

Unclaimed Property Relating to Brokers and Dealers – Reference Sheet

| Schedule of Events for Article V-A | |
|------------------------------------|--|
| 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 or Form AC2709)



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

Applicable Property Types

| New York | NAUPA II | Property Type Description | Dormancy Period |
|----------|----------|---|-----------------|
| 1I | SC20 | Credit balances in trading and investment accounts with trusts, brokers, investment firms, etc., including outstanding checks issued to customers | 3 years |
| 4A | TR02 | Cash over receipts (dividends and other) | 3 years |
| 4B | SC07 | Bond interest over receipts | 3 years |
| 4C | SC70 | Stock over receipts (dividends and other) – cash | 3 years |
| 4D | SC15 | Other over receipts | 3 years |
| 4E | SC70 | Unidentified overages | 3 years |
| 4F | SC70 | Other distributions resulting from ownership interest or debt obligation – cash | 3 years |
| 4P | SC70 | Stock over receipts (dividends and other) – shares | 3 years |
| 4Q | SC15 | Other over receipts – shares | 3 years |
| 4R | SC70 | Unidentified overages – shares | 3 years |
| 4S | SC70 | Other distributions resulting from ownership interest or debt obligation – shares | 3 years |
| 8A | MS01 | Wages, payroll, salaries, commissions, pension payments | 3 years |
| 8F | SC70 | Securities long in customers' trading, investment, or trust accounts | 3 years |
| 8P | SC70 | Securities long in customers' trading, investment, or trust accounts – shares | 3 years |
| 8X | 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:

[Unclaimed Property](#)

[Statutory Considerations in Addition to Article V-A](#)

[Important Issues](#)

[Mailing Requirements](#)

[Remittance](#)

[Security Delivery Instructions](#)

[Schedule of Events for Article V-A](#)

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.

Electronic Contact

New York Codes, Rules and Regulations [Title 2 Part 125](#)

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

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.

IRA and Keogh Accounts

In the absence of contact/activity within the last three years, report an individual retirement account (IRA) or Keogh account in the cut-off year in which the account's owner reached or surpassed the mandatory distribution age as prescribed by the IRS. Report an educational savings IRA (Coverdell Educational Savings Account, CESA) in the cut-off year in which the account's owner reached age 30. For an IRA, if you cannot reasonably obtain the owner's date of birth, presume the owner was 21 on the account's opening date. For a CESA, use the account opening date as the account owner's date of birth.

Reported amounts constitute distributions from the IRA. 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 the age of mandatory distribution. In the Description of Security field, enter IRA. This clarifies that you are not reporting the account prematurely.

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.

Roth IRA

While a Roth IRA is not subject to the 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 this product with respect to the reporting requirements of the APL. Accordingly, for the purpose of consistency, OUF will not penalize reporting organizations for treating a Roth IRA in the same manner as the traditional IRA and reporting a Roth IRA in the year the owner reaches the age of mandatory distribution.

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 on 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 to be reported are valued at \$20 or less and are being reported in the aggregate, in which case the owner's name will not appear on the report, therefore mailing a notice is not required.

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 on that report with abandoned property valued in excess of \$1,000 unless:
 - A claim has been initiated since the first-class mailing was sent, or
 - The first-class mailing was 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. The costs for completing the first-class mailing requirement cannot be offset.

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 of 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

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 the accounts being reported to the Office of the State Comptroller. Pay your remittance by electronic transfer, check, or by using the Security Delivery Instructions.

Electronic Funds Transfer

Electronic funds transfer is 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 Date/Time stamp in the memo and advice areas of your check if you sent 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 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](#).

Security Delivery Instructions

You must deliver all reported security positions to the Office of Unclaimed Funds' (OUF) 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 restriction and applicable restriction dates.

To deliver securities to the OUF, follow the OUF [security delivery instructions](#) and use one of the approved delivery methods.

Schedule of Events for Article V-A

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.

January 1 through March 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 find accounts/items subject to reporting:

- Update your report as necessary to reflect any activity that has occurred.
- Compile the data in one of our reporting formats so that you may submit it as your final report.

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.

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 on 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.