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## **Unclaimed Property Relating to Brokers and Dealers**

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The following information corresponds to Article V-A of New York's Abandoned Property Law. For more information, refer to Article V-A of the statute.

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### **Unclaimed Property**

Unclaimed property subject to Article V-A of the Abandoned Property Law includes dormant customer accounts, uncashed checks, and wages. If the broker or dealer is incorporated in New York State, overpayment amounts and securities held for unknown owners are also subject to the statute. Specific record retention requirements apply.

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## **Important Dates - Brokers and Dealers**

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### **December 10**

First Class Mailing Completed

### **December 31**

Cut-off Date

### **January 10**

Certified Mailing Completed

### **March 10**

Final Report and Remittance Due

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## Applicable Property Types - Brokers and Dealers

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All dormancy periods are as noted.

- 1I** Credit balances in trading and investment accounts with trusts, brokers, investment firms, etc., including outstanding checks issued to customers (three-year dormancy)
- 4A** Cash over receipts-dividends and other (three-year dormancy)
- 4B** Bond interest over receipts (three-year dormancy)
- 4C** Stock over receipts-dividends and other (three-year dormancy)
- 4D** Other over receipts (three-year dormancy)
- 4E** Unidentified overages (three-year dormancy)
- 4F** Other distributions resulting from ownership interest or debt obligation (three-year dormancy)
- 4P** Stock over receipts-dividends and other, shares (three-year dormancy)
- 4Q** Other over receipts-shares (three-year dormancy)
- 4R** Unidentified overages-shares (three-year dormancy)
- 4S** Other distributions resulting from ownership interest or debt obligation-shares (three-year dormancy)
- 8A** Wages, payroll, salaries, commissions, pension payments (three-year dormancy)
- 8F** Securities long in customers' trading, investment, or trust accounts (three-year dormancy)
- 8P** Securities long in customers' trading, investment, or trust accounts-shares (three-year dormancy)
- 8X** Late filing interest

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## **Statutory Considerations in Addition to Article V-A - Brokers and Dealers**

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### **Article V and Section 1315 of New York's Abandoned Property Law**

In addition to Article V-A, brokers and dealers are subject to the statutory requirements of Article V and Section 1315 of New York's Abandoned Property Law. For more information, refer to Article V and Section 1315 of the statute and to OUF's General Corporation document.

Abandoned property related to Article V and Section 1315 may be included with your Article V-A report.

### **Holders Not Authorized to Conduct Business in New York State**

Section 1312 of New York's Abandoned Property Law extends statutory coverage to any broker or dealer that:

- Is chartered or organized in another state and not authorized to do business in New York
- Holds unclaimed property payable to a person whose last known address is within New York

Such reporting organizations are subject to the same statutory reporting requirements as organizations doing business in New York. However, the publication requirement does not apply.

### **Section 1422 of New York's Abandoned Property Law**

Section 1422 of the APL requires that, at least 90 days prior to your final report, a first class mailing be made to each person whose name is expected to appear on the report unless the address is unknown or the holder can demonstrate that the address it has for the owner is not the owner's current address. In addition, at least sixty days prior to your final report, a certified mailing, return receipt requested, must be made to each person whose name is expected to appear on the report whose abandoned property is valued in excess of \$1000.00 unless a claim has been initiated since the first class mailing was sent, or the first class mailing was returned as undeliverable.

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## **Schedule of Events for Article V-A/Brokers and Dealers**

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### **December 10**

By this date:

Send a first class mailing to each person or entity whose name is expected to appear on your report of abandoned property and request a signed written statement that acknowledges the property's existence. This requirement does not apply to those accounts that meet the exclusionary provisions of Section 1422.

Reactivate all owners who respond to the mailing. Their property will no longer be dormant, and you should remove them from reporting consideration.

### **December 31**

For the purposes of determining abandoned property, a broker or dealer's year runs from January 1 through December 31. December 31 is the cut-off or ending date for the reporting period. Use it when identifying abandoned accounts/items.

### **January 1 through March 10**

During this period:

- Review your records and collect data relative to any account/item that may be dormant and subject to reporting. If you have an account/item subject to reporting:
- Compile the data in one of our reporting formats, so that you may submit it as your final report.
- Use removal codes to annotate the report as needed should adjustments be necessary due to customer contact, erroneous entry, etc. It is not necessary to create another report to update an account's status.

### **January 10**

By this date:

If an owner hasn't responded to the first class mailing, or if the first class mailing was not returned as undeliverable, and the value of all unclaimed property held for the owner exceeds \$1000, you are required to send a second notification via certified mail, return receipt requested.

You may charge the cost of the certified mailing against the property's value.

Reactivate all owners who respond to the mailing. Their property will no longer be dormant, and you should remove them from reporting consideration. Please note that we consider a return receipt to be customer contact if the receipt bears the signature of the account owner.

Therefore you should verify return receipt signatures against the other signature records you may have for an account owner.

**March 1 through March 10**

During this period:

- Finalize the report.
- Arrange for payment.
- Submit the report, payment, and a Verification and Checklist to us. We need to receive them by the close of business on March 10.

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## **Important Issues - Brokers and Dealers**

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### **Record Retention**

The law requires that brokers and dealers retain records relative to abandoned property filings for a period of ten years following the year in which the records were created.

### **Unclaimed Overpayments-Dividends, Interest and Securities**

As a result of the Supreme Court's decision in Delaware vs. New York, brokerage firms incorporated in New York and New York partnerships are required to report all unclaimed overpayment amounts and securities held for unknowns. A three-year dormancy period applies. In accordance with that decision, such amounts, if held by a non-New York corporation or partnership are reportable to the holder's state of incorporation.

### **Dormant Customer Accounts**

Dormant customer accounts are reportable to New York State if payable to a resident of this state. Those stockbrokers incorporated in New York State are also required to remit foreign and unknown resident accounts. Dormant accounts held for non-New York residents may be subject to the abandoned property laws of other states.

### **Uncashed Checks**

Uncashed checks issued by brokers to their customers or other brokers in payment of dividends, bond interest, principal, or other customer credit balances are reportable to New York if payable to a resident of this state. This also applies to foreign and unknown owners, if a broker incorporated in New York issues the check. Since the funds represent amounts due to customers, a three-year dormancy period applies.

### **IRA and Keogh Accounts**

If you cannot contact the account's owner, the law requires you to report an individual retirement account (IRA) or Keogh account in the cut-off year in which the account's owner reached age 70 ½. If you cannot reasonably obtain the owner's date of birth, presume the owner was twenty-one on the account's opening date.

In reporting, use the property type that reflects the nature of the account. For example, use 11 if the proceeds had been held in a trading or investment account. In the Date field, enter the date on which the owner reached age 70 ½. In the Description of Security field, enter IRA. This clarifies that you are not reporting the account prematurely.

### **Roth IRA**

We recognize that while the Roth IRA is not subject to the mandatory distribution rules during the original owner's lifetime, confusion may exist among both the public and the holder community as to the treatment of this product with respect to the Abandoned Property Law. Accordingly, for the purpose of consistency, OUF has as a matter of policy determined not to penalize reporting organizations for treating the Roth IRA in the same manner as the traditional IRA and reporting them in the year the owner reaches the age of 70 ½.

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## **Due Diligence- Brokers and Dealers**

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Holders of abandoned property are required to conduct due diligence in the form of mailings. The associated costs for completing certified mailing due diligence may be charged individually to the abandoned accounts involved in the due diligence effort, while the costs for completing the first class mailing requirement cannot be offset. You may not take a bulk deduction against the report's total value. A positive customer response to any due diligence attempt negates the need for further due diligence actions on an account.

You should exercise due caution in attempting to contact entitled owners who reside in politically sensitive countries. Also, please note that certified mailing requirements do not apply to residents of foreign countries. Address any questions pertaining to this subject to our Director of Audits.



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## **Mailing Requirements**

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### **First Class and Certified Mailings**

The law requires that all organizations do the following:

- At least 90 days prior to their final report/remittance date, send a first class mailing to each owner whose name is expected to appear on that report unless;
  - The owner address is unknown, or
  - The holder can demonstrate that the address it maintains for the property owner is not the property owner's current address

And

- At least 60 days prior to their final report/remittance date, send a certified mailing, return receipt requested, to each owner whose name is expected to appear on that report with abandoned property valued in excess of \$1000.00 unless;
  - A claim has been initiated since the first class mailing was sent, or
  - The first class mailing was returned as undeliverable.

### **Multiple Owners**

For cases in which multiple owners of an item have different addresses, you must send a letter to each owner. You may deduct the additional costs of mailing a certified notice to more than one address.

### **Multiple Items**

Where feasible, if you are reporting more than one item for the same customer, one letter should address all of the items you are reporting.

### **Costs**

You may deduct the mailing costs for certified mail. Deduct such charges from each item for which you are mailing the notice. You may not make a bulk deduction against the final remittance.

### **Mailing Requirements – Dividend Reinvestment Accounts**

Article V requires you to send notification to the apparent owners of securities that are enrolled in reinvestment plans. This notification, which is to be sent via certified mail return receipt requested, should advise owners that in the absence of establishing written

communication with the holder their securities will be delivered to the State Comptroller as abandoned property. A return receipt signed by the owner of the property is to be considered contact.

Additionally, Article V stipulates that owners of unclaimed wages be notified at the last known address of record via first class mail.

In either of the above cases the notifications must be sent in the calendar year prior to the year in which you are required to deliver the property to the State Comptroller. You may not deduct the cost of sending notifications from the value of the abandoned property.

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## Remittance

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Refer to the industry-specific document that applies to your business for information regarding appropriate remittances. Note – electronic funds transfer is available to remit payment. Contact the Reports Processing Unit at [nysrpu@osc.state.ny.us](mailto:nysrpu@osc.state.ny.us) for account and routing number information.

With each final report of abandoned property, you should include the applicable remittance payable to the Comptroller of the State of New York. You should mail it to the following address:

New York State Office of the State Comptroller  
Office of Unclaimed Funds  
Remittance Control, 2nd floor  
110 State Street  
Albany, New York 12236

In accordance with OUF's internal control procedures, you should send all payments to the above address. At no time should you send any remittances to our New York City office.

### **Electronic Funds Transfer**

E-cash is now a viable method to make payment of the amount due for your report of abandoned property. Please contact our Communication Center or our Reports Processing Unit for further instruction and for account and routing number information.

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## Security Delivery Instructions

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You must deliver all reported security positions to OUF's custodian at the time you file the abandoned property report.

Remove restricted legends from securities (in any form) before delivery. If a restricted legend must remain on the security, the reporting organization must provide detailed instructions including the type of the restriction and applicable restriction dates.

To deliver securities to the New York State Comptroller's Office of Unclaimed Funds (OUF), follow the steps below and use one of the approved delivery methods.

Before delivering securities to OUF

- Prepare a list in an MS Excel format describing the securities that you intend to deliver, including:
  - Issue name
  - CUSIP number
  - Number of shares
  - Delivering party's Depository Trust Company (DTC) participant number
  - Preferred delivery method
- Email your list to OUF's custodian, Conduent, at [UPCH.Custody@conduent.com](mailto:UPCH.Custody@conduent.com) and email a copy to OUF at [NYSRPU@osc.state.ny.us](mailto:NYSRPU@osc.state.ny.us).
- Receive our delivery authorization within four business days of receiving your email. We will tell you to either deliver as requested or provide alternate instructions. **Do not** deliver securities without authorization.

After delivering the securities, you must provide evidence of the securities being transferred into OUF's ownership. The required evidence depends on the type of security and how it's delivered. Your report isn't complete until you provide this evidence.

### Approved Delivery Methods

#### Book Entry Eligible Shares

Deliver through DTC, DRS, or DWAC (if not DTC participant) as follows:

DTC #:	901
Reference:	State of New York, OUF
Agent Bank:	26500
Acct #:	114429

#### Dividend Reinvestments Plans (DRP) & Closed-End Funds

Close the accounts and forward whole shares via DTC (see Book Entry instructions above). Fractional shares must be sold at the owner level and the proceeds applied to each individual owner.

#### Open-end Mutual Funds

Open-end mutual fund accounts held for OUF must be opened in advance by Conduent. Email [UPCH.Custody@conduent.com](mailto:UPCH.Custody@conduent.com) to obtain account numbers prior to attempting delivery.

Send interested party statements for open-end mutual fund accounts to:

Conduent  
Custody Department  
100 Hancock Street, 10th Floor  
Quincy, MA 02171

A confirmation statement showing the State of New York, OUF as the owner of the shares must accompany your Abandoned Property Report, in order for your report to be complete. See the [Handbook for Reporting Organizations](#) for more guidelines.

### **Federal Reserve Securities**

Deliver Federal Reserve securities to:

Federal Reserve Bank of New York  
ABA#0210-0001-8  
Bk of NYC/CUST  
Account # 114429  
Account Name: State of New York, OUF

### **Physical Certificates**

Advance approval is required to deliver physical certificates. Certificates will be returned to the sender if they are DTC, DWAC, or DRS eligible. If physical certificates are returned, penalties may be assessed until the securities are properly delivered.

Email your list of securities that need to be delivered in certificate form to OUF's custodian, Conduent, at [UPCH.Custody@conduent.com](mailto:UPCH.Custody@conduent.com) and copy OUF at [NYSRPU@osc.state.ny.us](mailto:NYSRPU@osc.state.ny.us).

We'll reply to your email with an authorization to deliver as requested or provide alternate instructions.

### **Account Registration**

Advance approval is required to deliver securities to an account. If securities are not delivered as instructed, penalties may be assessed until the securities are properly delivered.

Email your list of securities that need to be delivered to an account to OUF at [NYSSMU@osc.state.ny.us](mailto:NYSSMU@osc.state.ny.us).

We'll reply to your email with an authorization to deliver as requested or provide alternate instructions.

A confirmation statement showing the State of New York, OUF as the owner of the shares must accompany your Abandoned Property Report, in order for your report to be complete. See the [Handbook for Reporting Organizations](#) for more guidelines.

## **Foreign Securities**

Email your list of foreign securities that need to be delivered to OUF's custodian, Conduent, at [UPCH.Custody@conduent.com](mailto:UPCH.Custody@conduent.com) and copy OUF at [NYSRPU@osc.state.ny.us](mailto:NYSRPU@osc.state.ny.us).

We'll reply to your email with an authorization to deliver as requested or provide alternate instructions.

## Report Samples - Brokers and Dealers

### Security Account (Physical Delivery)

Owner Last Name (20) Jones		First Name (10) Mary		M.I. M	Suffix (3)		Account Title (70) Mary M Jones					
Owner Address 1 (30) 123 Jane Lane				Owner Address 2 (30)			Owner City (20) Lawndale		State (2) MD	Zip (9) 65432		Country if Not USA
Soc. Sec. No./Empl. ID No. 987-65-4321	Property Type (2) 3Q	Property ID Number (20) 98765		Date (MMDDYY) 06/06/10	Initial Amount \$	Escheated Amount \$	Removal Indicator (if Applicable, Enter "P" or "R") Owner Claimed <input type="checkbox"/> Otherwise Reduced to Zero <input type="checkbox"/>		Multiple Owners Yes <input type="checkbox"/> No <input type="checkbox"/>			
Description of Security (70) Very Big Company & Fractional Cash-In-Lieu (CIL)							CUSIP Number of Security 999888777		No. of Shares or Denomination 98.765		Method of Transfer D	

This sample reflects how to report a security with fractional shares that could not be delivered and have been liquidated. Note that the CUSIP Number of Security, No. of Shares or Denom- ination, and Method of Transfer fields are all complete. Initial and escheated dollar values are left blank.

### Security Account (Wire Delivery)

Owner Last Name (20) Unknown		First Name (10)		M.I.	Suffix (3)		Account Title (70)					
Owner Address 1 (30)				Owner Address 2 (30)			Owner City (20)		State (2)	Zip (9)		Country if Not USA
Soc. Sec. No./Empl. ID No. 4Q	Property Type (2) 4Q	Property ID Number (20) ZQ1141		Date (MMDDYY) 06/15/98	Initial Amount \$	Escheated Amount \$	Removal Indicator (if Applicable, Enter "P" or "R") Owner Claimed <input type="checkbox"/> Otherwise Reduced to Zero <input type="checkbox"/>		Multiple Owners Yes <input type="checkbox"/> No <input type="checkbox"/>			
Description of Security (70) IBM Common							CUSIP Number of Security 723622107		No. of Shares or Denomination 1000		Method of Transfer D	

This sample reflects the wire delivery (DTC) reporting of a security position. Note that the CUSIP Number of Security, No. of Shares or Denomination, and Method of Transfer fields are all complete.