



August 19, 2016

Mr. Brent J. Fields, Secretary
U.S. Securities and Exchange Commission
100 F Street, North East
Washington, DC 20549

Re: Release No. 34-76743, File No. S7-27-15 | Transfer Agent Regulations

Dear Mr. Fields:

Edward Jones & Co., LP (“Edward Jones”) greatly appreciates the opportunity to comment on the above-referenced Securities and Exchange Commission (“SEC”) Advance Notice of Proposed Rulemaking, Concept Release and Request and for Comment on Transfer Agent Regulations (the “Transfer Agent Concept Release”).

We understand and appreciate that there was a specified comment period with respect to the Transfer Agent Concept Release that has already lapsed. We also understand that the Securities Industry and Financial Markets Association (“SIFMA”) submitted a comment letter on April 14, 2016. Nonetheless, Edward Jones feels compelled to submit this comment to elaborate on the adverse impact of unjustified fees that transfer agents are charging Edward Jones and other brokerage firms for effecting transfers of shares on behalf of individual investors by way of the Depository Trust Company’s (“DTC”) expedited Direct Registration System (“DRS”).

I. Background

Edward Jones is a financial services firm serving approximately 7 million clients in the United States and Canada through its branch network of more than 11,000 locations. Edward Jones aims to provide cost-effective brokerage services to the individual investor and small businesses. The firm focuses on serving communities where its clients live and work.

Edward Jones provides a full range of investment services to its clients. One of these services includes DTC’s DRS, which enables individual investors to electronically transfer securities held on the books and records of an issuer’s transfer agent in electronic book-entry form to the client’s brokerage firm at Edward Jones. The DRS system was created in 1996 by the Depository Trust and Clearing Corporation (“DTCC”) to facilitate these types of transfers. DTCC charges both the issuer’s transfer agent and the receiving

broker/dealer a fee of \$0.45 for each movement on the DRS. Since DRS's inception in 1996 until February 2013, the transfer agents processed DRS transfers to brokerage firms, each party paying the required fee to DTCC. However, in or around July 2013, transfer agents began to unilaterally impose DRS fees on brokerage firms for all transfer requests originating from brokerage firms.

II. Summary of concerns: DRS Fees are unilaterally imposed on the industry without agreement, and represent a barrier to efficient transfer of securities.

While Edward Jones has temporarily agreed to pay the DRS fees under protest, this is not a solution to the larger problem of the absence of regulation of transfer agent fees that comes at an unnecessary and burdensome cost to brokerage firms and potentially customers while doing nothing more than adding to the revenue of the transfer agents. Edward Jones' believes that SEC regulation of these DRS transfer fees should address the following concerns:

- The DRS system is owned and operated by DTCC which charges a fee of \$0.45 per transaction to each party accessing the system. The transfer agents now seek to charge an additional fee for the broker/dealer community processing DRS requests received via DTCC's system.
- The additional DRS Fees are unilaterally imposed on the entire industry without agreement, in amounts set at the sole discretion of transfer agents, for a scope of services unilaterally defined by transfer agents. There is absolutely no assurance that the fees will not be increased at the discretion of the transfer agents.
- The securities issuers select, contract, and pay its chosen transfer agent to perform certain investor services, including DRS. As a result, brokerage firms do not have the option to utilize a different transfer agent who does not charge DRS fees as each stock is attached to a particular transfer agent.
- The DRS Fees represent an industry-wide tariff that is unilaterally determined by the transfer agent. Given that the larger transfer agents' positions with respect to any security for which it acts as transfer agent is equivalent to a situational monopoly, such fees are akin to SRO-imposed fees, which would in the usual course be subject to filing, review, comment, and approval under Section 19 of the Securities Exchange Act.
- The DRS Fee represents a barrier to smooth and efficient transfer of securities that is unilaterally imposed on the entire market without oversight. The transfer "alternatives" to DRS offered by the transfer agents are less efficient and more costly. For instance, the transfer agents have offered Deposit/Withdrawal at Custodian (DWAC) or a manual paper certificate

process as alternatives, however these processes cost upwards of \$75 per transaction and can take days to complete.

Moreover, the above concerns are intensified in light of the following facts:

- Transfer agents are paid (and should be paid) for actual transfers by the security issuer. DRS Fees for the transfer of shares from DRS customer name registration into the broker/dealer nominee account at DTC should not be unilaterally charged to broker dealers by transfer agents without oversight.
- Transfer agents are hired, contracted and work for the security issuers.
- Transfer agents are a situational monopoly where broker dealers have no alternatives when seeking to execute client requests on a given issuer's securities.

Edward Jones believes that SEC oversight of transfer agents would address the above issues. At a minimum, Edward Jones requests that the SEC provide oversight regarding any transfer agent fees expected to be recovered from entities other than the security issuer.

Edward Jones appreciates the opportunity to comment on the Transfer Agent Concept Release. If you have any questions or require further information with respect to this matter, please contact me.

Very Truly Yours,



Jesse Hill