

# THE SECURITIES TRANSFER ASSOCIATION, INC.

May 5, 2011

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Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

**RE: Release No. 34-64099, File No. S7-11-11; Proposed amendments to Rule 17Ad-17; Transfer agents', brokers', and dealers' obligation to search for lost securityholders; paying agents' obligation to search for missing securityholders**

Dear Ms. Murphy:

The Securities Transfer Association ("STA") appreciates the opportunity to comment on the proposed amendments to Rule 17Ad-17 referenced above (the "Proposal"). Founded in 1911, the STA is the professional association of transfer agents. The STA membership includes more than 150 registered transfer agents maintaining records of more than 100 million registered shareholders on behalf of more than 15,000 issuers. STA transfer agent members have been subject to Rule 17Ad-17 since its inception in 1997.

The STA strongly supports the intent of the Proposal which should reduce the number of "lost securityholders" among customers of broker dealers, and should also reduce the risk of dividend, interest, and other payments being deemed abandoned under current state escheatment laws. The STA believes, however, that the proposed amendments create the possibility of confusion for transfer agents and for shareholders, and offers the following comments on the proposed new obligations for "paying agents".

Our members are concerned about the new term “missing securityholder,” the inference of which is to suggest that securityholders who have not cashed their checks are lost or missing, much the same way as those securityholders who are deemed “lost securityholders” under the rule. The experience of our members indicates that many of these securityholder are not missing or lost at all, but have simply failed to cash their checks for any number of reasons. Use of the term “missing securityholder” poses a significant risk that the obligations imposed with respect to missing securityholders will be confused with the obligations imposed with respect to lost securityholders. Indeed, in reviewing the proposed rules, many of our members themselves have been confused about how the two obligations effect one another, when in fact, these obligations appear to be completely independent of one another. We recommend that a less confusing term be used, such as “unresponsive payee,” as it provides a more accurate description of the status of these securityholders, and paying agents will be less likely to confuse the obligations to notify such “missing” securityholders with the obligations to search for “lost” securityholders.

Moreover, the Proposal is unclear whether the notification to a “missing securityholder” is required if, prior to the notification being sent, the securityholder becomes a “lost securityholder” on the records of the transfer agent or broker or dealer. It clearly serves no purpose and would result in unnecessary expense to mail a notice to a lost securityholder merely to have that notice returned as undeliverable. The STA recommends that the definition of a “missing securityholder” (or “unresponsive payee”) specifically exclude any securityholder that is a “lost securityholder.”

The Commission has requested comment on whether “disruptions to current systems” or “burdens to commerce” might result from the proposed rule amendments. Our members do not believe the proposed amendments will cause such disruptions or burdens to any significant extent. There will, however, be system reprogramming costs. These costs will vary depending on the complexity and flexibility of the system used by the paying agent. There will also be additional costs for postage and forms needed for these mailings. The extent of these costs will vary depending on the nature of the uncashed check. These costs may be minimized if the paying agent can include the notice with the mailing of a subsequent check.

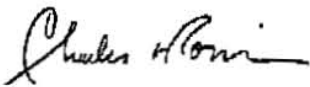
The Commission has requested comment on the proposal to establish a compliance date for the amendments of one year following final action by the Commission. Our members believe that time frame to be sufficient. It is unclear, however, if notices must be mailed with respect to checks issued prior to the effective date of the new notice requirements. On the effective date, paying agents will have outstanding uncashed checks on their records. If a “look back” requirement were imposed, a number of additional issues would need to be clarified, such as how far back would the agent need to look for uncashed checks, and would the notice obligation apply to escheated checks. We believe such a “look back” requirement would be burdensome to implement and difficult to administer.

Accordingly, the STA recommends that the notice requirement be clarified so that the obligation to mail a notice applies solely to checks issued on or after the effective date.

The Commission has requested comment on the probability that the amendment would cause multiple paying agents to send written notices to a “missing securityholder” or “unresponsive payee” regarding the same uncashed check. Our members have discussed various scenarios involving conversions of issuer clients from one transfer agent to a new agent, and also scenarios where the named transfer agent uses a third party “paying agent” to pay certain obligations to securityholders. We believe that under the proposed amendment, the obligation to send the notice falls only to the entity that currently holds the records pertaining to the particular check, when the required time frame has elapsed. Additionally, when clients move from one transfer agent to a new one, a common industry practice is for the old agent to retain the records and funds associated with uncashed checks for six months, in order to allow these checks to clear without disruption from the bank account on which they are drawn. This will allow the prior agent to have the information needed to send the required notice. In the event that these records are transferred to the new agent in a shorter time frame, the new agent would have both the records needed and the obligation to send the notice. After discussing various scenarios, as indicated above, we believe it is unlikely that multiple paying agents will send notices to securityholders for the same check.

In conclusion, the STA thanks you for the opportunity to comment on the Proposal and hopes that you will seriously consider using a term other than “missing securityholder”, which is misleading and confusing, and clarify the items noted above.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles V. Rossi". The signature is fluid and cursive, with the first name "Charles" and last name "Rossi" clearly distinguishable.

Charles V. Rossi  
President  
The Securities Transfer Association, Inc.