performed:
- a. Number of issues for which dividend reinvestment plan and/or direct purchase plan services were provided, as of December 31: ..... 14
  - b. Number of issues for which DRS services were provided, as of December 31: ..... 0
  - c. Dividend disbursement and interest paying agent activities conducted during the reporting period:
    - i. number of issues ..... 14
    - ii. amount (in dollars) ..... \$ 363,393,092

8. a. Number and aggregate market value of securities aged record differences, existing for more than 30 days, as of December 31:

	Prior Transfer Agent(s) (If applicable)	Current Transfer Agent
i. Number of issues .....		0
ii. Market value (in dollars) .....		0

b. Number of quarterly reports regarding buy-ins filed by the Registrant with its ARA (including the SEC) during the reporting period pursuant to Rule 17Ad-11(c)(2): ..... 0

c. During the reporting period, did the Registrant file all quarterly reports regarding buy-ins with its ARA (including the SEC) required by Rule 17Ad-11(c)(2)?

Yes                       No

d. If the answers to subsection (c) is no, provide an explanation for each failure to file:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

9. a. During the reporting period, has the Registrant always been in compliance with the turnaround time for routine items as set forth in Rule 17Ad-2?

Yes                       No

**If the answer to subsection (a) is no, complete subsections (i) through (ii).**

i. Provide the number of months during the reporting period in which the Registrant was **not** in compliance with the turnaround time for routine items according to Rule 17Ad-2. ....

ii. Provide the number of written notices Registrant filed during the reporting period with the SEC and with its ARA that reported its noncompliance with turnaround time for routine items according to Rule 17Ad-2. ....

10. Number of open-end investment company securities purchases and redemptions (transactions) excluding dividend, interest and distribution postings, and address changes processed during the reporting period:

- a. Total number of transactions processed: ..... 64,129,435
- b. Number of transactions processed on a date other than date of receipt of order (as ofs): ..... 7,160,899

11. a. During the reporting period, provide the date of all database searches conducted for lost securityholder accounts listed on the transfer agent's master securityholder files, the number of lost securityholder accounts for which a database search has been conducted, and the number of lost securityholder accounts for which a different address has been obtained as a result of a database search:

Date of Database Search	Number of Lost Securityholder Accounts Submitted for Database Search	Number of Different Addresses Obtained from Database Search
04/01/2003	25,367	21,644
10/01/2003	27,161	19,969

- b. Number of lost securityholder accounts that have been remitted to states during the reporting period: ..... 13,277

SIGNATURE: The Registrant submitting this Form, and the person signing the Form, hereby represent that all the information contained in the Form is true, correct, and complete.

Manual signature of Official responsible for Form: 	Title: SENIOR VICE PRESIDENT Telephone number: (415) 636-3999
Name of Official responsible for Form: (First name, Middle name, Last name) FRED A. POTTS	Date signed (Month/Day/Year): 03/15/2004



*charles* SCHWAB

Charles Schwab  
101 Montgomery St San Francisco CA 94104

March 19, 2004

Mr. John M. Greely  
U.S. Securities and Exchange Commission  
Division of Market Regulation  
450 Fifth Street, N.W.  
Washington, D.C. 20549

**SECURITIES AND EXCHANGE COMMISSION  
RECEIVED**

**MAR 29 2004**

RE: Charles Schwab & Co., Inc.

**OFFICE OF COMPLIANCE INSPECTIONS  
AND EXAMINATIONS**

Dear Mr. Greely:

Enclosed are an original and two copies of the Form TA-2 for Charles Schwab & Co., Inc. ("Schwab") for the period ending December 31, 2003. This letter serves as a supplement to Schwab's Form TA-2 for 2003 filing with the Securities and Exchange Commission ("SEC").

Schwab, in its capacity as a registered securities broker, maintains one or more omnibus accounts for the benefit of its customers with each of the 66 Schwab proprietary mutual funds for which Schwab, in its capacity as registered transfer agent, acts as transfer agent. Schwab treats each omnibus account internally as an "individual securityholder account" and had been, until directed otherwise by the SEC staff in 1994, completing the information required on Form TA-2 consistent therewith.

In 1994, in discussions with James Brown, Staff Accountant, Pacific Regional Office, Jack Bruns, Chief of Broker-Dealer Examinations, San Francisco Branch Office, and Ester Saverson, Jr., then Branch Chief, Transfer Agent Regulation, Division of Market Regulation, in Washington, D.C, they requested that Schwab complete the Form TA-2 as if Schwab, as broker, maintains with each Schwab proprietary mutual fund an "individual securityholder account" for each Schwab customer that holds the mutual fund's shares. The staff acknowledged that there are no written instructions or interpretations, which form the basis for its request. Although Schwab has disagreed with the staff's interpretation of Schwab's Form TA-2 reporting requirements, it has completed the Form TA-2 in each year from 1994 through 2002 in accordance with the staff's request. Schwab has supplied such information on the Form TA-2 solely to comply with the staff's request. Moreover, Schwab has not conceded that this reporting convention has any validity with respect to determining the obligations of the Schwab proprietary mutual funds or the rights of Schwab customers owning the mutual fund shares.

In 1999, Schwab engaged Boston Financial Data Services ("BFDS") (84-00896), as a service company, to provide transfer agency services, on behalf of Schwab, and currently provides transfer agency services, for 52 of our 66 proprietary mutual funds. The transfer agency services include maintaining the master security holder files for these proprietary mutual funds. Consequently, for Schwab's Form TA-2 for 2003, we have completed the form in accordance with the staff's request only for those funds for which we have not engaged BFDS to maintain the master securityholder files ("Non-BFDS Funds").

To assist in the review of Schwab's Form TA-2 for the period ending December 31, 2003, Schwab is providing the following explanations as to certain questions on the form. The information provided below refers to Non-BFDS Funds.

Question 5.a. The number of individual security holder accounts maintained as of December 31, 2003 is the aggregate number of positions held in each Schwab customer's account, as of December 31, 2003. Some customers hold positions in two or more Non-BFDS Funds.

Questions 10.b. Question 10.b. requests the number of mutual fund transactions processed during 2003 on a date other than the date of receipt of order. The response to this question reflects the number of "as of" transactions (7,160,899) in 2003 reported on Schwab customer statements for the requisite time period. "As of" transactions generally arise from Schwab processing VISA/ATM debit transactions in the Schwab One® brokerage accounts that have a money market fund feature. As explained to the SEC staff during its transfer agency examinations of Schwab in 1994, 1998, and 1999, the VISA/ATM debit transactions are processed in the Schwab One customer brokerage accounts on an "as of" basis due to a delay between the time when (a) Schwab advances funds, on behalf of its customers, to the paying bank to cover the debit transactions and (b) Schwab receives a tape of the detailed transactions from the paying bank enabling Schwab to charge the cash assets (including proceeds of redemptions of money market fund shares in accordance with the Schwab One Account Agreement). As a result, transactions are processed on the latter date (b) "as of" the former date (a).

It should be noted, however, that in the situation described above, none of these transactions are "as of" transactions to the Schwab proprietary mutual funds, because Schwab always receives the price next calculated after transmission of the purchase or redemption order to the mutual funds. Schwab assumes the market risk for any price change between the "as of" date and the transmission date of the order and receives the dividends for that time period as well. Schwab is able to process orders in this manner for its customers because it maintains an omnibus account with each Schwab proprietary mutual fund.

Question 11.b. This total number includes individual security holder accounts for Non-BFDS Funds and may also include Schwab customers that had cash credits that were remitted to states during the reporting period.

If you have any questions regarding this filing, please contact me at (415) 636-3999.

Very Truly yours,



Fred A. Potts  
Senior Vice President  
Asset Management Client Services

Enclosures

cc: Ms. Jennet W. Leong, Assistant District Administrator, Broker-Dealer Examinations,  
San Francisco Branch Office