

**CHAPTER 12**  
**REGISTRAR AND TRANSFER AGENTS**

**Authority**

N.J.S.A. 17:9A-213.

**Source and Effective Date**

R.1974 d.314, effective January 1, 1975.  
See: 6 N.J.R. 295(c), 6 N.J.R. 464(a).

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Chapter 12, Registrar and Transfer Agents, expires on June 15, 1997.

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**SUBCHAPTER 1. GENERAL PROVISIONS**

**3:12-1.1 Definitions**

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

"Capital" or "capitalization" means the aggregate of capital stock, surplus, undivided profits and unsecured subordinated capital notes or debentures.

"Fiscal agent" means a domestic corporation, or a foreign corporation authorized to transact business in this State, which transacts business in this State as a fiscal agent for other corporations, as defined in N.J.S.A. 17:9A-25(13).

"Qualified corporation" means a domestic corporation, or a foreign corporation authorized to transact business in this State, which registers with the Department to act as a registrar, transfer agent and/or fiscal agent.

"Registrar" means a domestic corporation, or a foreign corporation authorized to transact business in this State, which transacts business in this State as a registrar for other corporations, as defined in N.J.S.A. 17:9A-28(3).

"Transfer agent" means a domestic corporation, or a foreign corporation authorized to transact business in this State, which transacts business in this State as a transfer agent for other corporations, as defined in N.J.S.A. 17:9A-28(3).

Repeal and New Rule, R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Section was "Registrar".

**3:12-1.2 Effect of rules upon depository institutions**

Nothing in this chapter shall be construed as expanding or restricting the powers otherwise conferred by law upon a depository institution, such as a bank or savings bank, to engage in activities as a registrar, transfer agent or fiscal agent, and no such depository institution, in exercising any power otherwise conferred upon it, shall be subject to any provision of this chapter.

Repeal and New Rule, R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Section was "Transfer agent".

**3:12-1.3 (Reserved)**

Repealed by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Section was "Capital".

**SUBCHAPTER 2. REQUIRED REPORTING AND FILINGS WITH THE DEPARTMENT OF BANKING**

**3:12-2.1 Filing a certified statement with the Commissioner of Banking**

(a) Prior to transacting business as a registrar, transfer agent or fiscal agent, a corporation shall obtain approval from the Department to act as a qualified corporation. The application to act as a qualified corporation shall contain the following:

1. The address of the principal corporate office;
2. Address of all offices located in this State;
3. Names of corporate directors and executive officers;
4. Financial statement;
5. Insurance coverage;
6. The filing fee of \$100.00; and
7. Other information which may be required by the Commissioner from time to time to determine compliance with these rules.

(b) The president or vice president of the corporation shall certify that the information contained on the application is true to the best of his or her knowledge and belief.

(c) The application and certified statement shall be filed as of December 31 of each year, or as of such other time as the Commissioner may require.

(d) The application, certified statement and \$100.00 filing fee shall be filed in the Department of Banking on or before April 1 of each year, or within 90 days of the specified date set by the Commissioner in (c) above.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

### 3:12-2.2 Public disclosure of financial information

A qualified corporation, upon request by a corporate client, shall disclose its assets, liabilities, capital and fidelity insurance coverage. Information disclosed as of the same date as a filed certified statement pursuant to this chapter shall not vary in any material respect with the balance sheet of said certified statement. No information shall be disclosed as of any other date which does not itemize assets, liabilities, capital and insurance coverage in the same manner as required by this chapter.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

### 3:12-2.3 Examination by a public accountant

(a) The directors of a qualified corporation shall cause the examination of the qualified corporation's records by a public accountant at least once in each calendar year. The scope of said examination shall include an inventory verification of unissued stock certificates and a confirmation of the last certificate number issued with the corporate issuer. The verifications and confirmations shall not be less than five percent of the accounts serviced or 10 corporate issuers, whichever is greater.

(b) The public accountant shall render an opinion on the financial statement, the sufficiency of internal controls and the adequacy of the separation of functions.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

### 3:12-2.4 Filing of the examination by the public accountant

Within 60 days after completion of the required public accountant's examination, the directors shall file a copy of the report with the Department of Banking and a statement certified by an officer that the report was reviewed by the board of directors.

### 3:12-2.5 Examination by the Commissioner of Banking

The Commissioner of Banking may at any time, either personally or by a person or persons duly designated by him or her, examine the records of a qualified corporation. The costs of such examination shall be borne by the qualified corporation so examined.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

## SUBCHAPTER 3. CAPITAL REQUIREMENTS

### 3:12-3.1 Minimum capital

A qualified corporation shall maintain capital equal to \$5,000 for each corporate issuer serviced or \$100,000, whichever is greater. Unless otherwise directed by the Commissioner of Banking, no qualified corporation shall be required to maintain capital in excess of \$1,000,000.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

### 3:12-3.2 Restriction on new accounts for deficient capitalization

A qualified corporation which does not meet the minimum capitalization as required by this chapter shall not enter into a service agreement or contract with a corporate issuer to act as a registrar, transfer agent or fiscal agent. Renewals of existing contracts or agreements are not subject to this regulation.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

**3:12-3.3 Maximum time period for deficient capitalization**

A qualified corporation shall not remain in a deficient capital position as calculated by standards prescribed by this chapter for a period of time in excess of 12 months or such other period of time as the Commissioner may prescribe.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

**3:12-3.4 Restriction on capital notes or debentures**

For the purposes of meeting minimum capital requirements as prescribed by this Chapter, the total unsecured subordinated capital notes or debentures outstanding shall not exceed the aggregated of capital stock, surplus and undivided profits.

(d) For volume and market values in excess of table add \$100,000 to insurance amount maintained for each additional 10,000 shareholders and add \$100,000 to insurance amounts maintained for each \$10.00 market value increment, up to a maximum of \$10 million.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised (a).

**3:12-4.2 Mail insurance**

A qualified corporation shall provide adequate insurance to cover securities in transit by mail.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

**3:12-4.3 Director's review of insurance**

Insurance coverages maintained by a qualified corporation shall be reviewed annually by the board of directors to determine the sufficiency of coverages maintained based on the volume and nature of operations.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

**SUBCHAPTER 4. REQUIRED INSURANCE**

**3:12-4.1 Minimum fidelity insurance coverage**

(a) A qualified corporation shall obtain a bankers or stockbrokers blanket bond which covers:

1. Each director who handles or has charge or custody of money, securities or other valuable property of the corporation; and
2. All officers and employees of the corporation.

(b) The bond shall contain a provision that it shall not be cancellable for any cause unless notice of intention to cancel is filed in the Department of Banking at least five days prior to the day upon which cancellation shall take effect.

(c) The bond shall provide for limits of liability for Clause A, dishonest or fraudulent acts, in accordance with the minimum amounts set forth in the following Schedule A. For the first \$5 million of prescribed primary Clause A coverage, the limits of liability for Clause E, securities forgery, shall not be less than 25 per cent of the minimum amounts of primary coverage prescribed in Schedule A or \$250,000 whichever is less. For each additional \$1 million of prescribed primary coverage required, the limits of liability for Clause E shall be increased \$150,000 up to a maximum of \$1 million. However, a stock transfer agent errors and omissions insurance policy of equal dollar value coverage may be substituted for a Clause E insuring agreement:

**SCHEDULE "A"**

Insurance Amounts to be Maintained in Thousands

Total number of Shareholders serviced	Market value of one share of the highest priced stock serviced as a transfer agent.							
	\$0.00	2.01	4.01	6.01	8.01	10.01	15.01	20.01
0- 2000	100	150	200	250	300	350	400	450
2001- 4000	150	200	250	300	350	400	450	500
4001- 6000	200	250	300	350	400	450	500	550
6001- 8000	250	300	350	400	450	500	550	600
8001-10000	300	350	400	450	500	550	600	650
10001-15000	350	400	450	500	550	600	650	700
15001-20000	400	450	500	550	600	650	700	

**SUBCHAPTER 5. PREMISES AND RECORDS**

**3:12-5.1 Establishment of a place of business**

A qualified corporation shall maintain a place of business in the State of New Jersey and establish hours at which time business will be transacted.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

**3:12-5.2 Vault protection**

A qualified corporation shall provide a vault for the storage and adequate protection, as determined by the Commissioner, of all stock certificates except those certificates which have been cancelled as a result of a complete transfer transaction.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

**3:12-5.3 Reconstruction of records**

A qualified corporation which maintains the corporate issuer's stockholder records or ledger shall develop, implement and maintain a system providing for the reconstruction of the stockholders ledger.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.

**3:12-5.4 Safekeeping; stock certificates**

(a) A qualified corporation acting as a transfer agent shall provide safekeeping facilities for undeliverable stock certificates.

(b) A record of all items held in safekeeping shall be maintained and such record shall reflect the following minimum information:

1. The name and last known address of the beneficial owner;
2. The name of the corporate issuer; and
3. The certificate number, number of shares and the date each stock certificate was placed in safekeeping facilities.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised (a).

**3:12-5.5 Safekeeping unclaimed cash dividends**

(a) A qualified corporation acting as a transfer agent shall provide for the adequate protection of unclaimed cash dividends.

(b) A record of all unclaimed cash dividends shall be maintained and such record shall reflect the following minimum information:

1. The name and last known address of the beneficial owner;
2. The name of the corporate issuer; and
3. The date the dividend was paid.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised (a).

**3:12-5.6 Escheat**

Undeliverable stock certificates, unclaimed cash dividends or any other unclaimed personal property shall be subject to existing State escheat laws.

**3:12-5.7 Transfer transaction journal**

A qualified corporation acting as a transfer agent shall, based on the volume of transactions, periodically, but at least once in a 12-month period, provide the corporate issuer with a copy of the corporate issuer's transfer transaction journal.

Amended by R.1992 d.242, effective June 15, 1992.  
See: 24 N.J.R. 675(b), 24 N.J.R. 2242(b).  
Revised text.