

MEMO# 20764

January 8, 2007

Model Contractual Clauses for Use with Insurance Companies Under the SEC's Redemption Fee Rule

[20764]

January 8, 2007

TO: BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 1-07
BROKER/DEALER ADVISORY COMMITTEE No. 1-07
TRANSFER AGENT ADVISORY COMMITTEE No. 2-07 RE: MODEL CONTRACTUAL CLAUSES
FOR USE WITH INSURANCE COMPANIES UNDER THE SEC'S REDEMPTION FEE RULE

As you know, the SEC's recently revised redemption fee rule, Rule 22c-2, requires funds to execute shareholder information agreements with each of their financial intermediaries or their intermediaries' agents. To assist funds in this process, last year the Institute published a model shareholder information agreement for use with agents [\[1\]](#) and we jointly published with the Securities Industry Association (SIA) an agreement for use with broker-dealers. [\[2\]](#) To further assist our members in the execution process, the Institute is pleased to announce that it has developed a model agreement with NAVA, the Association for Insured Retirement Solutions. This model agreement is intended to address the unique issues raised under Rule 22c-2 in connection with variable annuity or variable life insurance contracts.

As with the model contractual clauses previously published by the Institute, the Model Variable Annuity Rule 22c-2 Agreement may be used as a stand-alone agreement between a fund and its financial intermediary or as a supplement to an existing agreement. This agreement has been drafted to be consistent with the requirements of Rule 22c-2 without addressing issues outside of the rule's requirements. However, at the request of NAVA, optional clauses have been included at the end of this model agreement. As expressly noted in the paragraph preceding these optional clauses, the Institute has not endorsed any

of these optional provisions because they address issues beyond the scope of Rule 22c-2.

As a result of the variety of business models and relationships in the industry, funds and insurance companies that elect to use this agreement – including any of the optional provisions – may wish to customize it as necessary to address their particular circumstances. At a minimum, the Model Variable Annuity Rule 22c-2 Agreement should be a useful resource for members in determining the issues to be addressed when executing a shareholder information agreement with a financial intermediary that is an issuer of variable annuity or variable life insurance contracts.

The Institute continues to work with NAVA on developing standardized data reporting protocols to facilitate funds' requesting contract holder trading data from insurance companies and insurance companies' responses to those requests.

Tamara K. Salmon
Senior Associate Counsel

[Attachment](#)

endnotes

[1] See Institute [Memorandum](#) to Compliance Members No. 47-06, Operations Members No. 23-06, Pensions Members No. 70-06, SEC Rules Members No. 103-06, and Small Funds Members No. 83-06 [No. 20607], dated Nov. 22, 2006.

[2] See Institute [Memorandum](#) to Compliance Members No. 43-06, Operations Members No. 21-06, Pensions Members No. 64-06, SEC Rules Members No. 93-06, and Small Funds Members No. 75-06 [No. 20505], dated Oct. 23, 2006.