



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL-8-2014**  
**February 7, 2014**

## Paying Agent Notification Requirements

**Summary:** On January 23, 2013, the Securities and Exchange Commission (SEC) amended Exchange Act Rule 17Ad-17 to implement the requirements of Section 929W of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, Pub. L. 111-203. The amendments add to Rule 17Ad-17 a requirement that “paying agents” send a one-time notification to “unresponsive payees” stating that the agent has sent a securityholder a check that has not yet been negotiated. The effective date for the amendments is January 23, 2014. Therefore, the first potential notice to unresponsive payees would be due no later than August 23, 2014.

**Statement of Applicability to Institutions Under \$1 Billion in Total Assets:** This Financial Institution Letter applies to all FDIC-supervised financial institutions.

### Suggested Distribution:

FDIC-Supervised Banks (Commercial and Savings)

### Suggested Routing:

Chief Executive Officer  
Trust Officer  
Compliance Officer

### Attachment:

[Federal Register Vol. 78, No. 15 – Lost Securityholders and Unresponsive Payees](#)

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### Note:

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2014/index.html](http://www.fdic.gov/news/news/financial/2014/index.html).

To receive FILs electronically, please visit <http://www.fdic.gov/about/subscriptions/index.html>.

Paper copies of FDIC FILs may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, Room E 1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

### Highlights:

- Paying agents are:
  - Any issuer.
  - Transfer agent.
  - Broker/Dealer.
  - Investment adviser.
  - Indenture trustee.
  - Custodian.
  - Any other person who accepts payments from an issuer of securities and distributes the payments to holders of the security.
- “Any issuer” would include banks that have issued equity or debt securities, whether or not the bank is publicly traded. For example, banks that pay dividends by check on their stock, common or preferred, or interest payments on their debt securities would be “issuers” required to comply with this rule.
- A securityholder is considered an unresponsive payee when:
  - The paying agent sends the securityholder a check and
  - The check is not negotiated by the earlier of:
    - The paying agent's sending of the next regularly scheduled check, or
    - Six months or 180 days after the not-yet-negotiated check was sent.
- Notification must be sent to the securityholder no later than seven months after the not-yet-negotiated check was sent. For example, a paying agent that mailed a check on January 23, 2014, would be required to notify any unresponsive payee no later than August 23, 2014. No notification is required if the check is for less than \$25.
- Paying agents must maintain records to demonstrate compliance with the revised rule, including written procedures describing the methodology for complying with the requirements.
- State escheatment laws are not affected by the revised rule.