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April 14th, 2016

US. Securities Exchange Commission
Att.: Brent J. Fields, Secretary
100 F Street N.E.
Washington D.C. 20549-9303

Re.: Transfer Agent Regulations
SEC File # S7-27-15

Dear Mr. Fields:

Mountain Share Transfer appreciates the opportunity to comment on the SEC's recent release relating to transfer agent regulations[1]. Mountain Share Transfer is a smaller transfer agent which experienced a change in ownership and management in late 2012. The current ownership and management of Mountain Share Transfer takes its responsibilities as a transfer agent very seriously. We are not aware of any other smaller transfer agents that are planning on submitting comments on the proposed new rules. We feel that as a member of the transfer agent community it is our responsibility to comment from the perspective of a smaller transfer agent.

It is our general belief that all industries benefit from robust and healthy competition, and the transfer agent industry is no exception. Our review of annual TA-2 filings indicates there are approximately 315 registered transfer agents in the United States, this is down approximately 15% from when the current owners acquired Mountain Share Transfer. We believe that the transfer agent industry is currently undergoing a consolidation phase and that within 3 – 5 years there will be less than 200 transfer agents registered with the Securities Exchange Commission. We further believe that within 7 – 10 years there may well be less than 100 transfer agents registered with the Commission.

It is our general belief that a significant reduction in the number of registered transfer agents would result in dramatically reduced completion, which may not necessarily be beneficial to issuers, shareholders, and industry participants. We believe that a crucial component for healthy and robust competition in the transfer agent industry is the ability of new transfer agents to enter the industry, and for smaller transfer agents to grow in size and evolve into larger agents. With this in mind, we have the following general comments.

Small Agent Exemption:

In general we believe that the small agent exemption should be preserved. We believe that many of the proposed new regulations create a hard ceiling for which smaller agents may reach,

[1] SEC Release No. 34-76743 (December 22, 2015)

but be unable to move above. We feel that this would be very negative for the industry and those serviced by transfer agents. We believe that it important for smaller agents to be able to evolve and grow into larger agents. We respectfully request that any new regulations consider how they may inadvertently limit the growth of smaller agents.

Cost Benefit:

While many of these individual proposal may not appear to be significant in their potential cost on an individual basis, taken together in meaningful numbers, they could easily force many smaller agents to cease operations. It is possible they could create a significant burden on mid-sized and larger transfer agents as well. We respectfully request that the Commission consider the impact of these rules on smaller agents and consider how it might ease that burden.

With respect to the individually numbered proposed items contained within the Concept Release, we have respectfully submitted comments below. We have attempted to respond to as many of the items as possible. Our format it provide the text of the item followed by our comment. We hope the Commission will find our input of some value and usefulness.

5. Should the Commission require any of the registration and disclosure items discussed above? Why or why not? Should the Commission consider other requirements? Please explain. What would be the benefits and costs associated with any such requirements? Please provide empirical data. If the Commission were to require transfer agents to disclose financial information, what information should be required, and why? Would requiring such information to be disclosed on Forms TA-1 and/or TA-2 be an effective and appropriate measure? What would be the benefits and costs associated with any such requirement?

Comments # 5:

We do not believe that transfer agents should be required to disclose financial information. We do not believe that it is necessarily relevant to the services provided by a transfer agent. We feel that requiring transfer agents to disclose financial information would place smaller agents at a competitive disadvantage, reduce competition within the industry, and ultimately be harmful to issuers and shareholders.

6. Should the Commission consider amending the registration process to allow for the issuance of an order approving a transfer agent's TA-1 application before that application becomes effective, rather than having such applications become effective automatically after 30 days? Should the Commission consider making certain findings before approving a transfer agent's application? If so, what should those findings be? Should the Commission impose threshold requirements that transfer agents must satisfy before their applications can become effective? If so, what would they be?

Comment # 6:

We do not believe that there needs to be changes to the TA-1 application process. Requiring certain findings before approving the transfer agent's application would reduce the formation of new firms and reduce competition within the transfer agent industry.

7. The Commission intends to propose to require transfer agents to submit annual financial statements. Should these statements be required to be audited? Why or why not?

Comment # 7:

We do not believe that requiring transfer agents to submit annual financial statements serves a public benefit. Furthermore, we believe that the submission of financial statements by transfer agents would be anticompetitive and harmful to the transfer agent industry for the following reasons:

A. This would place smaller transfer agents at a significant disadvantage in competing against larger transfer agents and dramatically hurt their ability to grow their businesses.

B. The transfer agency business is primarily a service business, and as a result does not require a large capital commitment when compared to other businesses, such as broker dealers.

C. Requiring the financial statements to be audited would place an unfair financial burden on smaller transfer agents.

D. Furthermore, the various corporate structures of transfer agents could make meaningful comparisons difficult. For example limited partnerships and limited liability companies have different tax treatment and a comparison of their financial statements to C – corporations may create a misleading picture of the ability of a firm to service its clients.

D. There can be a cyclical nature to a transfer agent's business, and a yearend "snap shot" report may not provide an accurate picture of the overall financial condition of the transfer agent.

If the Commission does require transfer agents to submit financial statements, then we believe that they should not be required to be audited.

If the Commission does require transfer agents to submit financial statements, then we believe that it would be appropriate to exempt "*Exempt Agents*" from the requirement. This would allow smaller agents the opportunity to grow their business and become more

competitive.

8. Should the Commission require that annual financial statements be submitted using a data-tagged format such as XML or XBRL? Would such a requirement require changes to the U.S. GAAP Taxonomy in order to capture the information included in transfer agents' financial statements? Why or why not? Should some other electronic format be required or permitted?

Comment # 8:

It is unclear how this would be benefit the public. We believe that this would place smaller transfer agents at an uncompetitive advantage. It is our belief that the transfer agent industry and its customers benefit from a competitive industry and strong competition among the transfer agents within the industry.

In general, we do not believe the filing of financial statements in electronic format should be required. The vast majority of transfer agents are privately held companies, which do not hold shareholder assets and only nominal amounts of client funds.

9. Does the receipt of securities as payment for services create conflicts of interest for transfer agents, and if so, should the Commission require that such payments be disclosed? The Commission intends to propose to amend Forms TA-1 and/or TA-2 to require transfer agents to disclose all actual and potential conflicts of interest. Should it do so? Why or why not? Should the Commission provide any guidance as to what constitutes a conflict of interest? Why or why not? Has the proliferation of the types of services offered by transfer agents in recent years created new conflicts of interest? How might transfer agents' conflicts of interest differ depending upon whether the transfer agent is paid by the issuer, the shareholder, or some combination thereof? Is disclosure of conflicts of interest a sufficient safeguard for investors? Should the Commission ban certain conflicts of interest entirely? For example, should the Commission prohibit transfer agents from having certain affiliations with issuers or broker-dealers, or from providing certain services if they have such affiliations? Please provide a full explanation.

Comment # 9:

The proposed changes to transfer agency regulations discussion in item # 9 are numerous, and as a result we have decided to respond in sections that correspond to the approximate proposal or topic in item # 9.

A. Securities as Payment for Services: We believe that the receipt of securities as payment for services can create potential conflicts of interest. It is unclear in the proposed regulations how this would or should be disclosed. While we believe that it is appropriate for the Commission to inquire about such payments to transfer agents, it is unclear how a

disclosure of such payments would be effected. Should such disclosure be a normal part of the examination process, or should it require a written notice to the Commission at the time of the receipt of the securities?

B. Conflict of Interest Disclosure: We believe that as discussed above, the term "*conflict of interest*" is potentially vague and subjective. What one transfer agency may find to be a conflict of interest, another transfer agent may not believe to be a conflict of interest. Therefore before amending the forms TA-1 and TA-2 for the disclosure of conflicts of interest, a proper definition of what constitutes a conflict of interest, and what does not should, should be published in the regulations. Therefore we believe the Commission should provide strong guidance as to what constitutes a conflict of interest and areas where it has concerns. As a matter of principal, we are not opposed to disclosing potential conflicts of interest as long as such disclosure does not reveal trade secrets.

C. Expanding Services Offered: We do not believe that the transfer agencies expanding the suite of services they provide necessarily creates conflicts of interests.

D. Affiliations with Broker/Dealers: The discussion in item # 9 is vague on this topic. The Commission does not provide sufficient details as to what types of affiliations with broker/dealers it is concerned about. While we could guess at what we believe the Commission is concerned about, we do not believe that it is appropriate. We respectfully request that the Commission provide greater clarity and an expansion of this topic.

In general we do not believe that transfer agents having affiliations with broker/dealers necessarily creates a conflict of interest, and should be banned as a result. However, we do acknowledge that certain types of affiliation have the potential for conflicts of interest and abuse. We believe the best remedy for these situations is proper disclosure.

Additionally, we recognize that banning all affiliation might be harmful to the industry as it might limit innovation and the improvement of services to issuers and shareholders.

10. Should the Commission amend Forms TA-1 and/or TA-2 to require transfer agents to disclose information regarding the fees imposed or charged by the transfer agent for various services or activities? If so, what type of information or level of detail should be required? Should the Commission require that fee disclosures be standardized to facilitate comparison? Should fees charged to both issuers and directly to shareholders be required to be disclosed? Please provide a full explanation.

Comment # 10:

We believe that the item concerning the disclosure of fees on Forms TA-1 and TA-2 is unnecessary, potentially anti-competitive, and could amount to the regulation of fees. We believe that it is a bad idea, and respectfully request that the Commission not require fee

disclosure for the following reasons:

A. The fee structure of transfer agents (and companies in many other industries) can be considered a form of a trade secret. Requiring this disclosure may prove harmful to some firms while providing other firms an unfair competitive advantage.

B. Based upon the discussion in item # 10, it is unclear as to how often the fee schedule would need to be updated with the Commission. Would the transfer agency be required to amend its TA-1 and TA-2 every time they made a change to their fee schedule? Or just disclose it annually?

C. If a transfer agent negotiated a discounted fee with an issuer, would the transfer agent be required to file that with the commission? This is a serious question, as a lot of times fees are negotiated or discounted in order to obtain new clients. Mountain Share Transfer considers itself to have some of the lowest fees in the industry. Obviously it is reasonable to assume that we would benefit from an industry wide publication of fee structure. However, if not properly drafted, a firm a transfer agent could be amending its TA-1 or TA-2 on a monthly basis, which would become expensive and hurt its ability to customize its fees for a client's particular situation.

11. To increase the ability of the Commission to monitor trends, gather data and address emerging regulatory issues, should the Commission require registered transfer agents to file material contracts with the Commission as exhibits to Form TA-2? What costs, benefits and burdens, if any, would this create for issuers or transfer agents? Should the Commission establish a materiality threshold or provide guidance on materiality were it to propose such a rule? Please provide a full explanation.

Comment # 11:

Item 11 above, has three (3) questions which we will address in order as follows:

A. We do not believe that transfer agents should be required to file material contracts as exhibits to their TA-2 filings. We believe that there are several issues with this proposal that outweigh the perceived benefit. (i) What may be material to one transfer agent, may not be material to another transfer agent. (ii) We further believe this may be anti-competitive as it may force smaller transfer agents to disclose certain information that is not disclosed by other larger transfer agents. (iii) The filing of material contracts could potentially disclose trade secrets that reduce or eliminate a competitive advantage or opportunity to grow.

B. We believe that this may place an unfair cost burden on smaller transfer agents in the form of legal expenses to review contracts for materiality.

C. If the Commission moves forward with a rule on this item, then we believe it is appropriate that the Commission establish a materiality threshold, and provide further guidance.

12. Should the Commission amend Forms TA-1 and/or TA-2 beyond any changes discussed above? If so, what amendments should the Commission consider in making that determination and why? Please provide a full explanation.

Comment # 12:

Perhaps it might be appropriate that instead of amending Forms TA-1 and TA-2, the Commission seek to develop a new form similar to an 8-K for transfer agents to file for disclosure of several of the items the Commission is proposing.

We do not necessarily believe that it is always necessary to amend Form TA-1 or TA-2 for all of the items proposed. A new form (i.e. TA-3) might be more practical and effective at providing the disclosure.

13. What costs, benefits, and burdens, if any, would the potential requirements discussed above create for issuers or transfer agents?

Comment # 13:

We believe that the proposed new regulations are going to create significant cost burdens for existing transfer agents. We believe that smaller transfer agents will be impacted the greatest.

We believe that the proposed regulations will result in a significant and dramatic reduction in the number of transfer agents. Based upon our review of TA-2 filings, there are currently approximately 315 registered transfer agents. We are currently estimating that the new proposed regulations would reduce the number of transfer agents to approximately 100 in five (5) years, and possibly 50 registered transfer agents in seven (7) to ten (10) years. We believe that this would radically reduce the competitive nature of the transfer agent industry and not ultimately be a benefit to issuers and shareholders.

14. Should the Commission require that any arrangement for transfer agent services between a registered transfer agent and an issuer be set forth in a written agreement? Why or why not? What are the alternative means of achieving similar objectives, and are they as effective or efficient? If the Commission were to require a written agreement, should it cover certain topics? If so, what topics? For any such provisions or topics, are there asymmetries in information or other areas between transfer agents and issuers that the Commission should consider in connection with such contractual provisions? For what

types of transfer agents, or in what types of such relationships, do these asymmetries most frequently arise, and where are they most acute? Please provide a full explanation and supporting evidence.

Comment # 14:

Item 14 has several questions that we will respond to in order of their presentation.

A. Requiring Written Agreements: We believe that whenever possible there should be a written agreement between the transfer agent and the issuer.

The existing regulations currently require transfer agents to maintain written appointment documentation. This can be somewhat vague in its meaning and interpretation. In some instances it may be an assignment, a board resolution, email, contract ect. A well written agreement will clearly spell out the primary duties and responsibilities of the transfer agent; as well as the authority to handle routine tasks that require proper legal authorization from the issuer.

B. Alternatives: We believe that there should be alternatives to satisfaction of the requirements for a written contract or appointment documentation. This would be applicable in situations where it is not possible obtain a written agreement. For example, we are aware that many older transfer agents never obtained written agreements with their clients, and therefore they do not satisfy the current regulatory requirements for appointment documentation. When these agents are sold or close, it might not be possible for the new or successor transfer to obtain a contract with some of its existing clients. The shareholders of those companies might very well have legitimate transfer needs, but find themselves unable to obtain service if the new or successor agent has been unable to obtain a contract[2]. Therefore we believe that some form of written assignment of the transfer agent duties from the prior agent would be applicable[3].

C. Covering Certain Contractual Topics.: We do not believe that this should be specified or regulated by the Commission. We believe that this is an issue best covered by contract law and the court system.

15. How are fees set out in transfer agent agreements today? Do issuers find it difficult to fully understand the fee structures offered by transfer agents, and how do those fee

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[2] Some examples of these needs for a transfer include estate issues, transfers of brokerage accounts, or withdrawing of securities from streetname.

[3] This would help eliminate the concern that if you acquire a firm that has many older clients, some of which do not have contracts, then you are not accidently acquiring a regulatory problem. This would actually allow for a more orderly exit from the industry of transfer agents owned by older individuals that do not a viable succession plan. This would probably benefit issuers, shareholders and the Commission as well.

structures work in practice? Should the Commission require that all fee arrangements between an issuer and a transfer agent be set forth and specified in a written agreement? Why or why not? Should the Commission require that transfer agents disclose their fee arrangements in their filings with the Commission? If so, should transfer agents be required to utilize a standardized framework or terminology when disclosing their fee structures? Should the Commission exempt fees which may be negotiated on a case-by-case basis, such as corporate action fees? Why or why not? Would requiring disclosure of fees affect competition, or the form of competition, among transfer agents or between transfer agents and other entities? Please provide a full explanation and supporting evidence.

Comment # 15:

Item 15 above asks multiple questions, we have addressed them in order below:

A. Fees in Agreements: While we do not speak for other transfer agents, our client agreement specifies the fees charged to our clients.

B. Issuer Understanding of Fees: We believe that our fee structure is easily understood by our clients.

C. Requiring Fees in Agreements: We do not believe that the Commission should require that fees be specified in agreements. While we disclose our fees in our agreement, we believe that this is an issue best decided by a free and open market. We do see a potential for unintended consequences, including eventual fee regulation by the Commission, which we believe would harm the industry.

D. Fee Schedule Disclosure: We do not believe the Commission should require transfer agents to disclose their fee structure in filings with the Commission. We believe that this would be anti-competitive in nature. Additionally, we believe that it would limit the flexibility of transfer agents and issues to negotiate custom fee arrangements. However as a lower cost and lower fee transfer agent, we believe this would give us a competitive advantage.

E. Standardized Fee Framework: We do not believe that the Commission should require a standardized fee framework. We believe that this would limit the flexibility of transfer agents and issuers to negotiate customized fee agreements and structures.

F. Exempting Negotiated Fees: We believe that all negotiated fee arrangements should be exempt. We believe that this allows for issuers and shareholders to receive lower fees and ultimately increases competition which benefits issuers and shareholders.

G. Fee Disclosure Affecting Competition: We believe that requiring fee disclosure would be anti-competitive and have a negative impact on issuers and shareholders. Typically when the government regulates prices within an industry, a majority of the companies within the industry will raises their prices to the maximum allowed. However, absent actual regulation with fee limits, what typically will happen is that when the largest firms in an industry publish their fee schedules, the smaller companies will set their fees slightly below the fees of the largest companies. While this may initially seem beneficial, this also allows smaller firms to raise their fees, which would not be beneficial to their issuer clients and shareholders. Ultimately we believe that this will reduce the competition among transfer agents.

We do believe that if transfer agents were required to disclose fees for non-transfer services this would place transfer agents at a competitive disadvantage when competing against non-regulated companies. An example of this would be edgarization services.

17. What costs, benefits, and burdens, if any, would a written agreement create for issuers or transfer agents?

Comment # 17:

We believe that transfer agents and issuers both benefit from written agreements for services. The cost of developing a suitable agreement would be several hours of legal fees. We believe this expense should be less than $10,000 for a transfer agent.

19. Should the Commission require transfer agents to file on a periodic basis information disclosing whether and how a transfer agent maintains custody of issuer and security holder funds and securities, similar to the information broker- dealers are required to report quarterly? Why or why not? What benefits, costs, and burdens would result? Please provide a full explanation.

Comment # 19:

We do not believe that new requirements relating to item # 19 are required. We believe that this is adequately covered by existing regulations. We believe that requiring this disclosure would significantly raise the cost of providing these expenses to clients.

20. In addition or as an alternative to the anticipated proposals described above, should the Commission provide specific guidelines or requirements for transfer agents' paying agent and custody services? Why or why not? What should those guidelines or requirements be? Do commenters believe the lack of such guidelines or requirements results in varying practices and standards among transfer agents, or specific areas of weakness or risk? Why or why not? Please provide a full explanation.

Comment # 20:

We believe that this is an issue best determined by the industry. However, if the Commission where to act on item # 20, we believe that guidelines (instead of new regulations) would be an appropriate starting point.

21. What are the current best practices with respect to the safeguarding of funds and securities (e.g., segregation of accounts, written procedures, specific internal controls, limits on employee access to physical items and records, and to computer systems, as well as other access controls)? Do commenters believe that Rules 17Ad-12, 17Ad-13, and 17Ad-17 are effective in encouraging those best practices? Are there differences in how funds are safeguarded between smaller and larger transfer agent firms? Please provide a full explanation.

Comment to # 21:

We believe that proper written procedures, internal controls, and limits on employee access are important to safeguarding funds and securities. Additionally, we believe one of the most important safeguards is that client funds are maintained at a bank that is separate from the transfer agent's operations accounts.

We note that part of the fraud and embezzlement involving Peregrine Financial Group, the owner of the company had been able to create fraudulent bank statements to hide his steeling of customer funds. We believe that maintaining customer funds at a separate bank makes this more difficult, and easier to spot with either an internal or external audit or examination.

We do believe that the existing regulations and other laws adequately address this item.

22. What are the current best practices with respect to the creation, maintenance, and reconciliation (or other use) of financial or other records that might bear upon the safety of customer funds and securities? Should the Commission require any such best practices, such as: (i) monitoring the financial position of the transfer agent by preparing, maintaining, and reconciling financial books and records, including a statement of financial condition, a statement of income, a statement of cash flows, and certain other financial statements; and (ii) adopting internal written procedures or specific internal controls requiring the monthly reconciliation of all bank accounts used in a transfer agent's business, and requiring audits of the effectiveness of these internal controls by independent public accountants? Why or why not? Please provide a full explanation.

Comment to Item # 22:

We do not believe that it is appropriate for the commission to monitor the financial

position of transfer agents, as the business requirements are significantly different from brokerage firms. We believe that the cost and expenses of the proposals in item # 22 would place a significantly heavy burden on smaller transfer agents. If regulation is to be enacted regarding item # 22, then we believe that smaller agents should be exempted, and allowed a grace period for filing such reports.

23. Should the Commission require transfer agents to file certain additional reports prepared by an independent public accountant on the transfer agent's compliance and internal controls? Why or why not? In connection with any such requirement, should the Commission require transfer agents to allow representatives of the Commission or other ARA to review the documentation associated with certain reports of the transfer agent's independent public accountant and to allow the accountant to discuss with representatives of the Commission or ARA the accountant's findings associated with those reports when requested in connection with an examination of the transfer agent? Why or why not? Please provide a full explanation.

Comment to # 23:

We believe that the proposals in item # 23 would be expensive to implement and lead to increased fees charged to issuers and shareholders. We would like to note that due to the small number of participants within the transfer agent industry, there is an extremely small number of firms that service the industry. It may be extremely difficult to find firms that are qualified to review a transfer agent[4]. Additionally, we believe that this would be prohibitively expensive for smaller agents, which should be exempted if this is implemented.

24. Do commenters believe that there are different risks associated with transfer agents maintaining issuer or securityholder funds at banks that are part of the same holding company structure as the transfer agent, as opposed to a wholly unaffiliated bank? Why or why not? If there are distinct risks, should the Commission act to mitigate those risks, and if so, how? Should the Commission prohibit a transfer agent from maintaining issuer and securityholder funds at a bank that is affiliated with the transfer agent? If so, how should "affiliated bank" be defined? Should transfer agents that are also custodian banks be required to maintain a segregated special account or accounts at an unaffiliated bank or other approved location? Why or why not? Please provide a full explanation.

Comment # 24:

We do believe that there are different risks associated with maintaining issuer or securityholder funds at banks that maintain the operational accounts of the transfer agent.

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[4] It is not clear that simply being an accountant or CPA qualifies someone to review a transfer agent.

However, we believe that existing regulations adequately address these issues. We do not believe that the commission should propose new regulations on this topic. We believe that this is an issue best resolved by the industry and competition in the free market.

25. If transfer agents were to be required to deposit or transmit issuer and securityholder funds into a special bank account, should the Commission also limit the amount of funds that could be deposited in special accounts at a bank to reasonably safe amounts, whether the bank is affiliated or non-affiliated? Why or why not? If so, what amounts should the Commission consider reasonably safe? Should such amounts be measured against the capitalization of the transfer agent and/or the bank? Why or why not? Please provide a full explanation.

Comment # 25:

We do not believe that is appropriate for the Commission to limit the funds that could be deposited into a segregated or special account. We do not believe that deposits into an issuer or security holder account that is segregated from the operating account should be counted against the transfer agent's equity position. We believe that this proposal could have any number of unforeseen consequences that could be very problematic to correct or properly address. We believe that this is an item that would best be resolved through industry best practices and market competition.

26. What are the current insurance requirements and/or practices among transfer agents, and what is the source of those requirements and/or practices? Would different or additional insurance requirements address current paying agent risks, such as loss or misuse of funds? Why or why not? If so, what types and amounts of insurance would be sufficient to address current paying agent risks? Why? If the Commission proposes specific insurance requirements for transfer agents, should it also require transfer agents to establish and maintain written policies and procedures describing their process for evaluating and procuring insurance (such as fidelity, professional indemnity, cybersecurity, errors and omissions and surety coverage) and for determining the coverage amounts? Should the transfer agent's annual accountant's report on internal controls required by Rule 17Ad-13 include verification that the transfer agent has fulfilled these requirements? Please provide a full explanation.

Comment to # 26:

We believe that insurance coverage should not be regulated by Commission. We believe that this is an issue that is best resolved by the industry establishing best practices guidelines and competition in the open market.

This is a very complex issue. We believe that rational business owners will adopt sound practices and policies to adequately address these issues, and protect their clients as well as their business by maintaining proper insurance levels.

We have concerns that due to the complex nature of this issue, if the commission where to adopt a "*one size fits all*" approach it would create an undue financial burden on smaller and mid-sized firms.

We respectfully recommend further study on this issue.

28. If the Commission were to require transfer agents to disclose information pertaining to residual or unclaimed funds, what type of information and level of detail should be required, and how frequently should it be required to be reported? What would be the cost, burdens or benefits, if any, of such disclosure for issuers or transfer agents?

Comment to # 28:

We believe that this is a very complex issue. As a result, we respectfully recommend further study on this issue.

31. Is there a need for Commission rules clarifying transfer agent liability for participating in or facilitating an unlawful distribution of securities in violation of Section 5 of the Securities Act? Why or why not? If so, what rules should be considered?

Comment to # 31:

We believe that this is a very complex issue that appears to be evolving or changing in the current environment. We respectfully request further study on this issue. However, as a matter of principal and desire for best practices, we welcome further guidance on this topic.

Furthermore, we believe that this is an item that concerns all transfer agents regardless of their size.

32. Currently, there are no specific Commission rules regarding the placement or removal of restrictive legends by transfer agents. Is there a need for Commission rules governing the role of transfer agents in placing or removing restrictive legends? Why or why not? If so, what are the specific issues that should be addressed by Commission rulemaking?

Comment # 32:

We had discussions with several securities attorneys on this topic. Based upon those conversations, it is our understanding that application and removal of restrictive legends on securities was originally governed by a series of state and federal court cases dating back many decades.

However, we are not currently aware of any definitive study or other publication on this topic. It has been our experience that in certain circumstances there are widely varying opinions among securities attorneys on the application of the existing rules and legal requirements. Based upon conversations with our clients we believe there is a large amount of variation in the policies among transfer agents.

We believe that this is a very complex issue that requires additional research and study before any rules or guidance would be issued on this topic.

As a matter of principal we do welcome further guidance on this topic.

33. Should the Commission provide specific guidelines and requirements for registered transfer agents in connection with removing a restrictive legend and in connection with issuing any security without a restrictive legend, such as: (1) obtaining an attorney opinion letter; (2) obtaining approval of the issuer; (3) requiring evidence of an applicable registration statement or evidence of an exemption; and/or (4) conducting some level of minimum due diligence (with respect to the issuer of the securities, the shareholder and/or the attorney providing a legal opinion)? Why or why not? Should the Commission also consider specific recordkeeping and retention requirements related to the issuance of share certificates without restrictive legends? Why or why not? How should book-entry securities be addressed? Are there other guidelines or requirements the Commission should consider with respect to the issuance of share certificates or book-entry securities without restrictive legends?

Comment # 33:

We respectfully note that item # 33 is a complex topic with significant issues beyond those that may initially appear. There are several questions or sub-items mentioned that we would like to comment on as follows:

A. Legal Opinion Requirements: While this seems relatively straight forward in the context of a larger issuance. There are circumstances involving crowd funding, or smaller private placements where the expense of a legal opinion may be the difference between an investment being a profitable or a losing one.

Further, we have seen several instances where a small shareholder in a fully reporting company with significant revenue[5], has held a certificate for over a decade without ever having had the restrictive legend removed, and the cost of obtaining a legal opinion and selling the shares is greater than the value of the shares.

In both instances the shareholders and investors are essentially shut out of the market and

[5] The company referenced is a NASDAQ listed company.

prohibited from recovering any portion of their investment. We respectfully ask that any new guidance or regulations pertaining to Item # 33 consider these shareholders as well.

B. Issuer Approval: We believe that it is appropriate to comply with an issuers request[6] that they be notified when a shareholder seeks to have a restrictive legend removed. We note that not all issuers require prior notification or approval. Many do not even understand the various laws and regulations governing the process.

We do not believe it is appropriate to require issuer approval before a restrictive legend is removed from a certificate or shares. While a small number of our clients require prior approval, most do not. We believe that requiring prior issuer approval creates a significant situation for shareholder abuse and market manipulation by unscrupulous issuers.

C. Applicable Registration Statement or Exemption: It is our understanding that the existing rules already require this.

D. Due Diligence Requirements: We have concerns over this requirement as it may require transfer agents to perform a level of due diligence and investigation that they are not equipped or capable of performing. Additionally, it may place transfer agents in the position of providing de facto legal opinions which they are not licensed to issue. We believe this requirement is best satisfied by attorney legal opinions and outside third party due diligence firms. Additionally this could significantly raise the costs to transfer agents, issuers, and shareholders.

Further we would like to note that we are currently seeing issues involving shareholders who have held their stock certificates for extensively long periods of time and are experiencing difficulties finding a brokerage firm to accept them due to an inability to comply with new certificate or share history requirements that were not in effect when they purchased their securities.

E. Record Keeping Requirements: Further guidance is always appreciated. This would be helpful in ensuring compliance with the regulations.

F. Book Entry Securities: We believe they should be addressed the same as certificated securities.

34. If the Commission were to issue any standards for restrictive legend removal, what would be an appropriate level of due diligence? Should any due diligence requirements be compatible with current state law governing the issuance and transfer of securities? Should the Commission consider specific guidelines and requirements for the review of

[6] We respectfully note that the policies of among issuers requiring prior approval or notification is extremely inconsistent.

representations that a shareholder is not an affiliate of the issuer or is not acting in coordination with other shareholders? Why or why not? If so, what guidelines or requirements should be considered? Should the Commission consider specific guidelines and requirements regarding transfer agents' obligations to review or determine the ultimate beneficial ownership of shares, identification of control persons of the shareholders, and relationship of shareholders to the issuer, officers or each other?

Comment to # 34:

We do not believe that it is appropriate for transfer agents to act as due diligence firms. This is not an existing portion of the current business offering of any transfer agent. We do not believe that transfer agents possess the necessary skills and resources to engage in due diligence activities.

We believe that any due diligence activities should be performed either by a firm specializing in due diligence or a law firm with appropriate experience and qualifications.

35. Do transfer agents currently possess detailed and accurate information regarding the ownership history of the securities they process? For example, do transfer agents know whether the securities they process were ever owned by a control person or other affiliate of the issuer, and for how long? If so, how do they know this? If transfer agents possess such information, do they provide it to other market intermediaries, such as broker-dealers and securities depositories? If not, should transfer agents be required to do so? Has the inability of broker-dealers and other market intermediaries to obtain detailed and accurate securities ownership information facilitated the unlawful distribution of securities? Has it impaired secondary market liquidity, such as by making other market intermediaries unwilling or less willing to handle certain securities? If so, how can the Commission address these issues?

Comment to # 35:

This information varies based upon many factors including how long the issuer has been in existence, and if the issuer had previously retained another transfer agent.

In some instances a transfer agent may be the third or fourth transfer agent to service an issuer. A transfer agent may not have received records relating to a certificate's ultimate origin if that certificate was issued by a transfer agent that was two (2) agents[7] prior to the current agent.

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[7] An example of this would be where the current transfer agent is the third agent to service an issuer; and a question arises concerning a certificate that was issued by the 1st transfer agent for the issuer. If the prior transfer agents are no longer in operation or the shares were issued longer ago than the mandatory record retention

In other situations, the transfer agent may be the original transfer agent and have the appropriate paperwork to make a determination as to the original ownership of the shares. In situations such as this, we have provided this information to brokerage firms when it was requested in order to properly determine whether to accept a certificate for deposit.

To the best of our knowledge when a brokerage firm is unable to obtain satisfactory information concerning share ownership and history, they are rejecting the deposit of the shares. As a result, we are unaware of any situations where the inability to obtain this information has facilitated an unlawful distribution.

However, we are aware of circumstances where shareholders who have owned their shares for extensive periods of time have been unable to deposit their shares because they could not provide information satisfactory to the clearing firm.

36. Should transfer agents be permitted to rely on the written legal opinion of an attorney under certain circumstances? If so, what should those circumstances be? For example, should there be requirements regarding the attorney's qualifications or the attorney's relation to the issuer or investor? Is it appropriate for transfer agents to rely on attorney opinion letters to the extent the letters are based on representations of the issuer or third parties without the attorney's review of relevant documentation or independent verification of the representations?

Comment to # 36:

We feel it is appropriate to allow transfer agents to rely on the written legal opinion of an attorney. We feel this is appropriate because attorneys are deemed to have qualifications and expert knowledge that transfer agents do not possess, and could not possess without becoming attorneys themselves. With respects to judging an attorney's qualifications, we do not believe that transfer agents are necessarily qualified to judge the qualifications of attorneys. This is best left to other attorneys and the courts.

It should be noted that based upon our review of the available information, it appears that OTC Markets accepts opinions from all attorneys until they have been found to be disqualified from conducting securities work. Then these attorneys are published on the prohibited attorneys list[8].

requirements, that information may no longer be available.

[8] http://www.otcmarkets.com/research/prohibited-attorney

We would also like to note that we do routinely reject opinion letters from attorneys who believe have not made appropriate representations in their letters, or have issued opinion letters that do not actually express an opinion.

37. Should the Commission obligate transfer agents to: (i) confirm the existence and legitimacy of an issuer's business (for example by reviewing leases for corporate offices, etc.); (ii) obtain names and signature specimens for persons the issuer authorizes to give issuance or cancellation instructions, together with any documents establishing such authorization; (iii) conduct credit and criminal background checks for issuers' officers and directors and shareholders requesting legend removal; (iv) obtain and confirm identifying information for shareholders requesting legend removal (e.g., legal name, address, citizenship); and/or (v) obtain and review publicly-available news articles or information on issuers or principals? Why or why not?

Comment # 37:

We do not believe that transfer agents are in a position to conduct any of the due diligence discussed in item # 37. This would best be left to professionals and regulatory agencies that specialize in this form of investigation and due diligence. Further we believe this could expose transfer agents to a level of legal liability that could not be effectively managed with the current industry fee structure. This could have an extreme chilling effect on the entire industry.

38. Should the Commission enumerate a non-exhaustive list of "red flags" or other specific factors which would trigger a duty of inquiry by the transfer agent? Why or why not? If so, which "red flags" should be included?

Comment to # 38:

We believe that this is a very complex and ongoing issue. As a result, we respectfully request that further study be conducted.

39. Are there types of securities or categories of transactions commenters believe should require a heightened level of scrutiny or review by transfer agents before removing a restrictive legend or processing a transfer? If so, which ones and why? What should any such heightened scrutiny or review entail? For example, should the Commission require additional diligence requirements for securities offered by issuers that are not required to file financials with the Commission? Why or why not?

Comment to # 39:

We believe that this is a very complex and ongoing issue. As a result, we respectfully request that further study be conducted.

40. The Commission is aware that industry participants have suggested that the Commission provide a safe harbor for transfer agents from direct liability or secondary liability (e.g. aiding and abetting) in connection with an unregistered distribution of securities if the transfer agent follows the procedures set out in the safe harbor concerning legend removal. Should the Commission impose such a safe harbor? Why or why not? If so, what should be the specific conditions of the safe harbor?

Comment # 40:

Yes, we believe the Commission should provide such a safe harbor.

41. Other than ensuring that the removal of restrictive legends is appropriate and not a means to sidestepping registration requirements, what requirements or prohibitions, if any, should the Commission consider as additional protections against the unlawful distribution of unregistered securities? For example, should transfer agents be required to deliver securities certificates directly to registered securityholders or be prohibited from delivering securities certificates to third parties that are not registered as owners of the certificates on the transfer agents' books? Why or why not?

Comment to # 41:

With respects to the proposal requiring that security certificates can only be delivered to the registered owners and not third parties, we would like to respectfully point out that there are numerous situations where that could cause unintended problems.

For example, we have worked with attorneys at law firms representing trusts, estates or disabled persons who would no longer be able to receive the securities certificates.

Another example of this could be companies that are participating in private placements or mergers where the certificates are to be delivered to law firms handling the closing.

We have also worked with broker/dealers who are assisting clients and wish to have the certificates delivered to their offices.

We believe that this issue may be more complex than it initially appears, and respectfully recommend further study.

43. The Commission's staff understands that transfer agents may receive compensation in-kind in the form of securities of the issuer that hired the agent to remove restrictive legends. Does this create additional or different risks than if the transfer agent were paid in cash? If so, should the Commission limit transfer agents' acceptance of securities as payment for services related to penny-stock securities or small issuers, or acquiring

shares of the issuers they are servicing through other means, such as gift or purchase? Why or why not?

Comment to # 43:

We believe that accepting securities of client companies as payment for services has the potential to create a conflict of interest, that if not addressed properly could be problematic[9]. However, we do not believe that accepting securities as payment automatically creates a conflict of interest. We believe that accepting securities as payment creates a level of regulatory risk that is unnecessary and unacceptable. We believe that the current regulations adequately address these issues.

However in certain circumstance it may be appropriate or acceptable for a transfer agent to invest in a client company.

45. Should the Commission require transfer agents to maintain, implement, and enforce written compliance and/or supervisory policies and procedures, similar to those required of broker-dealers? Why or why not? If so, what policies and procedures should be required? Should the Commission require transfer agents to disseminate written policies and procedures to all employees of the transfer agent on an annual or semi-annual basis? Why or why not? Please explain.

Comment to # 45:

Current regulations require transfer agents to maintain a Policies and Procedures manual that they are required to follow. As a result, we believe that this item is already covered in existing regulations. With respects to the question of dissemination of the manual to all employees, that would seem to be a good business practice if a transfer agent is attempting to maintain compliance with the rules and regulations.

46. Should the Commission adopt rules requiring registered transfer agents to designate and identify a chief compliance officer? Why or why not? If so, should the Commission adopt rules governing the reporting lines and relationships of the chief compliance officer? Should the chief compliance officer be required to file an annual compliance report with the Commission? Why or why not? If so, what information should be included in the annual compliance report?

[9] Mountain Share Transfer has never accepted securities of a client company as payment for services under the current ownership of the company, and to the best of our knowledge, the prior owners of the firm never accepted any client securities as payment for services.

Comment to # 46:

We believe that requiring a chief compliance officer would place smaller transfer agents at a competitive disadvantage. We believe that adopting rules governing reporting lines and relationships of a chief compliance officer would again place smaller transfer agents at a competitive disadvantage. The filing of an annual compliance report with the Commission would place an unnecessary and unfair cost burden on smaller transfer agents.

47. Should the Commission require transfer agents to undertake security checks or confirm regulatory and employment history for employees, certain third-party service providers, and associated persons, and to require certain employees of registered transfer agents to register with the Commission? Why or why not? What would be the costs, benefits, and burdens associated with such a requirement? What challenges does the trend toward the outsourcing and offshoring of certain aspects of transfer agents' functions pose for ensuring compliance with such a requirement? Please provide a full explanation.

Comment # 47:

The current regulations require transfer agents to finger print employees ad submit their fingerprints to FINRA. This does result in a criminal background check on those employees. We do believe that increased regulatory requirements in this area could be very cost prohibitive for smaller transfer agents.

48. Should the Commission require transfer agents to obtain certain information concerning their issuer clients, clients' securityholders and their accounts, and securities transactions? Why or why not? Please explain and provide supporting evidence where applicable. Should transfer agents be required to perform a form of due diligence on their clients and the transactions they are asked to facilitate, similar to the know-your-customer requirements applicable to broker-dealers? Should transfer agents be required to obtain a list of all affiliates of their issuer clients—including current and former control persons, promoters, and employees—and to take special precautionary steps whenever they are asked to process transactions for these affiliates?

Comment to # 48:

We do not believe that this would be practical to implement for a variety of reasons. Principally, we believe it would be too easier for an issuer or shareholder to provide incomplete or inaccurate information, and virtually impossible for a transfer agent to verify what it has received.

49. Should the Commission require transfer agents to maintain originals of all communications received and copies of all communications sent (including both paper

and electronic communications) to or from the transfer agent related to its business? Why or why not? Please explain.

Comment to # 49:

We do not believe it is practical to maintain originals of all communications received. This would be an overwhelming burden on transfer agents. We believe that in some instances there may be a large volume of communication that could be unrelated to the process of transactions or items as specified in the regulations. We might find ourselves in a position where we are required to maintain copies of communication unrelated to our duties. A potential unforeseen consequence of this is that it could dramatically reduce the use of email or other forms of written communication that is mutually beneficial to the transfer agent and client.

We do believe that appropriate electronic copies are sufficient to satisfy the required need.

51. How have transfer agents' data gathering and retention practices evolved in recent years? Do transfer agents collect more or different types of information than in the past? What new risks, if any, have arisen as a result of these changes? Are there some types of information collected by transfer agents that are more valuable to cyber-attackers than others, or that could cause more harm to investors or the markets if disclosed? If so, please specify. Do transfer agents currently have special protocols to protect their most sensitive information? If not, should the Commission require them to do so?

Comment to # 51:

We believe newer technology has made it easier to gather or collect information.

52. Have transfer agents experienced internal or external access breaches, internal or external fraud or abuse, or other issues associated with creating, accessing, controlling, altering, or securely storing issuer or investor information or data, including securityholders' private account information and other private personal information, whether electronic or otherwise? If so, please describe the nature, extent, and resolution of such problems.

Comment to # 52:

Mountain Share Transfer has never experienced a security breach or other attempt at fraud of any nature as described in item 52.

58. Should the Commission impose specific cybersecurity standards for transfer agents? If so, what should they be, and what standard would be appropriate? Should these standards

vary depending on the size of the transfer agent or the nature and scope of the services it provides? Do commenters believe Reg SCI or Reg SDR provide an appropriate model for potential transfer agent rules addressing cybersecurity issues? Why or why not? If so, which aspects of Reg SCI or Reg SDR might be most appropriate given the activities of transfer agents? Are there other models that might be appropriate for the Commission to consider when developing cybersecurity rules for transfer agents? Regardless of the framework utilized, should the Commission consider requiring certain minimum cybersecurity protocols, such as practicing good cyber hygiene, patching critical software vulnerabilities, and using multi-factor authentication? Should the Commission require transfer agents to implement heightened security protocols for their most sensitive data? If so, which data would merit special protection, and what form should that protection take? Please provide a full explanation.

Comment to # 58:

We believe that this is an issue best determined by completion and the free market. We do not believe the Commission should regulate this issue. We believe that item 58 would create an undue cost burden on smaller transfer agents.

59. Should the Commission require transfer agents to demonstrate a certain level of operational capacity, such as IT governance and management, capacity planning, computer operations, development and acquisition of software and hardware, and information security? Why or why not? If so, what requirements should the Commission consider? For example, would it be appropriate to require transfer agents to adopt written procedures concerning all business services performed by, and IT and other systems used by, the transfer agent? Should the requirements be different depending on whether the transfer agent uses proprietary systems or contracts with outside parties for some or all of their services or IT and other systems? Should the requirements be different depending on the size of the transfer agent or the scope of its activities? Please provide a full explanation.

Comment to # 59:

We believe that this is an issue best determined by the free market and competition; and therefore should not be regulated by the Commission. Additionally, we believe that these requirements could create a very high cost burden on smaller transfer agents.

If the Commission were to impose requirements on this item, then we believe that they should different dependent on the size of transfer agent, and its scope of its activities.

60. If the Commission proposes a rule requiring transfer agents to maintain a written business continuity or disaster recovery plan, what, if any, items should be required to be included

in the plans in order to accomplish business continuity and disaster recovery objectives? Please provide a full explanation.

Comment to # 60:

We believe that it is more appropriate and important to have a business continuity or disaster recovery plan than it is to require the disclosure of financial statements by the transfer agents. This is because the ultimate goal should be the fulfilling of the transfer agent functions, and if for some reason the transfer agent was no longer able to function; then the ability of a predetermined successor agent to assume those duties or for the issuers to move to a new transfer agent of their choice becomes the objective. We believe that there should be further study on the items included in a business continuity plan.

68. Should the Commission require transfer agents to have a minimum level of cybersecurity protection, and if so, what should those levels be? Should the Commission prohibit indemnification of transfer agents by issuers for liability for losses due to the agents' cybersecurity weaknesses? Why or why not?

Comment to # 68:

We believe that due to the fast changing nature of the internet and cybersecurity industry that this is an issue best determined by competition and the free market. We believe that the existing regulations for maintaining client records require a level of client data protection that requires adequate protection and record backup should there be an issue.

Additionally, we see a potential for the Commission to set a minimum level of protection that eventually becomes outdated or inadequate; yet many transfer agents would only maintain the minimum level set by the Commission and inadvertently expose themselves to data loss.

69. Should the Commission require transfer agents to maintain minimum insurance coverage for operational risks associated with transfer agent operations and services, including cybersecurity losses? Why or why not? Should the level and type of coverage be based on the transfer agent's particular circumstances? If so, what requirements and level of coverage would be appropriate for what circumstances?

Comment to # 69:

We believe that insurance coverage is an item that is best determined by the free market. Therefore we do not believe that the Commission should mandate insurance coverage. We do believe that any coverage should be based on the transfer agent's particular circumstance. We believe that it is best to let the industry determine the level of coverage

and the items covered.

74. Should the Commission eliminate the current exemption in Rule 17Ad-4 for small transfer agents? Why or why not? Have circumstances in the industry changed such that the original rationale for this exemption should be reconsidered? Should the Commission take into account the size of a transfer agent, or any other measure, in determining whether the current exemption is appropriate? Why or why not? Please provide a full explanation.

Comment to # 74:

We do not believe the current exemption for small transfer agents should be eliminated. We believe that many of the new proposed regulations will create significant burdens on smaller transfer agents, which could lead to many of them ceasing operations[10]. Therefore it may be worthwhile to consider revising the threshold or definition of an exempt agent.

85. Should the Commission amend Rule 17Ad-16 (notice of assumption)? Why or why not? If so, what amendments should be considered, and why? Is the information required by Rule 17Ad-16 already provided to the industry, including DTC? If yes, how is that information being provided to the industry? Is there an industry standard for electronic communications of these changes? Please provide a full explanation.

Comment to # 85:

We believe that the TA17ad16 notice should be revised to expand the information being provided or for the situations in which it is used.

90. Given that transfer and other requests now often involve the highly automated processing of book-entry securities rather than manual processing of certificates, should the Commission modify or eliminate the turnaround and processing requirements of Rules 17Ad-1 and 17Ad-2? Why or why not? For example, is the distinction between items received before noon and items received after noon still relevant given that the vast majority of requests are now received and responded to electronically? Should the Commission shorten the timeframe for fulfilling instructions and/or increase the percentage of transfer instructions that must be fulfilled within those timeframes each month? Why or why not?

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[10] Individually any number of the new proposals could on their own create a significant expense for a smaller transfer agent. Therefore it might make sense to have different trigger points for exiting exempt agent status.

Comment to # 90:

We do not believe that the turnaround processing requirements should be eliminated. We believe that the distinction of items being received after noon is still relevant. This becomes applicable when issuers are in a different time zone than the transfer agent[11].

92. Are commenters aware of instances where securityholders or broker-dealers cannot determine whether their securities have been processed by transfer agents, despite the requirements of Rule 17Ad-5? If so, please describe any such instances and indicate what requirements, if any, the Commission should consider to address such instances. For example, should the Commission expand the definition of "item" to include presentation by both individual investors and broker-dealers or other intermediaries acting on behalf of individual investors and require transfer agents to report to the presentor of an item the status of any item for transfer not processed within the required timeframes? Why or why not?

Comment to # 92:

We are not aware of any circumstances were a broker/dealer has been unable to determine in an item has been processed.

94. Do commenters believe there are problems associated with transfer agents failing to effect or reject transfer instructions within a reasonable time? Should the Commission amend the rules to define what information or documentation is required and from whom it must be received to constitute good order? Should the Commission amend the rules to define the terms "reject" or "rejection" in connection with transfer instructions? Why or why not? Should transfer agents be required to communicate the specific reasons why an instruction was not a good order? Should transfer agents be required to buy-in securities (or take other corrective action to satisfy transfer instructions that were received in good order but not completed after a specific period of time)? If so, should the requirement apply broadly or be limited to specific conditions? Please explain.

Comment to # 94:

We do not believe that there is not a need for new proposed regulations related to item 94.

We believe that if a transfer is rejected, then the presenter of the securities should receive proper notice that explains why it was rejected, as well as the necessary corrective action in order to have it properly processed.

[11] Mountain Share Transfer is located in the eastern time zone. It is not uncommon for our office to receive a request after 5:00pm from a west coast client.

We do not believe that transfer agents should be buy-in securities. This would create a level of financial risk that would be very difficult to manage and would raise fees to issuers and shareholders dramatically.

96. Given that most securityholders no longer receive paper certificates evidencing their holdings, should the Commission require transfer agents to provide securityholders with an account statement with specific details for each transaction that occurred with respect to each securityholder's account? If so, how and how often should such statements be provided and what information should be included? Please describe.

Comment to # 96:

We respectfully request that any requirement to provide statements to book entry shareholders address issues and requirement concerning dormant, and abandoned issuers. For example, would a transfer agent be required to send out periodic statements to a shareholders of an issuer that has been abandoned or ceased operations? This requirement could produce a significant cost burden on transfer agents.

99. In light of increased obligations under federal law for certain issuers to ascertain their securityholders' identities and the barriers to doing so created by the street name system, as discussed above in Section III.B, should the Commission require entities that are regulated by the Commission, including brokers, banks, or others who provide transfer and recordkeeping services to beneficial owners, to provide or "pass through" securityholder information to transfer agents? If so, what type of information should be provided and how should it be transmitted? What would be the effect on the actions and choices of affected parties, including transfer agents, banks and brokers, issuers, registered owners, and beneficial owners? Please provide a full explanation.

Comment to # 99:

We are unclear as to how this would be implemented in practice, as transfer agents do not maintain records relating to beneficial owners holding securities in streetname. Additionally, a portion of this information can already be obtained through a NOBO (non-objectional beneficial owners) list.

105. Should the Commission require that transfer agents provide more detailed information on Form TA-2 about the type of issuers they are servicing and the types of work they are performing for those issuers? Why or why not? For example, should Form TA-2 include information regarding whether a transfer agent is servicing investment companies or pension plans? Why or why not? Would this information be helpful to issuers who seek specific skills or experience from their transfer agent? Should Form TA-2 require the disclosure of the name of each issuer serviced during the reporting period? Why or why not? What would be the benefits, costs, or burdens associated with any such

requirements? Are there already freely available sources for this information? Please provide empirical data, if any.

Comment # 105:

We do not believe that there is a meaningful need to expand the level of information on TA-2 as discussed in item # 105. We feel that there are more effective methods, such as its web site, for a transfer agent to disseminate the information concerning the nature of the issuers it service.

We do agree that this information could be beneficial for issuers. However, we do not believe the TA-2 is the best way to provide it.

We do not believe that transfer agents should be required to disclose their clients and/or the issuers that they service. This is proprietary information, the disclosure of which could be detrimental to the agents business.

123. What services, if any, do commenters anticipate transfer agents providing for crowdfunding issuers? How do commenters anticipate transfer agents will comply with their recordkeeping, safeguarding, and other requirements in the context of crowdfunding securities? Does the entry of transfer agents into the crowdfunding space pose new or additional risks for the prompt and accurate settlement of securities transactions? What are these risks, should the Commission address them, and, if so, how?

Comment # 123:

We believe that transfer agents will be providing normal transfer agent services to companies involved in crowd funding.

124. Transfer agents have traditionally assessed fees on a per shareholder basis. Do commenters believe transfer agents are likely to impose a per shareholder fee in connection with crowdfunding issuances? If so, is a per-shareholder fee appropriate? If not, what other kinds of fees are likely to be charged, and would they be appropriate?

Comment # 124:

Mountain Share Transfer does not anticipate assessing crowd funded companies a fee based upon the number of shareholders.

We believe that the transfer agent industry will ultimately offer competing fee structures to service crowd funded companies that are varied and based upon competition in the free market.

150. Do the transfer agent rules accomplish the Commission's regulatory objectives of protecting investors, promoting the prompt and accurate clearance and settlement of securities transactions, and evaluating transfer agents' ability to perform their functions properly? Why or why not? Please provide a full explanation.

Comment to # 150:

We do believe that the current rules accomplish the stated regulatory objectives. There are clearly stated turnaround requirements that are designed to accomplish this these objectives.

151. Do the current transfer agent rules adequately address the interests of issuers? If not, in what ways do they not address issuers' interests and should they? Why and in what way?

Comment to # 151:

We believe the current transfer agent rules adequately address the interests of issuers.

152. Do the current transfer agent rules adequately address the interests of other market participants? If not, in what ways do they not address those interests and should they? Why and in what way?

Comment to # 152:

We believe that the current rules adequately address the interests of other market participants. We believe that adequately addressing the needs of other market participants is a function of providing quality customer service and responding to the needs of these participants.

156. Should the Commission propose different rules for different types of transfer agents depending on the particular issuer type, asset class, or market segment serviced by the transfer agent? Why or why not?

Comment to # 156:

We believe that this item requires further discussion and study.

157. What fees do transfer agents assess with respect to processing DRS instructions? How and to whom are such fees assessed? Do commenters believe the Commission should consider regulating such fees in some manner? If so, why and how? Please explain.

Comment to # 157:

We believe that this is an issue best left to be decided by a competitive market and should not be regulated

158. Do transfer agent fees vary, depending upon the asset class of the security serviced by the transfer agent? If so, how do they vary? To what extent does competition among transfer agents constrain such fees, and what is the evidence? Should the Commission require that any such fees be fair and reasonable? Why or why not? Please provide a full explanation.

Comment to # 158:

We believe that competition among transfer agents constrains fees and keeps them within a moderately reasonable band.

159. What, if any, are the problems in the marketplace today with respect to the role of transfer agents and corporate actions? Should the Commission propose rules governing transfer agent services provided in connection with corporate actions? Why or why not? If so, which types of services provided in connection with corporate actions should the Commission consider regulating?

Comment to # 159:

We do not believe that new regulations are required on this topic.

160. Should the Commission propose rules requiring standardized corporate actions processing as a method to facilitate communications among market participants? Why or why not? If so, what are the primary market issues that such a standardization program is likely to address? Would there be any market issues that such a standardized program would not be able to address? Please explain.

Comment to # 160:

We do not believe that new regulations on this topic are required.

163. Is the role that transfer agents play in the proxy process useful for efficient, accurate, and timely communications between issuers and their securityholders? In light of comments previously received by the Commission in connection with its concept release concerning the proxy process, are there additional concerns regarding consolidation in the market? If so, please describe any such concerns.

Comment to # 163:

We believe the role of transfer agents in the proxy process is useful for efficient and accurate communication between issuers and securityholders.

164. In connection with considerations of transfer agents' role within the National C&S System, do commenters believe the creation of an SRO for transfer agents would be useful or appropriate? Why or why not? If so, what should the scope of the purview of such an SRO be, and what should the SRO be tasked with? Please explain.

Comment to # 164:

We do not believe that there should be a SRO for transfer agents. We believe that the current and proposed regulations adequately cover the requirements for a transfer agent.

Additionally we would like to point out that the number of transfer agents in existence is likely to be insufficient to support a SRO for the transfer agency industry. There are approximately 300 registered transfer agents, compared to slightly more than 4,000 registered broker/dealers. Furthermore we believe the total employment in the transfer agent industry is a small fraction of that in the broker/dealer industry. We do not believe the size of the transfer agent industry would support a SRO.

If a SRO was created for the transfer agent industry, we believe it would most likely result in a dramatic reduction in the number of transfer agents, and increase the cost burden on the remaining agents. Furthermore we believe the creation of a SRO would be a significant barrier to entry for new transfer agents. Both of these concerns would dramatically limit the competition on the transfer agent industry.

We very much appreciate the opportunity to have submitted comments on the proposed new regulations.

Sincerely,

Erik S. Nelson,
President