

Group Five LLC
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February 26, 2016

Brent J. Fields
Secretary, Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

RE: Concept Release on Transfer Agent Regulations - File No. S7-27-15

Dear Mr. Fields:

Group Five LLC, a consulting and market research firm located in San Anselmo, CA, would like to comment on the Commission's concept release on new regulations for transfer agents. Group Five has been working with the transfer agent industry since 1990 and conducts numerous studies of issuer and shareholder satisfaction. Since its founding Group Five has been helping issuers evaluate transfer agent services and contract for transfer agent services. On many of these projects Group Five provided the key contractual terms and conditions. Our experience is almost exclusively with the largest issuers and the largest transfer agents, in terms of the number of registered shareholder accounts.

14. Should the Commission require that any arrangement for transfer agent services between a registered transfer agent and an issuer be set forth in a written agreement? Based upon our experience in dealing with transfer agent contractual issues, we fully recommend that some form of contractual agreement be required. The reason for this requirement is to prevent transfer agents from holding issuer records captive and refusing to release them without payment of arbitrary and, often exorbitant fees and expenses. This occurs most commonly during corporate actions when issuers are required to terminate their transfer agent relationship unexpectedly.

Group Five recently conducted a brief online survey to obtain issuer opinions about transfer agent contracting. Only one issuer, of the 86 issuers who responded to the survey, did not agree that all issuers should have a written contract with their transfer agent. In addition, one large issuer commented, "With our former TA termination fees were not clearly spelled out. We paid through the nose -- via wire transfer -- to get our files transferred to the new TA. No time for discussion, no time to try to dispute. They had us over a barrel." Another issuer said, "Got terrible service from our first transfer agent (name withheld). The contract was pitiful, and when we fired them, they tried to charge us a ton of fees and costs. We told them that we would sue them for breach of contract if they tried to pursue the matter and eventually they backed off. There should be a good full document contract in advance. What they provided was like a brochure with a couple of paragraphs and called it a 'contract.'"

The written agreement for transfer agent services should contain at a minimum: scope of services, term of agreement, renewal conditions, termination conditions, including fees and expenses for early and normal termination, performance standards and penalties for failures, indemnification and limitation of liability, and a full annual fee and estimated expense schedule.

15. *Should the Commission require that all fee arrangements between an issuer and a transfer agent be set forth in a written agreement?* Without question this should be a requirement. It is a simple matter to have the transfer agent provided a full schedule of fees and expenses to each client.

16. *Are issuers or transfer agents aware of instances where records have not been passed from one agent to the next, or agents have not done so in a prompt manner?* We are aware of several instances where agents have threatened to withhold records until payment of undisclosed and/or excessive fees. In each case we suggested that the issuer contact the SEC to report the transaction and in most cases, the transfer agent relented upon threat of SEC notification. The proposed rule to require a written contract for transfer agent services would eliminate this problem. The contract need not be large and complicated; it can be as simple as a term sheet and fee schedule.

If you would like to discuss our letter, please contact Jack Sunday at [REDACTED] or at [REDACTED].

Very truly yours,


Group Five LLC