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April 13, 2016

Brent J Fields, Secretary
Securities and Exchange Commission
100F Street NE
Washington DC 20549-1090

Dear Mr. Fields:

Release No 34-76743, File No. S7-27-15 ("Concept Release")

I am founder and CEO of Transfer Online, Inc. a stock transfer agent that was established in 1999 specifically to take advantage of the internet as a communication and delivery system for data, and to create new software that would avoid any of the potential Y2K issues that were anticipated at that time. My experience before Transfer Online included operations and management at other transfer agencies, broker dealers and clearing firms going back to 1983 and consequently I have experienced many changes in how the market operates and the role of the transfer agent within the system. When I began my career, transfer agents were typing stock certificates and shareholder lists on typewriters. Shareholder lists were created by typing up the names, addresses and number of shares on the record date requested and by the time this process was completed and delivered by mail the information was a week old or more. The transfer agent industry has come a long way since those days and I greatly appreciate the work being done now to update and revise the rules to reflect the many changes that have occurred over time in both markets and technology.

Transfer Online has specialized in software solutions and services for the smaller to mid-sized issuer and entrepreneur in the market. Many of them, as well as start-ups, do not have the resources to manage the increasing costs of being a public company and the expense of a professional transfer agent. They also do not have the expertise to manage their shareholder records and transfer activity themselves. It is essential that the burden of additional rules and regulations being anticipated at this time do not have the effect of eliminating all but the largest transfer agents. Many of the small to mid-size agents have been around for quite a long time and they are experts in the type of activities that are more specific to the smaller public company. This knowledge makes all of us essential players in the commission's efforts to safeguard investors against fraud. The clearance and settlement process would suffer greatly without knowledgeable and capable transfer agents in a competitive marketplace.

The smaller transfer agent in particular is an essential part of the system as they often provide services to the companies that has the least amount of resources and knowledge in house to navigate the intricate securities rules and regulations. Without professional companies to

service these issuers, they might be faced with acting as their own transfer agent and I am sure that would have far reaching implications in the marketplace. Transfer Agents are on the frontline of every transaction to ensure that the rules and regulations are adhered to and the SEC relies on us to make sure there is compliance and reporting on activity. This is an increasingly difficult and expensive role for every transfer agent and while I'm sure that certain additional rules would support shareholders, issuers and agents, I am also concerned that if the burden and expense is too high it would ultimately serve to eliminate dedicated competent agents that are serving a vital function.

I have given a great deal of time and thought to problems and challenges faced by transfer agents, issuers and shareholders and have concluded that while there is definitely some degree of updating and addition to the rules would be beneficial, the most effective solution would not be the excessive additional expense and burden of rules, regulations and reporting. The transfer agent industry needs new rules that address the changes in technology and the public markets partnered with access to and the support of the SEC to advise and intercede if necessary at the time we are placed in difficult situations. To advise and comment when pressure is brought to bear by a party or parties in the form of lawsuits and financial threats. Transfer agents are on the front lines and in many instances have the first opportunity to detect fraud or wrongdoing but in many instances, the rules might be too vague, or non-existent, and this is exploited by parties to press a transfer agent to take action in their favor. If the SEC would take a more definitive position or engage is some form of investigation upfront then many fraud cases would never become an issue in the first place. Additionally, the issuer and transfer agent needs greater access to all the shareholder records including the holders in "street name". Historically it was possible to see what was going on with a company's stock in the market because the transfer agent kept most of the shareholder records and transactions on their systems. With the move toward street name ownership and lack of access to most of the information held at DTC, clearing and brokerage firms, it has become very difficult to determine what is really happening with the trading of a security and, therefore, difficult to assist the SEC with investigations and inquiries as we were able to in the past.

Once again I want to acknowledge and commend the commission for all the work they have done in connection with this document. I have included comments to specific numbered questions and they appear below. I have attempted to respond where I have either direct experience or relevant information. I am happy to elaborate further if requested.

5. Should the Commission require any of the registration and disclosure items discussed above? Why or why not? Should the Commission consider other requirements? Please explain. What would be the benefits and costs associated with any such requirements? Please provide empirical data. If the Commission were to require transfer agents to disclose financial information, what information should be required, and why? Would requiring such information to be disclosed on Forms TA-1 and/or TA-2 be an effective and appropriate measure? What would be the benefits and costs associated with any such requirement?

I'm not sure what possible benefit there is to transfer agents being required to make public financial disclosures that would outweigh their rights to privacy in such matters. When an issuer contracts with a transfer agent for services the burden should be on them to request such documents as part of their due diligence. Additionally, as a transfer agent there are already substantial bonding requirements in connection with being limited participants at DTC and in order to obtain that policy it follows that certain financial measures had to be met. In the event that a transfer agent is not a participant there might be some other method to ensure financial stability of the agent but it should not be in the form of a public disclosure for non-public companies.

6. Should the Commission consider amending the registration process to allow for the issuance of an order approving a transfer agent's TA-1 application before that application becomes effective, rather than having such applications become effective automatically after 30 days? Should the Commission consider making certain findings before approving a transfer agent's application? If so, what should those findings be? Should the Commission impose threshold requirements that transfer agents must satisfy before their applications can become effective? If so, what would they be?

I have never understood why the order becomes effective after 30 days without any further due diligence. Given the importance of the transfer agents role and the power and effect that the SEC "approval" brings in the marketplace it would seem essential to, at minimum, look into the backgrounds of the individuals seeking to be transfer agents; including, if they have any previous sanctions or convictions in all areas of the financial markets or criminal activity. Furthermore, an interview process to determine whether or not the applicant is qualified or has qualified personnel would easily eliminate the most unqualified of applicants.

7. The Commission intends to propose to require transfer agents to submit annual financial statements. Should these statements be required to be audited? Why or why not?

I do not think audited financial statements should be required as it would add substantial costs to the operations of the smaller agent in particular. As with the issue of public disclosure, I question the necessity of this being required when it should be the issuer who requests these financial documents. Ultimately, these increases in the cost of business will be passed along to the issuer who is having increasing rules regulations and reporting put on them all the time. Many are having real problems meeting these obligations and in the case of not being able to pay their transfer agent, they and their shareholders are unable to receive services. This means either finding an agent that will not charge them for service (a business model that should we

should be very suspicious of) or acting as their own agent. The importance of having a qualified agent or issuer in-house capability is essential as a preventative tool for the SEC. It is critical to make sure that the marketplace remains competitive with a variety of transfer agents to serve the varied needs of issuers of all sizes.

9. Does the receipt of securities as payment for services create conflicts of interest for transfer agents, and if so, should the Commission require that such payments be disclosed? The Commission intends to propose to amend Forms TA-1 and/or TA-2 to require transfer agents to disclose all actual and potential conflicts of interest. Should it do so? Why or why not? Should the Commission provide any guidance as to what constitutes a conflict of interest? Why or why not? Has the proliferation of the types of services offered by transfer agents in recent years created new conflicts of interest? How might transfer agents' conflicts of interest differ depending upon whether the transfer agent is paid by the issuer, the shareholder, or some combination thereof? Is disclosure of conflicts of interest a sufficient safeguard for investors? Should the Commission ban certain conflicts of interest entirely? For example, should the Commission prohibit transfer agents from having certain affiliations with issuers or broker-dealers, or from providing certain services if they have such affiliations? Please provide a full explanation.

The use of securities to make payments for services does not create a conflict in the same way that purchasing an issuers stock does not. It can be a useful tool to the issuer to be able to continue to receive services and that benefits the shareholders. If there is any conflict, it would be if the transfer agent was accumulating a large position in a security, or using the contract as way to obtain majority interest in the company should the issuer not pay their bill or go dormant. The transfer agent would then control the company (at this point most likely a shell company) and can profit in a way that is neither to the benefit of the other shareholders nor in proportion to what they are owed. Disclosure would be an effective way to monitor whether or not an agent does it as a courtesy to the issuer in order to support their efforts to move forward under financial hardship or if it is part of a strategy to gain majority control and direct the company's actions. Transfer agents have had to shift their service offerings because most of the transfer agent work has already been assumed by the brokers and DTC for all the accounts in street name. If agents do not adapt to this reality they will not survive.

10. Should the Commission amend Forms TA-1 and/or TA-2 to require transfer agents to disclose information regarding the fees imposed or charged by the transfer agent for various services or activities? If so, what type of information or level of detail should be required? Should the Commission require that fee disclosures be standardized to facilitate comparison? Should fees charged to both issuers and directly to shareholders be required to be disclosed? Please provide a full explanation.

The issuer should bear the responsibility of comparing fees and services. As noted in question 9, if a transfer agent intends to take control of a company, there are already rules in place about disclosure for that activity.

11. To increase the ability of the Commission to monitor trends, gather data and address emerging regulatory issues, should the Commission require registered transfer agents to file

material contracts with the Commission as exhibits to Form TA-2? What costs, benefits and burdens, if any, would this create for issuers or transfer agents? Should the Commission establish a materiality threshold or provide guidance on materiality were it to propose such a rule? Please provide a full explanation.

Disclosure of material contracts is not relevant to regulatory issues and could place an agent's ability to compete and grow at risk.

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? Why or why not? What are the alternative means of achieving similar objectives, and are they as effective or efficient? If the Commission were to require a written agreement, should it cover certain topics? If so, what topics? For any such provisions or topics, are there asymmetries in information or other areas between transfer agents and issuers that the Commission should consider in connection with such contractual provisions? For what types of transfer agents, or in what types of such relationships, do these asymmetries most frequently arise, and where are they most acute? Please provide a full explanation and supporting evidence.

It is essential that an agreement exist and that the agreement is clear and specific as to the term of the contract and the fee for termination. While some fee for termination is reasonable, this fee is often used as a way to hold the issuer "prisoner" and that should be a concern. As noted, "orderly continuity" is essential to the shareholders and the market. It is also important that when the transfer agent is terminated they are compensated for work already performed and a reasonable fee for the work they will do during the transition from one agent to another. My concern about requiring certain items in the contract is enforcement. If a dispute arises would this become a contract issue and revert to state jurisdiction? Would the rule only require certain items be in the contract, as they already are, and when there is an issue it would then become a contract dispute? This is what already exists and it does not work. Unless there is some kind of enforcement attached to this I don't see it making a difference because the most reputable agents already do everything proposed and the others will do as they do now and extort unreasonable fees from the issuer before they can get their records and move forward. If a company has to go to court to get injunctive relief for their property they will likely spend the same or greater amount of money and a great deal more time in court to get a judgement. In order to make a difference at all there must be immediate enforcement or it will not help the shareholders or the issuer.

16. Currently, transfer agents are not required by rule to pass through specified records to successor transfer agents. 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? Are commenters aware of disputes between transfer agents and their issuer clients or successor transfer agents with respect to the transfer of records to a successor transfer agent? How was the situation resolved? Have transfer agents demanded previously undisclosed termination fees, or fees inconsistent with what those parties previously agreed to, in exchange for turning over records to a successor? Would the anticipated proposed rules described above help avoid or resolve any disputes between transfer agents and issuers or

successor-transfer agents with respect to the transfer of records? Please provide a full explanation and supporting evidence.

I restate that without immediate enforcement this will not make a difference. Time is of the essence when records must be turned over. Companies have come to me desperate and there is little I can do to help. In desperation companies will want to setup another set of books and records but that creates a different set of problems. If an issuer is told that in order to move their business to a new agent they must pay $50,000 as a termination fee plus any money owed and they don't have the money then they have no recourse but the courts. In some instances the issuer seeks to leave the transfer agent due to incompetency or suspicions of wrongdoing but they and the shareholder records are held captive by the same entity they suspect. The overlooked issue in all this is that the shareholders of the company will often lose their entire investment while this plays out in court or because it doesn't.

23. Should the Commission require transfer agents to file certain additional reports prepared by an independent public accountant on the transfer agent's compliance and internal controls? Why or why not? In connection with any such requirement, should the Commission require transfer agents to allow representatives of the Commission or other ARA to review the documentation associated with certain reports of the transfer agent's independent public accountant and to allow the accountant to discuss with representatives of the Commission or ARA the accountant's findings associated with those reports when requested in connection with an examination of the transfer agent? Why or why not? Please provide a full explanation.

The expense of additional reports would be passed on to the issuers who are already burdened with reporting requirements and the expense of them. I do not think any possible benefit of additional reports exceeds the expense and burden. Transfer agents do no operate at the profit margins of broker dealers nor do we benefit from the assets held in shareholder accounts. Every additional expense is passed along to the issuer and potentially diminishes shareholder value.

31. Is there a need for Commission rules clarifying transfer agent liability for participating in or facilitating an unlawful distribution of securities in violation of Section 5 of the Securities Act? Why or why not? If so, what rules should be considered?

The liability aspect should be clarified but more importantly, the rules governing the removal of restrictions must be more definitively developed in regard to the legal opinion in particular.

32. Currently, there are no specific Commission rules regarding the placement or removal of restrictive legends by transfer agents. Is there a need for Commission rules governing the role of transfer agents in placing or removing restrictive legends? Why or why not? If so, what are the specific issues that should be addressed by Commission rulemaking?

Oftentimes there are different views from reasonable people as to whether or not a restriction should be put on a certificate and whether or not it should be removed. The transfer agent is faced with making a decision that will probably adversely affect one party or the other and oftentimes the rules do not specifically address the circumstances before us. Clearly a more

developed set of rules would help guide us and give us the ability to point the parties in a particular direction to see our reasoning for the decision. It is difficult to take a stand on an issue where the regulators have not and certain parties have used this to their advantage by threatening the agent with any financial loss they assume as the result of our decision. I have turned to the SEC for support many times only to be told that "I need to do what I think is right", or "legal opinions aren't part of the rule" or even "look to the UCC". This is not an effective tool when we want to take a firm position in what might be a securities violation.

33. Should the Commission provide specific guidelines and requirements for registered transfer agents in connection with removing a restrictive legend and in connection with issuing any security without a restrictive legend, such as: (1) obtaining an attorney opinion letter; (2) obtaining approval of the issuer; (3) requiring evidence of an applicable registration statement or evidence of an exemption; and/or (4) conducting some level of minimum due diligence (with respect to the issuer of the securities, the shareholder and/or the attorney providing a legal opinion)? Why or why not? Should the Commission also consider specific recordkeeping and retention requirements related to the issuance of share certificates without restrictive legends? Why or why not? How should book-entry securities be addressed? Are there other guidelines or requirements the Commission should consider with respect to the issuance of share certificates or book-entry securities without restrictive legends?

I think additional guidelines would be very valuable. I do not think the burden of due diligence on an issuer should be placed on the transfer agent. We are, in fact, agents of the issuer and not independent investigators. To do due diligence on the issuer, shareholder and attorney would be a tremendous expense that would be passed on to the issuer.

34. If the Commission were to issue any standards for restrictive legend removal, what would be an appropriate level of due diligence? Should any due diligence requirements be compatible with current state law governing the issuance and transfer of securities? Should the Commission consider specific guidelines and requirements for the review of representations that a shareholder is not an affiliate of the issuer or is not acting in coordination with other shareholders? Why or why not? If so, what guidelines or requirements should be considered? Should the Commission consider specific guidelines and requirements regarding transfer agents' obligations to review or determine the ultimate beneficial ownership of shares, identification of control persons of the shareholders, and relationship of shareholders to the issuer, officers or each other?

Due diligence should be performed by the attorney who is writing the legal opinion and getting paid to do that. A legal opinion already makes the representations that all the criteria have been met for removing the restriction. It also states that the attorney writing the opinion has reviewed the documents as the basis for the opinion. Transfer agents should be able to accept the legal opinion of a credible lawyer or firm and not be asked to become investigators.

35. Do transfer agents currently possess detailed and accurate information regarding the ownership history of the securities they process? For example, do transfer agents know whether the securities they process were ever owned by a control person or other affiliate of

the issuer, and for how long? If so, how do they know this? If transfer agents possess such information, do they provide it to other market intermediaries, such as broker-dealers and securities depositories? If not, should transfer agents be required to do so? Has the inability of broker-dealers and other market intermediaries to obtain detailed and accurate securities ownership information facilitated the unlawful distribution of securities? Has it impaired secondary market liquidity, such as by making other market intermediaries unwilling or less willing to handle certain securities? If so, how can the Commission address these issues?

Transfer agents can know the ownership history of the securities they process up to a point. Historically we were in the best position to know that information but in the 1980's the brokerage industry pushed most shareholders into street name ownership and now the majority of share ownership is reflected on the books of the corporation as Cede & Co., a nominee for the Depository Trust Company. This has effectively cut the Issuer and the transfer agent off from knowing who actually owns stock in the company without having to buy that information. In some cases it is impossible to know at all as the information is shielded through an objecting beneficial owner "OBO" designation. If a shareholder is an OBO then there is no way to know who they are unless you are the broker. This system has eliminated the ability to track, control and report on share ownership and activity. The commission must address the issuer's inability to know their shareholders and their activity as they are ultimately held responsible if something goes wrong.

37. Should the Commission obligate transfer agents to: (i) confirm the existence and legitimacy of an issuer's business (for example by reviewing leases for corporate offices, etc.); (ii) obtain names and signature specimens for persons the issuer authorizes to give issuance or cancellation instructions, together with any documents establishing such authorization; (iii) conduct credit and criminal background checks for issuers' officers and directors and shareholders requesting legend removal; (iv) obtain and confirm identifying information for shareholders requesting legend removal (e.g., legal name, address, citizenship); and/or (v) obtain and review publicly-available news articles or information on issuers or principals? Why or why not?

No we are not regulators we are private businesses. Additional scrutiny should be performed by a regulator.

38. Should the Commission enumerate a non-exhaustive list of "red flags" or other specific factors which would trigger a duty of inquiry by the transfer agent? Why or why not? If so, which "red flags" should be included?

No we are not regulators we are private businesses. Additional scrutiny should be performed by a regulator.

48. Should the Commission require transfer agents to obtain certain information concerning their issuer clients, clients' security holders and their accounts, and securities transactions? Why or why not? Please explain and provide supporting evidence where applicable. Should transfer agents be required to perform a form of due diligence on their clients and the transactions they are asked to facilitate, similar to the know-your-customer requirements applicable to broker-dealers? Should transfer agents be required to obtain a list of all

affiliates of their issuer clients—including current and former control persons, promoters, and employees—and to take special precautionary steps whenever they are asked to process transactions for these affiliates?

No we are not regulators we are private businesses and our customers are the issuers we would be asked to investigate. If there is specific documentation that needs to be collected or any other procedures it should be detailed specifically. All additional scrutiny should be performed by a regulator.

72. Are any of the current transfer agent rules outdated or obsolete? If so, which ones and why? Do commenters believe that any such outdated or obsolete portions of the transfer agent rules create confusion or inefficiency among transfer agents, issuers, investors, and other market participants? Why or why not? Please provide a full explanation.

Many of the current rules were written at a time when technology was not fully integrated into the business process. I think that technology integration has changed everything and it should be reflected in the rules. For example, many investors can now get information about their account without any contact simply by going to view their information online. Many transfer agents have taken advantage of technology resources for every aspect of their business including reports voting and info to shareholders. None of this is reflected in existing rules.

77. Should the Commission update Rule 17Ad-6 to expand the categories and types of records required to be maintained by registered transfer agents? Why or why not? If so, what requirements should the Commission consider? Please provide a full explanation.

The rules should be expanded to include how the records are maintained to include electronic

93. It is the Commission staff's understanding that investors have brought legal actions against transfer agents under state law to require the transfer agent to effect a transfer, including when the transfer agent claimed the security holder's instructions were not in good order and therefore the relevant securities were not transferred, or were delayed for a long period of time. Are commenters aware of these or other problems or issues associated with transfer agents failing to effect a security holder's transfer instructions within a reasonable period of time? If so, please describe the relevant facts and circumstances. For example, what factors might have led to such a situation and how was it resolved? What types of security holders were directly involved? What were the adverse consequences, if any?

In many instances a transfer agent will hold a transfer request based on concerns of the issuer. Sometimes because of a dispute as to how the shares were acquired and sometimes because of stops or holds against the shares. In any case, it is the duty of a transfer agent to honor the request of the issuer when the request is reasonable. In many instances, the investor will attempt to force the hand of the transfer agent with legal action and the threat of damages. These issues often wind up in state courts where little notice is paid to federal rules and regulations regarding securities and the results are decisions that only look to the UCC. The shareholder is usually an institution that has had prior dealings with the company and most have acquired the stock in ways other than on the open market. They are not straightforward situations and oftentimes genuine disputes exist. In these cases the transfer agent rules are

used to one party's advantage to force a resolution in their favor. The transfer agent is placed in an impossible position by attempting to satisfy both parties and comply with the rules. Sometimes the parties come to an agreement, sometimes they do not and the transfer agent is brought into a lawsuit with the issuer. This is a problem that would benefit by some form of early SEC intervention or review to prevent possible violations

94. Do commenters believe there are problems associated with transfer agents failing to effect or reject transfer instructions within a reasonable time? Should the Commission amend the rules to define what information or documentation is required and from whom it must be received to constitute good order? Should the Commission amend the rules to define the terms "reject" or "rejection" in connection with transfer instructions? Why or why not? Should transfer agents be required to communicate the specific reasons why an instruction was not a good order? Should transfer agents be required to buy-in securities (or take other corrective action to satisfy transfer instructions that were received in good order but not completed after a specific period of time)? If so, should the requirement apply broadly or be limited to specific conditions? Please explain.

Most professional transfer agents do not unreasonably delay processing transactions unless there is a bona fide dispute or lack of required documentation. A buy in would produce the same results as the threat of litigation except that the expense would be only on the part of the transfer agent, and therefore the issuer, thereby making it easier for the shareholder to force something through without review.

99. In light of increased obligations under federal law for certain issuers to ascertain their security holders' identities and the barriers to doing so created by the street name system, as discussed above in Section III.B, should the Commission require entities that are regulated by the Commission, including brokers, banks, or others who provide transfer and recordkeeping services to beneficial owners, to provide or "pass through" security holder information to transfer agents? If so, what type of information should be provided and how should it be transmitted? What would be the effect on the actions and choices of affected parties, including transfer agents, banks and brokers, issuers, registered owners, and beneficial owners? Please provide a full explanation.

There is no relationship between the broker who provides service to beneficial shareholders and the Issuer. The brokers, clearing firms and depository do not provide information to the issuer about who the holders are yet the issuer is still responsible ultimately for them. In fact, the majority of beneficial owners who hold their shares in street name with the broker do not realize that they are not shareholders of record at all because most shareholders aren't aware that this is how the system works because little has been done to educate them about it. The fractured system of beneficial vs shareholders of record must be addressed and regulations should be put in place that hold everyone accountable to the issuer so that they may meet their regulatory obligations. Requiring the pass through of data could be easily accomplished by download or by sending a file in an easily convertible format such as .csv. The data should include at minimum the name, address, number of shares held, date of acquisition. Ultimately, the issuer and their investor would benefit from the transparency. The issuer would be able to do what it needs to for compliance and other purposes. Currently, there is a giant hole in their

shareholder list called Cede & Co. The issuer doesn't know who owns those shares, who is accumulating their stock or what the activity on their shares looks like. The issuers have complained about their lack of access for some time as it is impossible to detect stock manipulations that you cannot see. In the past, when there was suspicion of manipulation or fraud, a transfer agent was able to look to the stock ledger and find details that would help to determine what was going on in the market. Now, the information is not available to the transfer agent or the issuer because it is controlled by the brokers and if it is required for research, shareholder communication or proxy voting the issuer must pay each time which does not serve the interest of the investor in the company.

150. Do the transfer agent rules accomplish the Commission's regulatory objectives of protecting investors, promoting the prompt and accurate clearance and settlement of securities transactions, and evaluating transfer agents' ability to perform their functions properly? Why or why not? Please provide a full explanation.

Transfer agent rules have not kept track with either technology or current market trends. Transfer agents are operating without information they need in regard to investors and the transactions that would allow them to do a better job for the investors and the issuers. Greater access to information about all the company's shareholders would allow transfer agents to do a better job at preventing fraud, reporting to the SEC and many other problems.

151. Do the current transfer agent rules adequately address the interests of issuers? If not, in what ways do they not address issuers' interests and should they? Why and in what way?

Issuers and transfer agents have the same issues in regard to the lack of data. Issuers also need to be protected from transfer agents who are not upfront about their contract terms. Excessive contract terms coupled with exorbitant termination fees hold issuers and their shareholder records hostage.

154. In what ways do the activities performed and services provided by transfer agents differ depending on the type of issuer, asset class, product category, market segment, or other factors the transfer agent is servicing? For example, are there differences in activities, services, or other areas between issuers that act as their own transfer agent and independent transfer agents? If so, what are those differences? Do a transfer agent's processes differ if the transfer agent is servicing debt securities instead of equity securities? If a transfer agent primarily services debt securities, do the transfer agent's processes differ depending on the specific type of debt security being serviced (e.g., corporate, asset-backed, etc.)? Are there differences in services provided, compensation arrangements, or other areas between or among different types of transfer agents? If so, what factors influence or affect those differences? Do transfer agents tend to service one type of issuer, asset class, or market segment to the exclusion of others? If so, what factors influence that focus and why? Please explain.

The needs of the smaller issuer are substantially different than those of the larger ones. The smaller issuer and startups have less resources and often require transfer agents who are willing to work with them and be flexible. The presence of flexible smaller agents in the marketplace is essential if these companies are to continue to exist. If they cannot get services

from their agent because of their inability to pay in a timely manner it could potentially have a negative effect on the trading of the security, and, therefore the investor it Smaller issuers do not have in-house counsel and often depend on their transfer agent for guidance and advice. Larger issuers require a wider variety of services and capabilities from their transfer agents and often require they have more substantial resources themselves. The types of service offered by a transfer agent varies greatly based on their experience, capabilities, resources and whether or not they are participants at DTC.

162. What, if any, are the risks posed by transfer agents' role when they serve as: (i) tender agent; (ii) subscription agent; (iii) conversion agent; or (iv) escrow agent? Do commenters believe rules governing transfer agent services provided in connection with these services would be appropriate? Why or why not? If so, what regulatory action should the Commission consider to address those concerns and why?

Transfer agents have been performing these services for a very long time and the risk has been insignificant in comparison to the number of transactions processed. If the rules ensure that only qualified transfer agents are allowed to participate, then there is no need for further regulation.

166. Do commenters believe the introduction of certain alternatives to the current central securities depository model, such as a modified transfer agent depository, could be beneficial to issuers, security holders, and/or the National C&S System? Why or why not? Could it co-exist with the current central depository system? Why or why not? What would such a modified depository entail or look like?

I think that this makes a great deal of sense. Originally, DTC was an organization formed by the brokerage industry for their benefit to facilitate the clearance and settlement process. That was at a time when most shareholders held stock certificates on the books of the issuer. Since then, most of the shares are held in street name at DTC and they have expanded their role to the point that they decide who gets to be a public company and who doesn't. If an issuer cannot get DTC eligibility they cannot trade their security on the open market. This often leads to investors losing their entire investment due to a lack of liquidity. DTC also decides who gets to participate in their system by earning limited participant status. If an agent cannot meet their criteria, then they cannot do business as a transfer agent. They also charge a fee to participate and all the criteria for being eligible on all fronts are decided by DTC. Issuers need to be able to access the public marketplace and the decision should not be monopolized by a private company that sets its own guidelines without oversite or any appeal process. Shareholders should have an option besides street name ownership where they can be shareholders on the books of the issuer and have total discretion over proxy voting and trading matters.

167. Some observers have commented that current DTC requirements, such as those related to DRS and FAST, operate as so-called de facto regulation of transfer agents by DTC. Is this accurate? If so, do such DTC requirements create inconsistencies and/or conflicts for transfer agents to comply with all rules and requirements? Why or why not? If yes, please describe the inconsistencies and/or conflicts. Should the Commission adopt any of DTC's current requirements or standards that apply to transfer agents who conduct business with DTC as

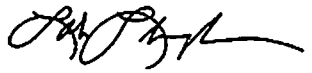
rules? Why or why not? If so, what requirements or standards should be considered, and why?

DTC has been regulating any transfer agent that wants to be in the DRS and FAST system for some time. This has been going on outside of any public dialogue or input from transfer agents for some time. If the proposal is to add another layer of requirements and standards over the ones we already have at DTC then that would be an extraordinary burden on transfer agents.

170. Are there any other issues that commenters may wish to address relating to transfer agents? Please provide a full explanation.

I think the commission in deciding about additional rules and regulations should consider carefully the need for a healthy competitive transfer agent marketplace. If the costs associated with these changes is too great it will have a great impact on many thousands of issuers and therefore even more investors. The costs associated with any changes will be passed on to the issuers who have been burdened with increasing reporting and audit costs for some time. If they cannot afford to pay these increased fees they will be faced with two options. First to neglect the obligations they have as a public company and eventually face delisting or reverse merger or second, to act as their on transfer agent. The commission would then be faced with thousands of individual audits to perform on issuers who most likely do not have the expertise necessary to do their own transfer. Smaller agents perform a valuable service in the system and that needs to be kept in mind. Additionally, transfer agents require the support of the SEC when there are problems. The SEC needs to consider taking a more active role in the process when agents are faced with problems that stem from rules that are vague or ambiguous. This could help transfer agents to take a more active role in preventing fraud and head off enforcement actions later.

Sincerely,



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