###### *Purpose*

The purpose of the Medallion Signature Guarantee procedures is to ensure compliance with the “STAMP”, the Securities Transfer Association Medallion Program administered by Kemark Financial Services thereby reducing risk and liability to the Credit Union.

Sec Rule 17AD-15 states a Signature Guarantee Program is one of the terms and conditions of which Transfer Agent reasonably determines to facilitate the equitable treatment of the eligible guarantor institutions and to promote prompt, accurate and safe transfer of securities by providing the Transfer Agent with the adequate protection against risk of financial loss if persons have no recourse against the Guarantor; and adequate protection against the issuance of authorized signatures.

###### *Definition*

Securities are shares, participations or other interests in property or enterprise of an issuer. A security is represented by an institution which is a book entry or certificated form and is issued in the name of a person(s) entitled to the security or to certain rights represented by the security. The instrument must be commonly traded on the Securities Exchange or in the Securities Market, or commonly recognized as a medium for investment where it is issued or traded. Examples of securities are Stocks, Bonds and Mutual Funds.

Penn East Federal Credit Union has no legal duty to provide this service but does so as a member convenience. “SAMP” requires all credit union employees with the authority to perform these duties to follow all rules and regulations in verifying the members’ identity and safeguarding the Medallion Stamp itself and meeting all record keeping requirements.

###### *General*

Under the rules and regulations set by SAMP, employees of Penn East Federal Credit Union assigned to perform this service should be limited to credit union officers, managers or assistant managers. They will be held responsible for carrying out this process in a manner that safeguards the member by verifying his or her true identity and verifying all documentation thereby protecting the credit union from potential risk.

It is also the responsibility of each officer and manager to maintain training and certification.

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###### *Procedures*

1. The Uniform Commercial Code provides that:
2. The person guaranteeing a signature of an endorser of a security certificate warrants that at the time of signing:
3. The signature is genuine;
4. The signer is an appropriate person to endorse, or if the signature is by an agent, the agent had actual authority to act on behalf of the appropriate person;
5. Ask for evidence of ownership of the asset involved: Stock Certificate or Mutual Fund Statement.
6. Determine if the asset is jointly owned.
7. The signer has the legal capacity to sign.
8. A person who guarantees a signature of the originator of an instruction warrants that at the time of signing:
9. The signature is genuine;
10. The signer is an appropriate person to originate the instruction, or if the signature is by an agent , the agent had actual authority to act on behalf of the appropriate person, if the person specified in the instructions as the registered owner was, in fact, the registered owner, as to which fact the signature guarantor does not make a warranty ; and
11. When an endorser is acting in the capacity other than that of the registered owner, such as an executer, trustee, attorney-in-fact or other legal capacity documents showing proof of their authority to endorse, such as trust agreements, power of attorney forms, court appointment paperwork, or corporate resolutions should be examined. Retain copies of the documents examined.
12. Verify that documents that accompany the transfer are true and correct copies of the original and the original is still in effect.
13. A power of attorney document that accompanies the transfer is a true and correct copy of the original, and the original is still in full force and effect.
14. The signer has the legal capacity to sign.

The following individuals are authorized to guarantee signatures on behalf of Penn East Federal Credit Union:

* Jeff DeBree - Chief Executive Officer
* Charlene Jeffers - Operations Manager

Each guarantor must be completely familiar with the Credit Union’s policy and procedures as well as the STAMP guidebook for this program before guaranteeing any signature. Credit Union guarantor may guarantee signatures on transactions up to 100,000.00 per transaction.

In addition all individuals will be required to complete proper training and receive certification before performing signature guarantees.

If an authorized guarantor is not available at the time of request, an appointment should be set to fit the member and the guarantor’s schedule.

The authorized guarantor should:

1. Verify membership status of the individual(s) requesting a signature guarantee
2. Obtain picture ID with signature from the signer
3. Determine the exact and complete ownership of the asset involved. In the absence of a registered certificate (most mutual funds) a periodic statement from the issuer or agent will list the asset name and all owners.
4. All owners of the security should be present and endorse documents in your presence. If the document have been previously signed, request new signatures.
5. Determine that the endorser(s) have achieved the age of maturity for their state of residence and that they appear to be in control of their affairs.
6. Compare the dollar value of the transaction to your Surety Bond limit. You may reject the guarantee if the value substantially exceeds your bond. Pull the signature card and verify that the signature matches the signature on the document and the ID
7. Stamp the form with the “STAMP” Medallion, and sign the authorized signature line.
8. Penn East will not guarantee transfers for non-members.
9. Record the following information in the Signature Guarantee Log:
10. Date
11. Log Number
12. Endorser’s name, Asset name(s)
13. Surety Bond Limit, value of transaction
14. Principal Amount/ number of shares
15. Penn East account number, Picture identification :type

and number.

1. Proof of ownership: certificate, statement, other.
2. CU Representative signature
3. Any other pertinent data or comments

###### *Equipment*

The Medallion Program requires strict compliance regarding the safeguarding of each STAMP Medallion and ink cartridges. Guarantors should follow the same guidelines exercised for cash, certified checks, money orders and similar cash equivalents.

Only authorized/certified personnel should have access or handle the STAMP equipment. Penn East Federal Credit Union follows all safeguards by keeping the Medallion Stamp in a secured locked case accessible to only the Chief Executive Officer and the Operations Manager, and storing the case in the main vault.

The Chief Executive Officer of Penn East Federal Credit Union is the Medallion Coordinator/Contact Person, and is responsible for reporting all lost, damaged or destroyed equipment to the Program Administrator. Additionally any Contact Person leaving the Institution must make available to Kemark Financial Services the name, address, phone and fax number of the new Coordinator as soon as possible.

Penn East Federal Credit Union maintains a list of individuals authorized to use the Medallion Stamp. A copy of the list of authorized user is available from the Director of Risk Management as well as records of periodic audits performed on the stamps which will include an imprint of the Medallion Stamp on an inventory Control Form.

A STAMP Surety Bond is required by Penn East Federal Credit for enrollment in the Medallion Program. The SURETY Bond is not insurance. It is a statement by the Surety Company of the Medallion’s credit worthiness.

The stamp Surety Bond protects the Transfer agent against loss from wrongful or fraudulent signatures. It does not protect the Guarantor Institution.

The Surety Bond limit depends on:

* the asset size of an organization
* the amount of the transactions

The amount of the STAMP Surety Bond is per transaction. The aggregate amount of the Surety Bond is twice the single transaction amount.

Penn East Federal Credit Union has a $100,000 STAMP Surety Bond, the aggregate amount payable over the life of the Bond would be $200,000.

###### *Examples*

**Calculating Stocks:**

* Check the per price on the Internet
* The stock is listed as selling for $125 per share
* Multiply 1000 shares by $125 to get $125,000
* This $125,000 is the total amount of the transaction

Penn East Federal Credit Union’s Surety Bond level is $100,000. Therefore the institution cannot use its Medallion.

**Liquidating a Mutual Fund:**

* Request the most recent account statement from the customer
* According to the statement the funds is worth $50,000.

Penn East Federal Credit Union’s Surety Bond is $100,000 therefore the Medallion can be used.

###### *Record keeping*

Record of any transfer rejection should be kept for three years after the rejection date and available for review.