

THE STA

SECURITIES TRANSFER ASSOCIATION, INC.

Established 1911

May 9, 2019

Brenda R. Mayrack
State Escheator
Delaware Department of Finance
Director, Unclaimed Property
P.O. Box 8931
Wilmington, Delaware 19899-8931

via e-mail: Brenda.mayrack@state.de.us

Re: Confirmation of Holder Type for Statutory Reporting Deadlines

Dear Ms. Mayrack:

It has come to the attention of The Securities Transfer Association (“STA”)¹ that a number of its members have received letters from Delaware’s Office of Unclaimed Property addressed to their issuer clients regarding the statutory reporting deadlines for certain holders. More specifically, the letter requests that the holder in receipt of such letter designate itself as either a business association, banking organization, or insurance company in order to attribute the correct reporting due date to the entity going forward.

Both the letter and the statute indicate that holders and business associations *other than* banking organizations and insurance companies must file their reports by March 1st for property presumed abandoned as of December 31st of the year preceding.² This is the date that transfer agents use for their issuer clients as the stock is always issued by a business association. Banking organizations must file their reports by November 10th for property presumed abandoned as of June 30th of the same reporting year.³ Finally, insurance companies must file

¹ Founded in 1911, the STA represents more than 100 transfer agents who are responsible for the record keeping for more than 15,000 issuers of securities, representing the investments of over 100,000,000 registered shareholders.

² Del. Code Ann. tit. 12, § 1144(a) (2019).

³ *Id.* at § 1144(b).

their reports by December 20th for property presumed abandoned as of December 31st of the year preceding.⁴

Factually, the issuers of stock to whom the letters are addressed are corporations formed under Title VIII of the Delaware Code.⁵ While some of the issuers' subsidiaries may be classified as banking organizations or insurance companies, the legal entity that issues the stock, and thus the "holder" for the stock, cannot be classified as either. Operationally, the transfer agents do not have any visibility into an issuer's operations to determine if any of its subsidiaries would be classified as insurance companies or banking organizations. Nevertheless, as the holder, the issuer would be subject to the March 1 reporting date. As a corporation organized pursuant to Delaware or other law, the March 1 report date is applicable regardless of whether the issuer has a subsidiary or affiliate which can be characterized as a banking organization or insurance company in its corporate family. Therefore, in each case of a corporate issuer, the holder is a business association with a March 1 reporting deadline. As your letters were all addressed to corporate issuers, it is not clear what further certification is necessary.

Our members would be pleased to discuss this further with you if you have any questions. Thank you in advance for your consideration of this important issue.

Sincerely,

A handwritten signature in black ink that reads "Todd May". The signature is written in a cursive style with a large, stylized "M" and a horizontal line underlining the name.

Todd May
President
Securities Transfer Association, Inc.

cc: Rosa McLaughlin, Tax Auditor III, RosaE.McLaughlin@Delaware.gov

⁴ *Id.* at § 1144(c).

⁵ Some issuers may be formed under the corporate statutes of other states.