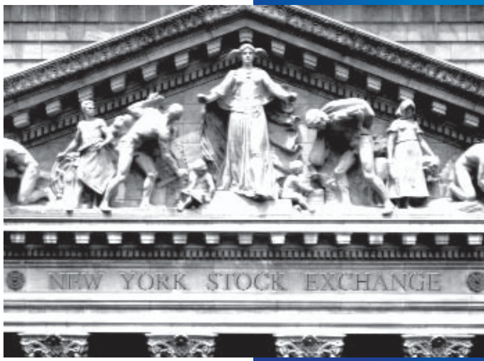
Moving Financial Assets

What Every Customer Should Know



When a customer chooses to move their account or a portion of their assets from one NYSE member organization to another, the process should be simple and expeditious. NYSE Rule 412 (Customer Account Transfer Contracts) provides established procedures and time frames that firms must follow. The industry-wide Automated Customer Account Transfer Service (universally known as "ACATS") provides for prompt and effective electronic transfers between broker-dealers. Familiarity with the transfer procedures should help you to achieve a quick and problem-free transfer.

The firm to which you will be transferring the assets, known as the "receiving firm," will supply you with a Transfer Initiation Form. This Form sets out instructions and asks you to provide certain information and identify the firm currently holding your assets (the "carrying firm"). You can choose to transfer all or a portion of your holdings, as described in the form. Some firms will use a form requiring your manual signature and may also require a signature guarantee (a stamp confirming your identity that is available at most member organizations and at many banks). However, recent changes in the rules also permit a recognized electronic signature, which could simplify your transfer.

The Transfer Initiation Form, accompanied by a copy of your most recent account statement, should be submitted to the receiving firm. It will help to identify all of the assets to be transferred.

The Form is then transmitted to the carrying firm, which has three business days - as required under NYSE Rule 412 - to either validate the transfer or say why it is unable to transfer the account or the assets. Customers should expect that once the transfer request reaches the carrying firm, the account will be frozen (no new transactions will be accepted) to facilitate the transfer going forward. If there are time sensitive securities in the account (such as options, warrants or convertible securities), you should review and discuss them ahead of time with your registered representative at the receiving firm.

Once the transfer is validated, all eligible assets (those assets that can be accepted by the new firm) must be transferred within the next three business days. While the Exchange has the authority to exempt certain types of accounts from the above requirements, only the Exchange can do so, not the member organization. Any payments directed to the account after the transfer of assets (such as dividends, interest payments, etc.) are required to be promptly sent to the new account at the receiving broker. If there are any discrepancies relating to positions or money balances, they must be resolved promptly (within five business days) between the carrying and receiving firms. When you receive your first statement from your new broker, it is a good idea to take the time to compare it with your last statement from your old broker to verify that all assets have been correctly transferred.

Unique Transfer Issues

Mutual funds and variable annuities available only through the carrying firm may not be transferable, either because they are proprietary products or the receiving firm does not have a selling agreement with the distributor. While this poses no problem with a money market mutual fund that is simply liquidated and transferred as cash, other mutual funds and certain other assets such as insurance products, certificates of deposit and some limited partnerships that are not publicly traded, may force you to make some difficult choices due to their lack of transferability.

- You may be able to simply sell the non-transferable assets and transfer the cash proceeds, although this may entail tax consequences for you.
- You may leave the non-transferable assets at the carrying firm until they mature, in the case of certificates of deposit, or
- The investment may self-liquidate over time, as in the case of limited partnerships that are not publicly traded.

With other non-transferable assets you may choose to either leave them at the carrying firm indefinitely or until a more advantageous time, as when all back-end sales charges on certain mutual funds expire or you are in a lower tax bracket.

Before selling your old fund and buying a similar fund at your new broker, find out what fees will be charged and ascertain the tax effects. It may be helpful to discuss which assets can and cannot be transferred with your new broker or contact the receiving firm before giving transfer instructions. You should ask whether a fee will be charged should you choose to leave assets in an inactive account at the old firm.

Responsibilities of Member Brokerage Firms

Member organizations take their transfer responsibilities under NYSE regulations very seriously. Normally, if the process runs into problems, the receiving firm (your new broker) will work to quickly resolve them. If for any reason the process appears to take an undue amount of time, you may wish to contact the branch office manager or operations person at the carrying firm (your old broker) to better understand the problem. If these contacts do not work and the transfer is delayed without good explanation, an electronic complaint process is available through NYSE Regulation, following the instructions available at the "Inquiries and Complaints" section of our website wwwnyseregulation.com.

Moving is seldom an enjoyable chore, but for customers of New York Stock Exchange member organizations, it should be prompt, fair and easy.

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