

Financial, Legal & Tax Advisory

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Importance of Stock Transfer Agents and Corporate Record Book Upkeep

Ever wonder how some larger companies keep track of the individuals and entities that own their stocks and bonds? This can be a very daunting process, especially for larger companies. That is why most companies use transfer agents to handle these tasks on their behalf. What exactly are transfer agents? A transfer agent is a trust company, bank, or similar institution assigned by corporations to maintain the financial records of investors and be able to track each investor's account balance. Along with this, transfer agents usually record transactions, cancel and issue certificates, process investor problems, including reissuing lost or stolen certificates.

To accomplish this, transfer agents collaborate closely with registrars to ensure that investors receive their due interest and dividends promptly. Transfer agents are very important as they can perform many different functions. Common and preferred stock shareholders assume the right to vote on major corporate decisions, such as merger activities as well as the sale of companies. These votes are often facilitated through transfer agents, who then send the proxy information to shareholders. Along with this, agents also furnish their shareholders with annual reports, including the companies' financial statements.

Once companies reach year-end, transfer agents and registrars provide federal tax information to the investors, which include dividends information as well as interest paid. Along with the passing of investor information, transfer agents can also distribute the funds and shares. Transfer agents pay distributions to investors, which are based off the registrar's records. For example, transfer agents can send interest payments to bondholders, along with the face value of their bonds, upon reaching maturity. Similarly, they can send cash dividend payments to investors when necessary. Transfer agents can also be responsible for sending stock shares to investors after a stock split. These agents can also work to settle monetary transactions.

They may hold shareholders' cash and/or company cash in separate accounts per their local regulations, to prevent loss in the event of bankruptcy and mismanagement of money. Stock transfer agents also help shareholders and bondholders whenever a stock or bond certificate has been lost, destroyed, or stolen. These agents are well-versed with the complexities of the SEC rules and state regulations concerning trading. They stay active in implementing action on behalf of their clients. They plan accordingly for any new rules whenever they assist in corporate actions such as mergers, stock splits, and rebranding etc.

When assisting in mergers, the agents will receive the acquired company's stock as well as issue new share certificates after the merger. Transfer agents are available to assist when a company switches from private to public, to ensure a hassle-free initial public offering (IPO). One of the most important things that a stock transfer agent can do is maintain records. They can record and update shareholders' names, addresses, contact information, dividend information, and much more. Keeping record books up to date is one of the most important things for a company, especially for public companies who might issue stock. Every business will realize that maintaining records will be one of the most important management tools it possesses. Your corporate records should include articles of incorporation, any certificates, and any amendments.

Along with this, any corporate resolutions should be included on matters such as: records of major transactions, approval of contracts, records of sale/purchase of real estate, annual reports, stock register to keep track of stock transactions and stock ownership, etc. Stock transfer agents are very important in the world of business. From maintaining financial records to issuing stock certificates, transfer agents are very versatile and a valuable asset to any company. Most importantly, transfer agents keep corporate record books updated. Our office has decades of experience in being a transfer agent for companies all over the country. If you have any questions or need transfer agent services, please contact the professionals at The Center for Financials, Legal & Tax Planning, P.C. by phone at 618-997-3436 or visit www.taxplanning.com.

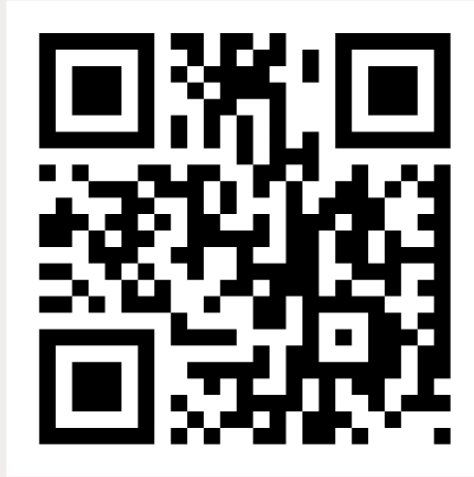
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