FACT SHEET

Proposed Transfer Agent Rule Modernization

On Sep. 1, 2026, the Securities and Exchange Commission proposed updates to the rules and forms that apply to registered transfer agents. The proposal would, among other things:

- Amend the registration and annual reporting requirements for transfer agents, including the questions and instructions on Forms TA-1 and TA-2.
- Modernize the rules to reflect how transfer agents carry out their activities in light of technological advancements, including the use of electronic and blockchain-based recordkeeping and uncertificated securities.
- Establish new requirements related to turnaround, risk management, and inactive securityholders.
- Introduce two new rules addressing compliance and restrictive legends for registered transfer agents.

Background

Transfer agents perform critical functions related to the securities lifecycle that help protect investors and support the prompt and accurate processing of securities transactions. For example, transfer agents facilitate the issuance, cancellation, and transfer of paper and electronic securities and maintain the official record of ownership of an issuer's securities. The Commission first adopted the majority of the federal transfer agent rules in the late 1970s and early 1980s, and the rules have not been substantively updated since that time.

Highlights of the Proposing Release

Proposed Amendments to Existing Registration and Reporting Requirements and Forms

The proposal, among other things, would extend the effective date of registration in existing Rule 17ac2-1 from 30 days after the Form TA-1 is filed to 45 days; amend Rule 17ac2-2 to require transfer agents to file an amended Form TA-2 within 60 days after discovering that information on its previously filed Form TA-2 was materially inaccurate, incomplete, or misleading at the time of filing; and amend the questions and related instructions on Forms TA-1 and TA-2.

Proposed Amendments to the Existing Rules

- Rules 17ad-1 and 17ad-9. Definitions: The proposal would modernize the terminology used in the transfer agent rules to reflect how transfer agents carry out their activities in light of technological advancements, including their use of contemporary electronic recordkeeping and communications technology.

- Rules 17ad-2 and 17ad-3. Turnaround and Processing Standards; Limitations on Expansion: The proposal would, among other things, (i) require transfer agents to establish, maintain, and enforce written policies and procedures reasonably designed to ensure the timely turnaround and processing of applicable items; (ii) align turnaround with the current settlement cycle; and (iii) increase the threshold from 75% to 95% for the imposition of limitations on expansion.

- Rules 17ad-6 and 17ad-7. Recordkeeping and Record Retention: The proposal would establish a single retention period for most transfer agent records and modernize the rule provisions governing use of electronic systems and third parties for recordkeeping.

- Rule 17ad-10. Prompt Posting to Master Securityholder Files: The proposal would align the posting timeframe to the modern settlement cycle and introduce technology-neutral terms.

- Rule 17ad-12. Safeguarding of Funds and Securities: The proposal would reframe Rule 17ad-12 as a comprehensive risk management rule, which would require transfer agents to establish, maintain, and enforce written policies and procedures reasonably designed to (i) ensure that all securities and funds in the transfer agent's possession, control, or custody are protected at all times against certain risks and (ii) identify, measure, monitor, and mitigate certain material risks posed by, or associated with, the transfer agent's business, activities, and operations. The proposal would also require that transfer agents establish (i) a separate bank account for holding any issuer, securityholder, and third-party funds and (ii) a business continuity plan.

- Rule 17ad-17. Lost Securityholders, Inactive Securityholders, and Unresponsive Payees: The proposal would require that transfer agents and broker-dealers provide notifications to inactive securityholders and update the existing rule to reflect the use of electronic means for sending communications and payments.

Proposed Recission of Existing Rule 17ad-4

The proposal would rescind Rule 17ad-4, which provides certain exemptions from the turnaround, processing, and recordkeeping requirements of the transfer agent rules for certain securities and certain transfer agents. Given technological advances that have improved the operational capacity of transfer agents of all types and sizes, these exemptions are no longer necessary.

Introduction of Proposed New Rules 17ad-30 and 17ad-31

Proposed Rule 17ad-30 would require registered transfer agents to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with the federal securities laws and rules applicable to transfer agents. Proposed Rule 17ad-31 would establish requirements for the placement and removal of restrictive legends from securities and would require registered transfer agents to refrain from facilitating unregistered securities transactions unless they have a reasonable basis to believe that a transaction does not violate, or is not part of a chain of transactions that would violate, Section 5(a) of the Securities Act of 1933.

What's Next?

The public comment period will remain open for 60 days after the date of publication in the Federal Register.