

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7741]
October 28, 1975

AMENDMENT TO REGULATION H

Registration of State Member Banks Acting as Transfer Agents

To All State Member Banks, and Others Concerned,
in the Second Federal Reserve District:

Following is the text of a statement issued October 22 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today announced adoption of an amendment to its Regulation H providing for registration of State member banks that act as transfer agents.

The action was taken pursuant to the Securities Acts Amendments of 1975. Other bank regulators and the Securities and Exchange Commission are issuing similar rules for institutions under their jurisdiction. Proposed rules were issued for comment by the Board August 28.

The new legislation is designed to foster a national system for prompt and accurate clearance and settlement of securities transactions. The new law requires that after December 1, 1975, banks may not act as transfer agents unless they are registered with their Federal supervisory agency in accordance with regulations issued under the Act, such as the rule published today by the Federal Reserve for State member banks. The SEC has general rulemaking and policy oversight under the new legislation, but banks acting as transfer agents are regulated primarily by their Federal bank supervisor.

Attached is the Board's amendment to Regulation H—Membership of State Banking Institutions in the Federal Reserve System—and a uniform application form which is to be used for registration of all transfer agents. Under the statute, an application for registration becomes effective 30 days after receipt by the appropriate regulatory agency or within such shorter time as the agency may determine. In view of the short time remaining to the December 1 statutory deadline for registration and the time required for circulating the application form to all potential registrants, the Board announced that it will make effective, as of December 1, 1975, properly completed registrations received by November 17, 1975.

In submitting the amendment for publication in the *Federal Register*, the Board of Governors made the following additional statement:

By notice of proposed rulemaking published in the *Federal Register* on September 4, 1975 (40 *Federal Register* 40857), the Board of Governors proposed to amend its Regulation H, "Membership of State Banking Institutions in the Federal Reserve System," (12 CFR 208) to require that, on or after December 1, 1975,¹ no State member bank or any of its subsidiaries shall act as a transfer agent, as defined in section 3(a)(25) of the Act, with respect to any security registered under section 12 of the Act or which would be required to be registered except for the exemption from registration provided by subsection (g)(2)(B) or (g)(2)(G) of that section, unless it has registered with the Board in conformity with the requirements of Form TA-1.²

This amendment relating to State member banks is proposed to assist in the development of a modern nationwide system for the safe and efficient handling of securities transactions in a manner which best serves the financial community and the investing public. Congress has directed the Board to regulate certain transfer agent activities to facilitate this purpose.

In light of comments received, the frequency and time for filing amendments has been relaxed. The rule as adopted requires items 1-6 of Form TA-1 to be amended twenty-one calendar days following the date on which such information becomes inaccurate, misleading or incomplete. Information as to the issues which

¹ See §31(a) of Pub. L. 94-29 (June 4, 1975).

² A copy of Form TA-1 is filed as part of the original document. Copies are available on request to the Board of Governors of the Federal Reserve System, Washington, D.C. 20551, or to any Federal Reserve Bank.

(OVER)

the bank services must be updated annually if such information has become inaccurate, misleading or incomplete.

Form TA-1 as adopted has been revised and reorganized to clarify its requirements and simplify the registration process.

The Form is designed to identify and to provide the Board with basic information regarding the size and nature of the registrant's transfer agent activities and to assist in the development of appropriate regulatory standards.

The Form has been revised to eliminate the requirement that the registrant disclose the identity of entities who act as transfer agent, co-transfer agent, registrar or co-registrar for issues with respect to which the registrant performs transfer agent functions. As revised, the Form requires the registrant to identify the issues for which it performs transfer agent functions and the capacities in which it acts for each issue and requires the registrant to update the information annually.

The information requested on differences and out-of-proof issues has been revised to clarify the information required.

Enclosed is a copy of the amendment, effective December 1, 1975, to Regulation H. Additional copies will be furnished upon request.

In addition, a copy of the registration statement form, together with related instructions, as finally adopted by the Board of Governors, is enclosed for State member banks. Additional copies will be furnished upon request.

PAUL A. VOLCKER,
President.

Board of Governors of the Federal Reserve System
MEMBERSHIP OF STATE BANKING INSTITUTIONS
IN THE FEDERAL RESERVE SYSTEM

AMENDMENT TO REGULATION H

Effective December 1, 1975, §208.8 is amended by adding a new paragraph (f) thereto, to read as follows:

SECTION 208.8—BANKING PRACTICES

* * *

(f) **State member banks as transfer agents.**

(1) On or after December 1, 1975, no State member bank or any of its subsidiaries shall act as transfer agent, as defined in Section 3(a)(25) of the Securities Exchange Act of 1934 ("Act") with respect to any security registered under Section 12 of the Act or which would be required to be registered except for the exemption from registration provided by subsection (g)(2)(B) or (g)(2)(G) of that Section, unless it shall have filed a registration statement with the Board in conformity with the requirements of Form TA-1, which registration statement shall have become effective as hereinafter provided. Any registration statement filed by a State member bank or its subsidiary shall become effective on the thirtieth day after filing with the Board unless the Board takes affirmative action to accelerate, deny or

postpone such registration in accordance with the provisions of Section 17A(c) of the Act. Such filings with the Board will constitute filings with the Securities and Exchange Commission for purposes of Section 17(c)(1) of the Act.

(2) If the information contained in Items 1-6 of Form TA-1 becomes inaccurate, misleading or incomplete for any reason, the bank or its subsidiary shall, within twenty-one calendar days thereafter file an amendment to Form TA-1 correcting the inaccurate, misleading or incomplete information. Within thirty calendar days following the close of any calendar year (beginning with the period from the date as of which the registration statement is prepared to December 31, 1976) during which the information required by Item 7 of Form TA-1 becomes inaccurate, misleading or incomplete, the bank or its subsidiary shall file an amendment to Form TA-1 correcting the inaccurate, misleading or incomplete information.

(3) Each registration statement on Form TA-1 or amendment thereto shall constitute a "report" or "application" within the meaning of Section 17, 17A(c), and 32(a) of the Act.

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