

# THE STA

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October 10, 2008

Internal Revenue Service  
CC:PA:LPD:PR (REG-103146-08)  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC

### **RE: Internal Revenue Service REG-103146-08 Information Reporting Requirements Under Internal Revenue Code Section 6039**

To Whom It May Concern:

The Securities Transfer Association (“STA”) appreciates the opportunity to comment on the proposed regulations relating to the return and information statement requirements under section 6039 of the Internal Revenue Code (the “Code”). The STA is an industry trade association for transfer agents. Founded in 1911, the STA represents more than 150 commercial stock transfer agents within the United States, including corporate and mutual fund transfer agents. Collectively, STA members serve as transfer agents for more than 15,000 publically traded corporations, aggregating more than 100,000,000 shareholders. As part of their services, our members often serve as administrators for employee stock option plans and employee stock purchase plans for the corporations for whom they act as transfer agent.

The STA is supportive of the IRS’s efforts to assist corporations in complying with the statement requirements under Section 6039 with respect to the transfers of stock pursuant to an employee stock purchase plan or the exercise of an employee incentive stock option. Our members, in their role as plan administrators will be preparing and sending such information statements on behalf of their corporate clients.

Under Section 6039, new forms, Form 3921 and Form 3922, will be issued for reporting to employees. We understand the IRS is in the process of developing these new forms. The STA's purpose in commenting on the proposed Section 6039 regulations is to provide specific concerns we have with respect to the new forms being developed.

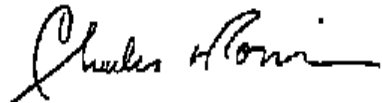
The STA recently sent a letter to the IRS expressing concern about the IRS policy that precludes the partial masking of SSN's or TIN's on taxpayer forms such as Form 1099-Div. The concern relates to the increasing incidence of identity theft in this country and the devastating effects that this crime has had upon taxpayers. The STA's members have taken numerous steps to protect the identity of the shareholders and employee plan participants on their books, by suppressing the printing of SSN's and TIN's on statements and confirms, removing this information from computer screens accessed by employees who do not need to view it, and installing other rigorous procedures for the safeguarding of personal information. However, in generating shareholder tax forms, our members are presently required to print the full SSN or TIN on the form. In addition, the envelopes used for the forms are required to state "Important Tax Information Enclosed." These practices make it easier for individuals with ill intent to look for opportunities to intercept these forms, which are mailed the same time every year, and have access to the personal data of taxpayers.

Section 6039 requires information statements to include both the employer's tax identification number and the employee's Social Security Number. The STA believes these requirements present a risk of potential identity theft to the employee plan participants as well as the potential misuse or fraud in connection with the employer's tax identification number. The STA respectfully requests that the IRS consider requiring only the last four (4) digits of the employee's and employer's tax identification numbers to appear on the new Form 3921 and Form 3922. We believe such a practice would be an important step to helping protect taxpayers' personal information and prevent identity theft. This practice would also be in line with other identity theft and fraud prevention practices in place throughout the industry as well as many state laws that now prohibit certain uses of SSN's, including printing such information in mailings to individuals.

We would also recommend that the new forms not require "Important Tax Information Enclosed" to be printed on the envelopes for such forms. This alerts potential identity thieves that there may be personal information enclosed.

In conclusion, although the STA has no comments on the proposed regulations, it requests the IRS consider only requiring four (4) digits of SSN's and TIN's on the new Forms 3921 and 3922 being developed and not require "Important Tax Information Enclosed" be included on the envelopes. We thank you for the opportunity to comment and would be glad to discuss our concerns further or answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles V. Rossi". The signature is written in a cursive style with a prominent initial "C".

Charles V. Rossi  
President  
Securities Transfer Association