

**Request for Public Comment**  
**NASAA Corporation Finance Policy Project Group**  
**August 21, 2007**

PROPOSED REPEAL OF THE NASAA GUIDELINES FOR REGISTRATION OF  
PERIODIC PAYMENT PLANS

The NASAA Corporation Finance Policy Project Group (Project Group) requests public comment on the proposed repeal of NASAA's *Guidelines for Registration of Periodic Payment Plans (Guidelines)*.

The public comment period is from August 21, 2007 to September 21, 2007. Please provide comments on this proposed repeal to each of the members of the Project Group below.

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NASAA adopted the *Guidelines* on March 29, 1992 (CCH NASAA Reports ¶ 2901). According to CCH, four states (IO, VT, NV, and SD) currently have provisions adopting the *Guidelines*. A recently enacted federal law prohibits further issuances of periodic payment plan certificates. Therefore, the Project group believes the *Guidelines* are no longer needed and should be repealed.

### **Background**

Periodic payment plans allowed investors to accumulate shares of a mutual fund indirectly by contributing a fixed, often small amount of money on a regular basis. Many

of these plans were sold to military personnel. The plans disappeared from the civilian market in the 1980s, primarily due to the excessive, front-loaded, sales commission charged by period payment plan sellers. The typical commission was 50% of the first year contributions.

**Military Personnel Financial Services Protection Act**

On September 29, 2006, Congress enacted the Military Personnel Financial Services Protection Act of 2006 (“Act”) to protect members of the Armed Forces from unscrupulous practices regarding sales of insurance, financial and investment products. Section 4(a) of the Act amends Section 27 of the Investment Company Act of 1940 to prohibit the issuance and sale of new periodic plan certificates after October 29, 2006.

**Proposal**

With the passage of the Act, the *Guidelines* are no longer needed. Therefore, the Project Group proposes the repeal of the *Guidelines*.