



## Lost Securityholder Searches

The SEC requires transfer agents and broker/dealers to perform two lost securityholder searches on accounts that meet specific criteria utilizing an SEC approved information agent database.

- First search will have to occur between 3 and 12 months from the account being considered lost.
- Second search (if necessary) needs to occur between 6 and 12 months of the first search.  
MarketSphere works with clients to ensure compliance and provides detailed statistics and backup documentation needed for proof of completion.

The SEC defines a “lost securityholder” as “a securityholder: (i) To whom an item of correspondence that was sent to the securityholder at the address contained in the transfer agent’s master securityholder file or in the customer security account record of the broker or dealer has been returned as undeliverable; provided, however, that if such item is re-sent within one month to the lost securityholder, the transfer agent, broker, or dealer may deem the securityholder to be a lost securityholder as of the day the re-sent item is returned as undeliverable; and (ii) For whom the transfer agent, broker, or dealer has not received information regarding the securityholder’s new address.”



## Exceptions to this rule (searches not required):

- Non-real persons (Corporations, Banks, Trusts, etc.)
- Accounts valued under \$25
- Deceased (previously known or after information agent search)
- Accounts who have already had the two required searches performed. This does not include accounts which have been found previously and have gone lost again.

## Unresponsive Payee Searches

The SEC requires all paying agents perform a mailing to any uncashed security related payment to notify the payee of their outstanding check. This mailing is to be performed between 6 and 7 months of the issue date of the check, with some exceptions noted below. These mailings are to be sent to all payees (including non-real persons and deceased) where the value of the uncashed payment is \$25 and above. MarketSphere works with clients to ensure compliance and provides detailed statistics and backup documentation needed for proof of completion

Exceptions to this rule are based on how the payee accounts are setup and maintained.

- If a regularly scheduled payment to the payee occurs, the next scheduled payment can have the notice included with that payment.
- If the account owner is setup to receive electronic communication only, an email reminding of the uncashed check will suffice.
- If the payee has previously provided instructions to reinvest uncashed dividends into the account, funds can be re-invested.

