

## Securities and Exchange Commission

## § 257.1

automobiles, etc. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense as if the property were owned.

### § 256.932 Maintenance of structures and equipment.

This account shall include materials used and expenses incurred in the maintenance of property owned, the cost of which is includable in accounts 305 through 311, and of property leased from others. Provide subaccounts by major classes of structures and equipment, owned and leased.

## PART 257—PRESERVATION AND DESTRUCTION OF RECORDS OF REGISTERED PUBLIC UTILITY HOLDING COMPANIES AND OF MUTUAL AND SUBSIDIARY SERVICE COMPANIES

Sec.

257.1 General instructions.

257.2 Schedule.

AUTHORITY: 15 U.S.C. 79(o) and 79(t), unless otherwise noted.

### § 257.1 General instructions.

(a) *Scope of regulations.* The General Instructions and Schedule apply to any holding company, except an electric or gas utility company, registered as a holding company under the Public Utility Holding Company Act of 1935, and to companies found by the Commission, pursuant to § 250.88 to meet the requirements of section 13 of the Act as mutual or subsidiary service companies.

(1) Company means a service company subject to § 250.93, or a holding company subject to § 250.26, which is not an electric utility company or a gas utility company, and any predecessor or inactive or dissolved associate company, the records of which are in the possession or control of such company.

(2) Records include any records prepared, maintained or held by any agent or employee of a company, including any such records of a stock transfer agent, registrar, paying agent, indenture trustee or other person employed

by a company to perform services with respect to the securities of the company, insofar as such person is accountable to the company or to its security holders for such records. The specification in the schedule of a record related to a type of transaction includes all documents and correspondence, not redundant or duplicative of other records retained, needed to explain or verify such transaction. Supporting documents such as checks or vouchers, which are separately scheduled may, nevertheless, be destroyed in accordance with the schedule for their respective class, when the company determines that the lapse of time has made it unlikely that it will need to prove the details evidenced thereby.

(3) Any company subject to this regulation, which, as agent, operator, lessor or otherwise, maintains or has possession of any records relating to the operation, property or obligations of an electric or gas utility company or natural gas company or a nuclear licensee, as defined in the Federal Power Act, the Natural Gas Act, the Atomic Energy Act or the laws of any state within which such utility company operates, shall comply with the laws or regulations as to record retention and destruction which would apply to such records if they were records of such utility company or licensee.

(4) Except for the certifications, indices and cross references specified herein, the regulation shall not be construed as requiring the preparation or maintenance of records not required to be prepared or maintained by other rules or regulations of the Commission.

(5) The regulation shall not excuse compliance with any other lawful requirement for the preservation of records for periods longer than those prescribed in the regulation.

(6) Duplicate copies of records which contain no significant information not shown on the copy preserved may be destroyed at any time. If the same document would be required under more than one scheduled item, such as an indenture also included as an exhibit in a filing required to be retained, only one copy need be preserved if cross references are substituted for the additional copies.

(7) Notwithstanding the provisions of the regulation, the Commission may, upon the request of any company, authorize the destruction of any specified records of such company and the Commission, on its own motion or on the motion of any regulatory agency, may direct that records which would be useful in developing facts relevant to any transaction recorded by the company be preserved for such period as the Commission may specify.

(b) *Designation of supervisory official.* Each company subject to the regulation shall designate one or more officials to supervise the preservation or authorized destruction of its records. Insofar as its records include those in the possession of a transfer agent, indenture trustee or other independent custodian, the terms of the agreement with the custodian may include provisions, not inconsistent with this regulation, for the preservation and destruction of such records by the custodian and the responsibility of the company's designated official shall be to make reasonable inquiry as to the due performance of the custodian's obligation.

(c) *Protection and storage of records.* The company shall provide reasonable protection from damage by fire, flood, and other hazards for records required by the regulation to be preserved and, in the selection of storage space, safeguard such records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

(d) *Index of records.* At each office of the company where records are kept or stored, such records as are required by the regulation to be preserved shall be so arranged, filed, and currently indexed that such records shall be readily available for inspection by authorized representatives of regulatory agencies concerned.

(e)(1) *Micrographic and electronic storage permitted.* The records required to be maintained and preserved under § 250.26 of this chapter may be maintained and preserved for the required time by, or on behalf of, a company on, among other formats:

(i) Micrographic media, including microfilm, microfiche, or any similar medium; or

(ii) Electronic storage media, including any digital storage medium or system that meets the terms of this section.

(2) *General requirements.* The company, or person that maintains and preserves records on its behalf, must:

(i) Arrange and index the records in a way that permits easy location, access, and retrieval of any particular record;

(ii) Provide promptly any of the following that the Commission (by its examiners or other representatives) or the directors of the company may request:

(A) A legible, true, and complete copy of the record in the medium and format in which it is stored;

(B) A legible, true, and complete printout of the record; and

(C) Means to access, view, and print the records; and

(iii) Separately store, for the time required for preservation of the original record, a duplicate copy of a record that is stored on micrographic or electronic storage media.

(3) *Special requirements for electronic storage media.* In the case of records on electronic storage media, the company, or person that maintains and preserves records on its behalf, must establish and maintain procedures:

(i) To maintain and preserve the records, so as to reasonably safeguard them from loss, alteration, or destruction;

(ii) To limit access to the records to properly authorized personnel, the directors of the company, and the Commission (including its examiners and other representatives); and

(iii) To reasonably ensure that any reproduction of a non-electronic original record on electronic storage media is complete and true, and legible when retrieved.

(f) *Destruction of records.* The destruction of the records permitted to be destroyed under the provisions of the regulations in this part may be performed in any manner elected by the company. Precautions should be taken, however, to macerate or otherwise destroy the legibility of records, the content of which is forbidden by law to be divulged to unauthorized persons.

(g) *Premature destruction or loss of records.* When records are destroyed or

lost before the expiration of the prescribed period of retention, a statement listing, as far as may be determined, the records destroyed and describing the circumstances of accidental or other premature destruction or loss shall be filed with the Commission within ninety (90) days from the date of discovery of such destruction or loss.

(h) *Schedule of records and periods of retention.* The schedules of records retention periods constitute a part of this regulation. The schedules prescribe the periods of time that designated records shall be preserved.

(i) *Retention periods designated "Destroy at Option."* Use of the retention period, "Destroy at option," in the regulation constitutes authorization for such destruction under the conditions specified for the particular types of records only if such optional destruction is based on a reasonable judgment that the records are unlikely to be needed and if such optional destruction is not in conflict with other legal retention requirements. Optional destruction of records relevant to pending or expected regulatory or legal actions is not authorized. "Destroy at option after audit" requires retention until the company has received an opinion of its independent accountants with respect to the financial statements including the transactions to which such records relate.

(j) *Use of technical accounting terms.* For purposes of the schedules, traditional accounting terms such as ledgers, journals, registers and vouchers

refer to the function rather than the form of the record. All refer to quasi-permanent records, designed to collect, classify and in some aspects summarize, various types of the company's transactions. They are interrelated and, in another traditional term, are the principal constituents of the books of account, including subsidiary ledgers and registers. The retention periods apply to records serving this function, regardless of form. A multiple purpose record, such as a service company stock stub which also serves as the shareholder's ledger, or a voucher file which also serves as the journal, referred to more than once in the schedule, is governed by the longest retention period applying to any of its functions. For brevity, the term "note" is used in the schedule to refer to an evidence of debt maturing within one year of its creation, which was not the subject of an offering registered under the Securities Act of 1933. The term "debenture" refers to a document evidencing any other unsecured debt. The term "mortgage" refers to any form of secured obligation, "bond" refers to a document evidencing a secured debt in whole or part, and "mortgagee" refers to the holder of a mortgage or bond and includes any person, such as an indenture trustee, authorized to act for a mortgagee.

(Approved by the Office of Management and Budget under control number 3235-0306)

[49 FR 27310, July 3, 1984, as amended at 66 FR 29474, May 31, 2001]

**§ 257.2 Schedule.**

**SCHEDULE OF RECORDS RETENTION PERIODS**

Description of records	Retention period
<b>CORPORATE AND GENERAL</b>	
<b>1. Records of Securities:</b>	
(a) Capital stock and debt ledgers .....	3 years after the holder's account is closed.
(b) Subscription accounts, warrants, requests for allotments, and other essential papers related thereto.	Destroy at option after settlement and audit.
(c) Stubs or similar records of the issuance of securities .....	3 years after cancellation of certificate.
(d) Paid or cancelled notes .....	Destroy at option after changes are recorded.
(e) Letters, notices reports, statements and other communications distributed to all holders of a particular class:	
(1) Annual reports .....	50 years.
(2) Solicitations of consents or waivers .....	Destroy at option after expiration of consent or waiver and audit.
(3) Notices of redemption or invitations for tender .....	Destroy at option after consummation and audit.
(4) Interim reports, dividend notices, notices of change of corporate address, and similar communications of information of only current significance.	Destroy at option after audit.