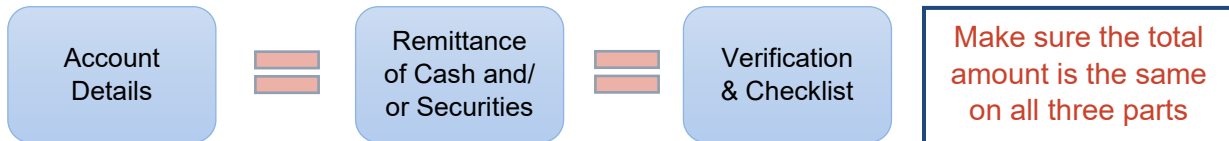


Unclaimed Property Relating to Brokers and Dealers – Reference Sheet

Schedule of Events for APL Article V-A	
January 1 through December 31	Dividend reinvestment account mailings
December 10	First-class mailing completed
December 31	Cut-off date – if funds have become dormant in the year prior to this date, they should be included in this report cycle
January 10	Certified mailing completed
March 10	Final report, including owner details, remittance, and Verification and Checklist is received in our office

How to Report (due 3/10) – Include the following when reporting:

1. Account details of the funds you are transferring in an approved format.
2. Remittance of cash and/or securities.
3. Verification and Checklist (Electronic VCL Form or AC2709).



Visit our website at: osc.ny.gov/unclaimed-funds/reporters for more details including forms and contact information.

Applicable Property Types

NAUPA II Property Type	Property Type Description	Dormancy Period
IR03	Traditional IRA – Cash and Securities	3 years
IR06	Roth IRA – Mutual Funds	3 years
IR07	Roth IRA – Cash and Securities	3 years
MS14	Pension and Profit Sharing (payments from employee accounts)	3 years
SC01	Dividends	3 years
SC08	Shares of Stock	3 years
SC09	Cash for Fractional Shares (cashout of partial share)	3 years
SC11	Other Certificates of Ownership	3 years
SC20	Credit Balances (remaining balance in brokerage account)	3 years
SC70	Other Securities Related Funds Held or Owing	3 years
ZZZZ	Late filing interest	

Unclaimed Property Relating to Brokers and Dealers

This document is supplemental to the [Handbook for Reporters of Unclaimed Funds](#) and contains information which corresponds to Article V-A of New York's Abandoned Property Law (APL). For more information, refer to [Article V-A](#) of the statute.

This document includes the following sections:

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Unclaimed Property

Unclaimed property subject to Article V-A of the APL 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. There are specific record retention requirements for brokers and dealers.

Statutory Considerations in Addition to Article V-A

Due Diligence

APL Section 1422

The APL requires that, at least 90 days prior to submitting its final report, the holder send a notice by first-class mail to each owner whose name is expected to appear on that report unless the address for the owner is unknown or the holder can demonstrate the address it maintains for the owner is not the owner's current address.

In addition, at least 60 days prior to submitting its final report, the holder must send a notice by certified mail (return receipt requested) to each owner whose name is expected to appear on that report with abandoned property valued in excess of \$1,000 unless contact with the owner has been established, the first-class mailing was returned as undeliverable or the mailing address is outside the United States.

Securities and Exchange Commission Due Diligence Regulations

SEC rule 17Ad-17 requires transfer agents, brokers and dealers to search for lost security holders and perform due diligence mailings, in an attempt to restore contact with security holders. The SEC regulations are very specific about the timing for searches and mailings, all of which take place before securities would be reported to the state as unclaimed funds. See part 240 of the [Rules and Regulations for the Securities and Exchange Commission and Major Securities Laws](#).

Electronic Contact

[2 NYCRR § 125.1](#)

Certain types of electronic contact can be used to satisfy the written communication requirements in the APL to prevent the property from being deemed abandoned. This includes email communication from the entitled owner of the property that matches the registered email address on record with the holder or a verifiable login by the owner using a website or mobile application made available by the holder.

Holders Not Authorized to Conduct Business in New York State

APL Section 1312

The APL 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 and
- 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.

Other Property Types

Brokers and dealers are subject to other statutory requirements of the APL. Review the Law to determine if any apply to your organization.

Important Issues

Blocked Accounts

If you are holding dormant property blocked by the US Department of Treasury's Office of Foreign Assets Control (OFAC), contact NYSRPU@osc.ny.gov for instructions on the abandoned property reporting.

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.

Record Retention

The law requires that brokers and dealers retain records relative to abandoned property filings for a period of 10 years following the year in which the records were created.

Tax Deferred Accounts (including, IRAs, Roth IRAs, Keogh and Education Savings Accounts (including 529 and Coverdell ESA))

Traditional IRAs, Roth IRAs, Keogh or other accounts that are qualified for tax deferral under the US income tax laws are reportable as abandoned property on the next report cycle following the mandatory distribution date, as set by IRS guidelines, in the absence of contact/activity within the last three years from the account owner, unless the account is in distribution. If the account is in distribution, a three-year dormancy applies. Report a 529 educational savings balance in the year when the account's beneficiary reached age 18. For a Coverdell ESA report in the cut-off year when the account's owner reached age 30.

While a Roth IRA is not subject to mandatory distribution rules during the original owner's lifetime, confusion may nonetheless exist among both the public and the holder community as to the proper treatment of the APL. For consistency, OUF will not penalize reporting organizations for treating a Roth IRA in the same manner as the traditional IRA.

If you cannot reasonably obtain the owner's date of birth for Coverdell ESA accounts, or the beneficiary's date of birth for a 529, use the account opening date

as the owner's date of birth, and for an IRA, presume the owner was 21 on the day the account was opened.

In reporting, use property types that reflect the nature of the account. For example, use IR03 if there are savings held in an IRA account.

In the Date field, enter the date when the owner reached the mandatory distribution age, as set by the IRS. In the Description of Security field enter IRA. This clarifies that you are not reporting the account prematurely.

Reported amounts constitute distributions from the IRA. If securities are liquidated to comply with the IRS withholding guidelines, report the remaining securities as shares and residual cash on a separate line for each owner. Include "IRA distribution withholding" in the Description of Security field.

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.

Additionally, if a broker incorporated in New York issues checks to foreign and unknown owners, they are reportable to New York. Since the funds represent amounts due to customers, a three-year dormancy period applies.

Unclaimed Overpayments – Dividends, Interest and Securities

Brokerage firms incorporated in New York and New York partnerships are required to report all unclaimed overpayment amounts and securities held for unknown owners. A three-year dormancy period applies. Such amounts held by a non-New York corporation or partnership are reportable to the holder's state of incorporation.

Underlying Shares

Shares of stock that have been issued by a business association, or a banking or financial organization. The original certificate for the shares is in the possession of the shareholders, who have failed to either cash the dividend checks or correspond with the issuing corporation.

Mailing Requirements

First-Class and Certified Mailings

Section 1422 of the APL requires that all organizations do the following:

- At least 90 days prior to their final report/remittance date, send a notice by first-class mail to each owner whose name is expected to appear in that report, unless:
 - The address for the owner is unknown,
 - The holder can demonstrate that the address it maintains for the owner is not the owner's current address, or
 - Note – if you use an address validation service and find a new address for the owner, you may send the notice to the new address but you should not change the original address on your report or books and records.
 - The items you are reporting are valued at \$20 or less and you are reporting them in the aggregate, in which case the owner's name will not appear in the report, therefore you are not required to mail a notice.

And

- At least 60 days prior to their final report/remittance date, send a notice by certified mail, return receipt requested, to each owner whose name is expected to appear in that report with abandoned property valued in excess of \$1,000, unless:
 - Owner has established contact,
 - The first-class mailing returned as undeliverable, or
 - The last known address is outside of the United States.

In the calendar year prior to reporting the funds, send a certified mailing to account owners of dormant dividend reinvestment plans or mutual funds (book entry).

Costs

You may deduct the mailing costs for certified mail. Deduct such charges from each item for which you are mailing the notice, or one item if you are combining similar items for a specific owner into one item. You may not make a bulk deduction against the final remittance. You cannot offset the costs for completing the first-class mailing requirements.

Foreign Address

Exercise due caution in attempting to contact entitled owners who reside in politically sensitive countries as defined by the U.S. Department of Treasury's Office of Foreign Assets Control. Certified mailing requirements do not apply to residents of foreign countries. Address any questions pertaining to this subject to our Director of Audits.

Multiple Items

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

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.

Wages and 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, must 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 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 these notifications from the value of the abandoned property.

Remittance

Submit your remittance at the time you file a report. The remittance should be equal to the sum of the values of accounts being reported to the Office of the State Comptroller. Pay your remittance by ACH debit, electronic transfer, check, or by using the Security Delivery Instructions.

ACH Debit

If a [file upload or manual online report](#) was completed, pay electronically with [ACH Debit](#) after uploading your file or by using this link.

Electronic Funds Transfer

Electronic funds transfer alternatives are available to make payment of the amount due for your report of abandoned property. Find instructions including the account and routing number information in the [Electronic Funds Transfer Instructions](#).

Checks

Make checks payable to Comptroller, 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

Include the letters 'OUF' and the holder organization's FEIN in the memo and advice areas of your check if you send your report account details using one of our electronic reporting methods. This will help us apply your funds correctly.

In accordance with OUF's internal control procedures, send all payments to the above address. Do not send any checks or securities to our New York City office.

Securities

Deliver securities to the Comptroller using the most current instructions available. They are updated regularly on our website; find the most current version in [Security Delivery Instructions](#).

Schedule of Events

Before December 10

During this period, review your records and collect data related to any account/item that may be dormant and subject to reporting. If you do not have any items subject to reporting:

- Keep a record of your review.
- Do not send preliminary or negative (zero balance) reports.

December 10

By this date:

- Send a notice by first-class mail to each person or entity whose name appears on your report of abandoned property and request a signed written statement from the owner that acknowledges the property's existence. This requirement does not apply to those accounts that meet the exclusionary provisions of §1422.
- Advise and educate internal staff about the due diligence notices for effective processing when the rightful owner contacts your organization.
- Reactivate all accounts of owners who respond to the notice or otherwise establish contact. Do not include these accounts on your report.

Prior to December 31

Send certified mail to each owner of securities in a dividend reinvestment plan or mutual funds (book entry) requesting written communication to keep the items active.

December 31

For the purposes of reporting 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. Do not submit your report of abandoned property until after the cut-off date has passed.

January 10

By this date:

- If an owner has not responded to the first-class mailing, or if the first-class mailing was not returned as undeliverable and the value of all unclaimed funds held for the owner exceeds \$1,000, you are required to send a second notification via certified mail, return receipt requested, if the address for the owner is within the United States.
 - You may charge the cost of the certified mailing against the property's value.
- Reactivate all accounts of owners who respond to the mailing. Do not include these accounts in your report
 - Note: we consider a return receipt to be customer contact if the receipt bears the signature of the account owner. Verify return receipt signatures against the other signature records you may have for an owner.

On or before March 10

- Finalize the report.
- Arrange for payment.
- Report, payment, and a Verification and Checklist to be received in our office by the close of business on March 10.