

## Securities and Exchange Commission

## § 270.27f-1

least as large as 10-point modern type. All type shall be leaded at least 2 points. Parenthetical references should be completed in accordance with the itemized instructions below and need not be underlined or bold-faced.

B. The notice shall bear the letterhead of the sender and the mailing date. An inconspicuous reference to the form number may appear on the notice.

*Itemized instructions.* Insert the following in the corresponding numbered spaces on Form N-27E-1:

(1) The name of the plan and the account number of the certificate holder. An additional internal recordkeeping reference may also be included at the option of the sender.

(2) The name of certificate holder or an identification such as "Investor" or "Planholder."

(3) Whichever of the following statements is appropriate: "three or more payments during the first 15 months" or "a payment after the 15th month."

(4) The name of the plan.

(5) The date of the first business day which is 18 months from the date of the issuance of the certificate or in the event such notice is not mailed prior to 15 days before the expiration of the 18th month, the date of the first business day which is 15 days from the date such notice is mailed.

(6) A date which is not more than 2 business days prior to the date of the notice.

(7) The sum of Items 8 and 9.

(8) The value of the account payable to the certificate holder if the certificate had been received on the date set forth in Item 6. In the event such certificate holder has made a partial withdrawal in accordance with the terms of his certificate, the notice may state after the first sentence in the third paragraph that "The value of your account reflects the partial withdrawal which you made previously."

(9) The amount as of the date set forth in Item 6 which is equal to that part of the excess paid for sales loading which is over 15 percent of the gross payments made by the certificate holder.

(10) Average percentage deducted for sales charges to the date set forth in Item 6.

(11) The percentage to be deducted for sales charges after the date set forth in Item 6.

If the holder has made less than 12 monthly payments, the following shall be substituted for the first sentence of the third paragraph of the notice:

"In determining whether to exercise your right to terminate your plan, you should consider that, while the sales charge deducted from your payments has amounted to \_\_\_\_\_ (10) percent of the total payments made, the sales charge for the next \_\_\_\_\_ (11a) payments will be \_\_\_\_\_ (11b) percent and the sales charge for the remainder of the payments will be \_\_\_\_\_ (11c) percent. If you

complete the plan, the average sales charge will be \_\_\_\_\_ (12) percent."

(11a) The number of payments yet to be made which are subject to the initial sales to completion.

(11b) The percentage to be deducted from sales charges from such payments.

(11c) The percentage to be deducted for sales charges from all subsequent payments.

(12) Average percentage to be deducted for sales charges from inception of the plan to completion.

(13) Name and address of custodian bank or other person authorized to accept surrendered certificates.

(14) Same date as in Item 5.

(15) The name of a responsible officer of the sender, with his title.

[36 FR 13137, July 15, 1971, as amended at 36 FR 14727, Aug. 11, 1971; 37 FR 9990, May 18, 1972]

### **§ 270.27f-1 Notice of right of withdrawal required to be mailed to periodic payment plan certificate holders and exemption from section 27(f) for certain periodic payment plan certificates.**

(a) The notice and statement of charges (notice) required by section 27(f) of the Act shall be sent by first-class mail and shall be accompanied by a written instruction sheet and a return form to be used in connection with the exercise of the right of withdrawal described in the notice. Except for a confirmation slip, the plan certificate, and any notice required by applicable State law, no other written or graphic material may be included with such notice.

(b) The notice may be mailed by the issuer, the principal underwriter for, or the depositor of, the issuer or a record-keeping agent for the issuer if the custodian bank has delegated the mailing of the notice to any of them or the issuer has been permitted to operate without a custodian bank by Commission order.

(c) Solely for purposes of section 27(f) of the Act, the postmark date on the envelope containing the certificate shall determine whether a certificate has been surrendered within the 45-day period.

(d) Form N-27F-1 is hereby prescribed to inform certificate holders, other than holders of plans upon which the amount of sales load deducted from any payment does not exceed 9 percent of any payment and variable annuity

contracts, of their withdrawal right pursuant to section 27(f) of the Act. The text of Form N-27F-1 is as follows:

FORM N-27F-1 NOTICE TO PERIODIC PAYMENT PLAN CERTIFICATE HOLDERS OF 45-DAY WITHDRAWAL RIGHT WITH RESPECT TO PERIODIC PAYMENT PLAN CERTIFICATES

IMPORTANT

(Date of mailing)

Re: (1) \_\_\_\_\_

Dear (2) \_\_\_\_\_: This notice is required to be sent to all purchasers of plan certificates pursuant to laws administered by the U.S. Securities and Exchange Commission. You should read it carefully and retain it with your financial records.

Of the \$ \_\_\_\_\_ (3) \_\_\_\_\_ you have paid on your \_\_\_\_\_ (4) \_\_\_\_\_ plan, representing \_\_\_\_\_ (5) \_\_\_\_\_ regular monthly payments, \$ \_\_\_\_\_ (6) \_\_\_\_\_ or \_\_\_\_\_ (7) \_\_\_\_\_ percent has been deducted for various charges.

[The following sentence is to be included when any periodic payment remains outstanding in which the sales load charges exceed 9 percent of such payment.]

A total of \$ \_\_\_\_\_ (8) \_\_\_\_\_ or \_\_\_\_\_ (9) \_\_\_\_\_ percent of your first \_\_\_\_\_ (10) \_\_\_\_\_ monthly payments will be deducted from those payments for similar charges.

Charges of \$ \_\_\_\_\_ (11) \_\_\_\_\_ or \_\_\_\_\_ (12) \_\_\_\_\_ percent will be deducted from each subsequent payment. You have until \_\_\_\_\_ (13) \_\_\_\_\_ to surrender your certificate for any reason and receive a refund of all of the charges which have been deducted from your payments, and, in addition, the value of your account on the date your certificate is received.

In determining whether or not to exercise your right you should consider, among other things, the projected cost of your investment and your ability to make the scheduled payments over the life of your plan as they become due. Your plan provides for \_\_\_\_\_ (14) \_\_\_\_\_ payments of \$ \_\_\_\_\_ (15) \_\_\_\_\_ per \_\_\_\_\_ (16) \_\_\_\_\_, or total payments of \$ \_\_\_\_\_ (17) \_\_\_\_\_. If you made all of the scheduled payments over the full term of your plan, the total deductions would be \$ \_\_\_\_\_ (18) \_\_\_\_\_ or an effective charge of \_\_\_\_\_ (19) \_\_\_\_\_ percent of your total payments. However, if you do not complete your program, the deduction of various charges from your initial payments will result in your paying effective charges in excess of that rate. For a more complete description of the charges deducted under your plan, carefully review your prospectus.

If you wish to exercise your right of withdrawal, return your plan certificate to \_\_\_\_\_ (20) \_\_\_\_\_ by \_\_\_\_\_ (21) \_\_\_\_\_ in accordance with the enclosed instructions.

Very truly yours,

\_\_\_\_\_ (22) \_\_\_\_\_.

INSTRUCTIONS FOR USE OF FORM N-27F-1

*General instructions.* A. The notice shall be legible and shall be printed or typed on letter-size paper. It shall be in modern type at least as large as 10-point modern type. All type shall be leaded at least 2 points. Parenthetical references should be completed in accordance with the Itemized Instructions below and need not be underlined or bold-faced.

B. The notice shall bear the letterhead of the sender and the mailing date. An inconspicuous reference to the form number may appear on the notice.

*Itemized Instructions.* Insert the following in the corresponding numbered spaces on Form N-27F-1.

(1) The name of the plan and the account number of the certificate holder. An additional internal record keeping reference may also be included at the option of the sender.

(2) The name of certificate holder or an identification such as "Investor" or "Planholder."

(3) The total amount paid by the certificate holder as of the date of the mailing.

(4) The name of the plan.

(5) The number of regular monthly payments or their equivalent made by the certificate holder as of the date of mailing.

(6) The total amount deducted for all charges from the amount paid by the certificate holder as of the date of the mailing.

(7) The percentage that the total charges set forth in Item (6) are of the total payments included under Item (3) above.

(8) The total dollar amount of all charges scheduled to be deducted from the payments made by the certificate holder before the first regular payment upon which there would be a reduction in the rate of the applicable sales charge below 9 percent of the certificate holder's gross payment.

(9) The percentage that the total charges set forth in Item 8 are of the total payments included under Instruction 8 above.

(10) The number of regular monthly payments required to be made before the rate of the sales charges deducted from such regular payment is reduced to less than 9 percent of the certificate holder's gross payment.

(11) The dollar amount of the charges to be deducted from each payment made by the certificate holder after the first regular payment upon which there would be a reduction in the rate of the applicable sales charge below 9 percent of the certificate holder's gross payment. If a portion of the payments is used for the purchase of completion insurance, the amount attributable thereto shall not be included as a charge and the following phrase shall be added: "Apart from insurance premiums based upon the amount of coverage in effect at the time of payment."

(12) The percentage that the amount of the charges set forth in Item 11 are of the

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amount of the payment included under Instruction 11 above.

(13) The date which is 45 days from the date on which the notice will be mailed.

(14) The number of monthly or quarterly payments provided for under the plan.

(15) The dollar amount of each scheduled periodic payment to be made by the certificate holder.

(16) The period (e.g., month, quarter) for which payments are scheduled to be made under the plan.

(17) The dollar amount of total payments scheduled to be made over the full term of the plan by the certificate holder.

(18) The total dollar amount of all charges scheduled to be deducted over the full term of the plan.

(19) The percentage that the total charges as set forth in Item 18 are of the total payments scheduled to be made by the certificate holder over the full term of the plan.

(20) The name and address of the custodian bank or other person authorized to accept surrendered certificates.

(21) The date which is 45 days from the date on which the notice will be mailed.

(22) The name of a responsible officer of the sender with his title.

(Secs. 27(e), 27(f), 38(a), 54 Stat. 829, 841; 15 U.S.C. 80a-27(e), 80a-27(f), 80a-37(a); sec. 16, Pub. L. 91-547, 84 Stat. 1424-1425; sec. 6(c), 15 U.S.C. 80a-6(c))

[36 FR 24055, Dec. 18, 1971, as amended at 37 FR 9990, May 18, 1972; 45 FR 17958, Mar. 20, 1980]

### § 270.27g-1 Election to be governed by section 27(h).

(a) If any registered investment company which issues or intends to issue a periodic payment plan certificate chooses to be governed by the provisions of section 27(h) (of the Act) rather than the provisions of sections 27 (a) and (d) (of the Act), it shall signify such choice by filing with the Commission as an exhibit to its registration statement filed under the Securities Act of 1933 a written Notice of Election to be so governed.

(b) Any registered investment company issuing periodic payment plan certificates which has elected, in accordance with paragraph (a) of this section, to be governed by the provisions of section 27(h) of the Act may thereafter withdraw such election by filing with the Commission, in the manner specified for filing a Notice of Election, a written Notice of Withdrawal of Election: *Provided, however,* That no such

withdrawal of election shall be made within 12 months of an election by such company under paragraph (a) of this section and, provided further that such company may not thereafter elect to be governed by the provisions of section 27(h) (of the Act) until an additional 12-month period has elapsed.

[36 FR 13139, July 15, 1971]

### § 270.27h-1 Exemptions from section 27(h)(4) for certain payments.

(a) For purposes of this section and section 27(h)(4) of the Act (1) "minimum monthly payment, or its equivalent," shall be the amount of the smallest monthly installment scheduled to be made during the life of the plan; and (2) "quarter" shall be the 3-month period which commences on the date a periodic payment plan is issued and each 3-month period thereafter.

(b) The provisions of section 27(h) (4) (of the Act) shall not apply to:

(1) That portion of the first payment on a periodic payment plan certificate which equals the amount of five minimum monthly payments: *Provided, however,* That the deduction for sales load on any other payments received during the first quarter after the issuance of the certificate may not exceed the sales load applicable to payments subsequent to the first 48 monthly payments or their equivalent;

(2) A payment or payments received in any subsequent quarter which equals the amount of three minimum monthly payments: *Provided, however,* That after an amount equivalent to three minimum monthly payments (not including payments of arrears) is received in any such subsequent quarter the deduction for sales load on any additional payments received in such quarter may not exceed the sales load applicable to payments subsequent to the first 48 monthly payments or their equivalent;

(3) Payments of arrears by a certificate holder who is delinquent in his payments; and

(4) Any payments made on a periodic payment plan certificate out of the proceeds of completion insurance received upon the death of the certificate holder.

[36 FR 13139, July 15, 1971]