

ADOPTION SECTION

**BANKING**

**DEPARTMENT OF BANKING AND INSURANCE**

**DIVISION OF BANKING**

**Notice of Readoption**

**Registrar and Transfer Agents**

**Readoption: N.J.A.C. 3:12**

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, 17:1C-33 et seq., and 17:9A-213.

Authorized By: Kenneth E. Kobylowski, Commissioner, Department of Banking and Insurance.

Effective Date: February 23, 2015.

New Expiration Date: February 23, 2022.

**Take notice** that pursuant to the provisions of Executive Order No. 66 (1978) and N.J.S.A.\_52:14B-5.1, the rules at N.J.A.C. 3:12 will expire on March 25, 2015. The rules implement N.J.S.A. 17:9A-213, which provides that the Commissioner establish standards for qualified corporations to act as registrars and transfer agents in the State.

The rules contain definitions of key terms and explain the effect of the rules on depository institutions. The rules also set forth the application and reporting requirements for qualified corporations and require qualified corporations to provide its most recent financial statement and proof of fidelity insurance to a corporate client when requested. The rules further set forth requirements concerning the annual examination of a qualified corporation's records by a public accountant or certified public accountant. The rules also set forth requirements

concerning the filing of an annual report with the Commissioner, and for examination of the qualified corporation by the Commissioner.

The rules establish capital requirements for qualified corporations including minimum capital requirements, restrictions on new accounts for deficient capitalization, the maximum time period for deficient capitalization, and restrictions on capital notes or debentures. The rules further establish insurance requirements for qualified corporations including minimum fidelity insurance coverage, adequate mail insurance, and an annual review of insurance coverages by the board of directors.

The rules also require qualified corporations to maintain a business location in New Jersey and to maintain and provide for the safekeeping of records, stock certificates, and unclaimed cash dividends. The rules additionally state that undeliverable stock certificates, unclaimed cash dividends, or any other unclaimed personal property shall be subject to existing State escheat laws. Lastly, the rules require a qualified corporation acting as a transfer agent to provide the corporate issuer with a copy of the corporate issuer's transfer transaction journal at least once in a 12-month period.

The Department of Banking and Insurance has reviewed these rules and has determined that the rules should be readopted without amendment. The rules are necessary, reasonable and proper for the purpose for which they were originally promulgated. Therefore, pursuant to N.J.S.A. 52:14B-5.1c(1), these rules are readopted and shall continue in effect for a seven-year period.