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February 24, 2015

To: Charlie Trost, Reporter

From: Tami Salmon, Investment Company Institute

Re: Recommended Edits to Feb. 16, 2015 RUUPA Draft

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Below are my recommended “technical” edits to the February 16, 2015 version of the RUUPA draft to address mutual funds. Please note that these recommended edits are only intended to ensure that mutual funds are appropriately incorporated into the Act.

1. On page 2, line 4 (definition of “business association”): delete “mutual fund.”

*Comment:* The term “investment company” in lines 1-2 would pick up all mutual funds.

2. On page 2, line 9 (definition of “domicile”): delete “a federally chartered entity” and replace it with “an entity that is federally chartered or federally registered”

*Comment:* This eliminates any confusion regarding the term “federally-chartered” entity and ensures that this provision covers all entities “registered” with the federal government.

3. On page 4, line 11, insert following the period “.”:

For purposes of property consisting of a security as defined by Article 8 of the Uniform Commercial Code that is not held in the name of the owner on the books and records of the issuer, the financial intermediary that holds such property in the name of the owner shall be deemed the holder of such property for purposes of this Act.

*Comment:* This revision is to address intermediated accounts where a shareholder’s shares of a mutual fund issuer are not held on the mutual fund’s (or

its transfer agent's) books and records in the name of the shareholder, but rather on the books of an intermediary, such as a broker-dealer. In such instances, the issuer likely has no idea who the shareholder is and therefore cannot be responsible for complying with the Act with respect to such property. While the current version attempts to address this issue on page 19, lines 23-25, the proposed revision would not pick up intermediated accounts where there is no "contract" between the mutual fund and the shareholder. (Instead, all such contact would be between the shareholder and its intermediary.) It would appear the only way to address such accounts is through the definition of "holder," hence my recommended revision.

4. On page 7, line 3 (definition of "property"): insert before the semicolon (";"): "and any security as defined by Article 8 of the Uniform Commercial Code;"

*Comment:* This is to incorporate investment securities in the definition of "property" and broaden the scope of intangible property covered by the Act beyond "stock."

5. On page 12, lines 5-6 (relating to presumption of abandonment): strike "including a security entitlement under [Article 8 of the Uniform Commercial Code]," and insert "and any security as defined by Article 8 of the Uniform Commercial Code"

*Comment:* This is to (1) broaden the scope of this provision to include securities and, in the interest of clarity, (2) replace the term "security entitlement," which is likely a term not known by holders or administrators, with "security."

6. Page 17, line 15, strike the word "Property" and insert: "Except as otherwise provided in this section for specific property, property."

*Comment:* This revision is to clarify that the presumption of abandoned for securities accounts will be governed by the more specific provision in Section 3(a) rather than in this provision, Section 3(d).

7. On page 18, line 14, insert following the comma (" ,"): including any automatic reinvestment of dividends or interest.

*Comment:* This revision is to clarify that reinvested dividend are included in the definition of an owner's indication of interest in property, consistent with the language on page 12, lines 13-14.

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