

## **STAMP**

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One of the cornerstones of the securities transfer function is the signature guarantee. Without such a feature, the security industry as we know it would function only with great difficulty and significantly higher costs. A guarantee of a person's signature is required by all Transfer Agents, under SEC Rule 17Ad-15, before a security transfer can take place. The stated purpose of this rule is to:

"provide for the protection of investors; facilitate the equitable treatment of financial institutions which guarantee signatures of endorsers of securities; increase the efficiency of the security transfer process; and reduce the risk associated with a signature guarantor's inability to meet its obligations."

**The Securities Transfer Agents Medallion Program, Inc. (STAMP, Inc.)** is a not-for-profit corporation and is an official signature guarantee program recognized and approved by the financial industry and is exclusively supported and endorsed by the Securities Transfer Association (STA).

The STAMP program facilitates the equitable treatment of eligible guarantor institutions and promotes the prompt, accurate and safe transfer of securities by providing the Transfer Agent with adequate protection against risk of financial loss if persons have no recourse against the Guarantor, and adequate protection against the issuance of unauthorized guarantees. Transfer Agents and others who rely on a guarantee from a member of a Signature Guarantee Program are protected against loss from wrongful endorsements if the Guarantor is unwilling to meet, or is incapable of meeting, its financial obligation under its program's indemnity agreement.

Once a guarantor joins the STAMP Program they must acquire the necessary STAMP guarantee equipment, and obtain Surety Bond coverage, which could be obtained at little cost from the Guarantor institution's existing insurance carrier in many cases.

An additional service that is available to Guarantors and strongly encouraged is the STAMP Workshop. In the past five years, STAMP, along with Kemark Financial Services, the STAMP Program Administrator, has provided a total of forty Workshops to more than 2,400 representatives from Banks, Broker Dealers, Transfer Agents and Credit Unions across the country. The objective is to provide guarantors with an in-depth forum on an ongoing basis to effectively communicate important technological and procedural changes. A video on Guarantee liabilities, including fraud protection is included with the materials provided at the full day Workshop.

With more than 115,200 active STAMP Guarantor imprint devices in use and growing, it is essential, now more than ever, to remain vigilant against fraudulent endorsements and unauthorized transactions, and to properly safeguard the Medallion equipment.

The key aspects of the Workshop session are:

- Improve Guarantor awareness of STAMP 2000 Program Regulations and the Liabilities in the Process
- Provide Suggested Best Practices when Guaranteeing a Signature and Suggested Best Practices for safekeeping Medallion Equipment
  - Review Program Administration Procedures

- Address Guarantor Concerns and Questions
- Review of Section 8-306 of the Uniform Commercial Code and SEC Rule Ad-15

STAMP, Inc. is aware of the difficulty of providing effective training for those Institutions with numerous branches, and is agreeable to working with Training Specialists from those firms to accommodate their needs.

If you are interested in joining the STAMP Signature Guarantee Program, or you are already a participant and would like additional information concerning future regional Workshops, the Liability and Fraud Protection Video or other educational materials, please contact Kemark Financial Services, Inc. at (845) 620-9300 or visit the Kemark website at [www.kemarkfinancial.com](http://www.kemarkfinancial.com).