

Worldwide Stock Transfer

How to choose the best Transfer Agent?

WHO IS YOUR TRANSFER AGENT?

As one of our readers, subscribers, service providers, or a C-Suite public or private company executive, you have most likely had to do business with a transfer agent directly or indirectly. Without transfer agents, the stock market would be chaos. Working with the best transfer agent possible to meet your company's needs will solve existing problems and prevent future problems for both your company and its investors.

What should you look for when choosing a Transfer Agent? How do you choose the right transfer agent for your company? Micro-Cap Publisher, Shelly Kraft, conducts a Q&A with the Worldwide Stock Transfer management team of Jonathan Gellis and Yonah Kopstick.

Shelly Kraft (SK): As publisher of the Micro-Cap Review magazine and CEO of SNN Incorporated, I have heard the following questions many times from both public and private company CEOs.

What should management look for when hiring a stock transfer agent?

Worldwide Stock Transfer (WST): An agent that knows how to provide outstanding customer service. It all starts right there. In a world of instantaneous fulfillment of need, it is important to have response times

reduced combined with accurate answers and the “personal touch” follow through. Most every company knows who their transfer agent is, if not, it's a big problem. The company's Transfer Agent can make life very easy or very difficult for a small micro-cap public company. The right Transfer Agent can help give guidance to a company issuer and provide them with tools, like online access, custody and escrow services. At WST, our technology provides company access 24/7 with ability to retrieve shareholder information, and flexibility to provide reports for or any amount of needed data, on demand. WST provides DRS/DWAC/FAST for both companies and shareholders enabling the receipt of shares in the quickest and most efficient way for those companies on the WST system.

SK: How does Worldwide Stock Transfer help a company navigate through all the FINRA and SEC rules and compliance issues?

WST: Navigating the FINRA and SEC rules are extremely complicated. We have a vast network of securities attorneys, auditors, broker dealers and market makers, which we strategically partner with to help guide clients appropriately. The valuable introductions we make between these service providers and the issuing companies are especially important in helping microcap companies file form 211 and the myriad of other forms

and applications they are required to file to be regulation compliant.

SK: Why do Micro-cap companies have the most difficult time with Transfer Agents?

WST: Micro-cap companies are besieged with many different regulatory requirements. We recognize this and have earned our reputation for being a “micro-cap friendly agent.” For example, micro-cap companies often face financial difficulties and are occasionally unable to meet monthly financial obligations. WST cooperates and works with micro-cap clients to ensure the company will not have complications transferring shares or issuing new shares if their account goes briefly into arrears, as long as payment is received within a given quarter. WST recognizes the unique needs of micro-cap management and understand that a flexible payment structure coupled with expert advice will enable our clients to successfully manage their business.

SK: How do your fees compare to those of your competitors?

WST: At WST we charge a monthly flat fee. We feel that one of the biggest problems in the stock transfer business is what we call, “the envelope fear factor” - the fear a company gets when the bill arrives from their transfer agent. They fear the variable nature of their monthly charges. WST has established an all inclusive flat rate fee which allows our client’s management team to focus on its core business and not worry about budgeting for unexpected / unknown transfer agency fees. I know it sounds repetitive but I cannot emphasize this enough, a micro cap company’s business relationship with their transfer agent should not be difficult, stressful or a cost leader.

SK: How can you afford to provide a flat fee while others charge a la carte?

WST: Our flat free pricing model is based on building a long-term relationship with each individual issuer we service. Our business model aims to simplify company payments to WST and maintain them as a client for many years. We are willing to sacrifice the short-term profitability an a la carte model

might provide in exchange for building a long lasting, mutually successful, multi- year or even multi- decade client relationship. In our opinion, this philosophy is crucial to maintaining customer loyalty. It is our experience that most issuer companies, especially micro-cap companies, struggle with unexpected costs. While our short –term profitability might suffer as a result of our more affordable fee structure, a viable long-term client is more valuable to us.

SK: Please tell me more about DTC eligible and DTC ineligible stocks.

WST: This is a new phenomenon in the Transfer and Clearing service industry. Over the last few years, Depository Trust Company, DTC, has defined different classes of companies: those DTC eligible and DTC ineligible. Majority of public companies are eligible for DTC Processing upon submitting their application. At times, DTC will take an eligible issuer and deem them “chilled” for certificate deposits and withdraws, thereby making it DTC ineligible. These chills have created a huge headache for companies and investors, with a new requirement that paper certificates be delivered from broker to broker in order to settle trades. This can cause long delays in settlements and inhibit investments into the company. In order to rectify the ineligibility, an issuer will rely on the Transfer Agent and their record keeping to work with DTC to remediate the chill. In the mean time, WST will process all transfers directly with the brokers and bypass DTC. WST will receive the issuer’s shares and work diligently to process them as quickly as possible so the issuer and brokers realize no negative effects from the DTC ineligibility. WST responds in a timely manner to turn all transactions around the same day in order to prevent any negative impact on the client.

SK: What do I have to do to move my transfer business to WST?

WST: That’s the easy part and can be done in three simple steps:

1. Get a board resolution approving the move.
2. Terminate present agreement with the

current agent. That means paying any outstanding balance and usually a small termination fee

3. Sign a contract with WST.

This can usually be accomplished within 10 days.

SK: When is the best time to begin working with WST if I am a private company going public?

WST: The best time to engage WST is before you begin issuing shares. Establishing a system for accurate record keeping and shareholder database will prevent difficulties at a later date and properly provide the issuer with an organized system to track shareholders. WST offers new clients large discounts during the time the company is private and considering going public, making it affordable for any micro-cap company to engage WST while still private.

Worldwide Stock Transfer is located in Hackensack NJ and has a great reputation for being Micro-cap friendly. For more information please contact their offices at info@wwstr.com ■