

**Statement of
Securities Industry and Financial Markets Association
Senate Committee on Finance Regarding
HB 305, An Act concerning Financial Institutions – Presumption of Property
Abandonment- Revisions
March 24, 2022**

Dear Chair Kelley and Members of the Senate Finance Committee:

On behalf of the Securities Industry and Financial Market Association (SIFMA)¹, we are writing to express our support for HB 305 as amended, which would revise Maryland’s Abandoned Property Law. SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers located throughout Maryland and across the country. In fact, more than 94,000 people work in the finance and insurance industries, more than 16,800 of them work at securities firms, and 37 broker-dealer main offices call Maryland home.

SIFMA supports consumer-friendly policies that protect savers and investors from unnecessarily having their investments escheated to (and often liquidated by) the state. Currently, Maryland uses an inactivity standard to determine when property is considered abandoned.² As a result, investors saving for retirement, college, a home, or whatever their savings goal may be, who failed to contact their broker-dealer by phone or mail within three years, risk having their account escheated in Maryland.

Many people who are invested in the market pursue a buy and hold strategy³ and do not actively trade or regularly contact the firm holding their securities. The current inactivity standard can create challenges for seniors, people with small account balances and active-duty military to meet their savings goals as they are less likely to contact their broker-dealers within the three-year timeframe and risk escheatment of their accounts. An inactivity standard does not take into consideration that not all savers and investors contact their broker-dealers once every three years because there is nothing they need to discuss. Many account holders believe that if they leave their funds untouched, the funds in their accounts will continue to grow and be there when they want or need to use them.

For these reasons, SIFMA supports using a returned mail standard as the dormancy trigger, and expanding the contact methods to include electronic communication because financial advisors and broker-dealers increasingly rely on digital communication such as email, social media, text, and video calls to provide the best, most timely customer service to their clients. Firms are moving away from

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² [Maryland Title 17 - Abandoned Property Act and Regulations](#)

³ According to [Investopedia](#), “Buy and hold is a passive investment strategy in which an investor buys stocks (or other types of securities such as ETFs) and holds them for a long period regardless of fluctuations in the market.”

paper statements and mail and are increasingly relying on electronic communication for compliance and record keeping purposes.

In short, we applaud the bill sponsor and the Committee's work to protect Maryland investors saving for retirement, college, a home, or whatever their savings goal may be. We appreciate your willingness to consider our support for HB 305. If you have any questions, please contact SIFMA's Maryland council, Chris DiPietro, of CDI Consulting at 410-243-5782 or Nancy Lancia, of SIFMA at (212) 313-1233 or nlancia@sifma.org.