

**§ 270.30e-2**

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the company receives contrary instructions;

(B) Include a toll-free telephone number or be accompanied by a reply form that is pre-addressed with postage provided, that the shareholder can use to notify the company that he or she wishes to receive a separate report;

(C) State the duration of the consent;

(D) Explain how a shareholder can revoke consent;

(E) State that the company will begin sending individual copies to a shareholder within 30 days after the company receives revocation of the shareholder's consent; and

(F) Contain the following prominent statement, or similar clear and understandable statement, in bold-face type: "Important Notice Regarding Delivery of Shareholder Documents". This statement also must appear on the envelope in which the notice is delivered. Alternatively, if the notice is delivered separately from other communications to investors, this statement may appear either on the notice or on the envelope in which the notice is delivered;

NOTE TO PARAGRAPH (f)(2)(ii): The notice should be written in plain English. See § 230.421(d)(2) of this chapter for a discussion of plain English principles.

(iii) The company has not received the reply form or other notification indicating that the shareholder wishes to continue to receive an individual copy of the report, within 60 days after the company sent the notice; and

(iv) The company transmits the report to a post office box or to a residential street address. The company can assume a street address is a residence unless it has information that indicates it is a business.

(3) At least once a year, the company must explain to shareholders who have consented under paragraph (f)(1)(iii) or paragraph (f)(2) of this section how they can revoke their consent. The explanation must be reasonably designed to reach these investors. If a shareholder, orally or in writing, revokes consent to delivery of one report to a shared address, the company must begin sending individual copies to that shareholder within 30 days after the company receives the revocation.

(4) For purposes of this section, *address* means a street address, a post of-

fice box number, an electronic mail address, a facsimile telephone number, or other similar destination to which paper or electronic documents are transmitted, unless otherwise provided in this section. If the company has reason to believe that the address is a street address of a multi-unit building, the address must include the unit number.

[46 FR 36126, July 14, 1981, as amended at 48 FR 37940, Aug. 22, 1983; 48 FR 44477, Sept. 29, 1983; 50 FR 26160, June 25, 1985; 57 FR 56836, Dec. 1, 1992; 59 FR 52700, Oct. 19, 1994; 61 FR 24657, May 15, 1996; 64 FR 62547, Nov. 16, 1999. Redesignated and amended at 66 FR 3759, Jan. 16, 2001]

**§ 270.30e-2 Reports to shareholders of unit investment trusts.**

(a) At least semiannually every registered unit investment trust substantially all the assets of which consist of securities issued by a management company must transmit to each shareholder of record (including record holders of periodic payment plan certificates), a report containing all the applicable information and financial statements or their equivalent, required by § 270.30d-1 to be included in reports of the management company for the same fiscal period. Each of these reports must be transmitted within the period allowed the management company by § 270.30e-1 for transmitting reports to its shareholders.

(b) Any report required by this section will be considered transmitted to a shareholder of record if the unit investment trust satisfies the conditions set forth in § 270.30e-1(f) with respect to that shareholder.

[64 FR 62547, Nov. 16, 1999. Redesignated and amended at 66 FR 3759, Jan. 16, 2001]

**§ 270.30e-3 Internet availability of reports to shareholders.**

(a) *General.* A Company may satisfy its obligation to transmit a report required by § 270.30e-1 or § 270.30e-2 ("Report") to a shareholder of record if all of the conditions set forth in paragraphs (b) through (e), and (i) of this section are satisfied.

(b) *Availability of report to shareholders and other materials.* (1) The following materials are publicly accessible, free of charge, at the website address specified in the Notice from the date the Company transmits the Report as required by § 270.30e-1 or § 270.30e-2 until the Company next transmits a report required by § 270.30e-1 or § 270.30e-2 with respect to the Fund:

(i) *Current report to shareholders.* The Report.

(ii) *Prior report to shareholders.* Any report with respect to the Fund for the prior reporting period that was transmitted to shareholders of record pursuant to § 270.30e-1 or § 270.30e-2.

(iii) *Complete portfolio holdings from reports containing a summary schedule of investments.* If a report specified in paragraph (b)(1)(i) or (b)(1)(ii) of this section includes a summary schedule of investments (§ 210.12-12B of this chapter) in lieu of Schedule I—Investments in securities of unaffiliated issuers (§ 210.12-12 of this chapter), the Fund's complete portfolio holdings as of the close of the period covered by the report, presented in accordance with the schedules set forth in §§ 210.12-12 through 210.12-14 of Regulation S-X (§§ 210.12-12 through 210.12-14 of this chapter), which need not be audited.

(iv) *Portfolio holdings for most recent first and third fiscal quarters.* For a Fund other than a Fund that is regulated as a money market fund under § 270.2a-7 or a small business investment company registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), the Fund's complete portfolio holdings as of the close of the Fund's most recent first and third fiscal quarters, if any, after the date on which the Fund's registration statement became effective, presented in accordance with the schedules set forth in §§ 210.12-12 through 210.12-14 of Regulation S-X [§§ 210.12-12 through 210.12-14 of this chapter], which need not be audited. The complete portfolio holdings required by this paragraph (b)(1)(iv) must be made publicly available not later than 60 days after the close of the fiscal quarter.

(2) The website address relied upon for compliance with this section may

not be the address of the Commission's electronic filing system.

(3) The materials that are accessible in accordance with paragraph (b)(1) of this section must be presented on the website in a format, or formats, that are convenient for both reading online and printing on paper.

(4) Persons accessing the materials specified in paragraph (b)(1) of this section must be able to permanently retain, free of charge, an electronic version of such materials in a format, or formats, that meet the conditions of paragraph (b)(3) of this section.

(5) The conditions set forth in paragraphs (b)(1) through (b)(4) of this section shall be deemed to be met, notwithstanding the fact that the materials specified in paragraph (b)(1) of this section are not available for a time in the manner required by paragraphs (b)(1) through (b)(4) of this section, provided that:

(i) The Company has reasonable procedures in place to ensure that the specified materials are available in the manner required by paragraphs (b)(1) through (b)(4) of this section; and

(ii) The Company takes prompt action to ensure that the specified documents become available in the manner required by paragraphs (b)(1) through (b)(4) of this section, as soon as practicable following the earlier of the time at which it knows or reasonably should have known that the documents are not available in the manner required by paragraphs (b)(1) through (b)(4) of this section.

(c) *Notice.* A paper notice ("Notice") meeting the conditions of this paragraph (c) must be sent to the shareholder within 70 days after the close of the period for which the Report is being made. The Notice may contain only the information specified by paragraphs (c)(1), (2), and (3) of this section, and may include pictures, logos, or similar design elements so long as the design is not misleading and the information is clear.

(1) The Notice must be written using plain English principles pursuant to paragraph (d) of this section and:

(i) Contain a prominent legend in bold-face type that states "[An] Important Report[s] to [Shareholders] of [Fund] [is/are] Now Available Online

and In Print by Request.” The Notice may also include information identifying the Fund, the Fund’s sponsor (including any investment adviser or sub-adviser to the Fund), a variable annuity or variable life insurance contract or insurance company issuer thereof, or a financial intermediary through which shares of the Fund are held.

(ii) State that the Report contains important information about the Fund, including its portfolio holdings and financial statements. The statement may also include a brief listing of other types of information contained in the Report.

(iii) State that the Report is available at the website address specified in the Notice or, upon request, by mail, and encourage the shareholder to access and review the Report.

(iv) Include a website address where the Report and other materials specified in paragraph (b)(1) of this section are available. The website address must be specific enough to lead investors directly to the documents that are required to be accessible under paragraph (b)(1) of this section, rather than to the home page or section of the website other than on which the documents are posted. The website may be a central site with prominent links to each document. In addition to the website address, the Notice may contain any other equivalent method or means to access the Report or other materials specified in paragraph (b)(1) of this section.

(v) Provide a toll-free (or collect) telephone number to contact the Company or the shareholder’s financial intermediary, and:

(A) Provide instructions describing how a shareholder may request a paper or email copy of the Report and other materials specified in paragraph (b)(1) of this section at no charge, and an indication that he/she will not otherwise receive a paper or email copy;

(B) Explain that the shareholder can at any time elect to receive print reports in the future and provide instructions describing how a shareholder may make that election (*e.g.*, by contacting the Company or by contacting the shareholder’s financial intermediary); and

(C) If applicable, provide instructions describing how a shareholder can elect to receive shareholder reports or other documents and communications by electronic delivery.

(2) The Notice may include additional methods by which a shareholder can contact the Company or the shareholder’s financial intermediary (*e.g.*, by email or through a website), which may include any information needed to identify the shareholder.

(3) A Notice relating to a Report required by § 270.30e-1 may include content from the Report if such content is set forth after the information required by paragraph (c)(1) of this section.

(4) The Notice may not be incorporated into, or combined with, another document, except that the Notice may incorporate or combine one or more other Notices.

(5) The Notice must be sent separately from other types of shareholder communications and may not accompany any other document or materials; *provided, however*, that the Notice may accompany:

(i) One or more other Notices;

(ii) A current Summary Prospectus, Statutory Prospectus, Statement of Additional Information, or Notice of Internet Availability of Proxy Materials under § 240.14a-16 of this chapter;

(iii) In the case of a Fund held in a separate account funding a variable annuity or variable life insurance contract, such contract or the Statutory Prospectus and Statement of Additional Information for such contract; or

(iv) The shareholder’s account statement.

(6) A Notice required by this paragraph (c) will be considered transmitted to a shareholder of record if the conditions set forth in § 270.30e-1(f), § 270.30e-2(b), § 240.14a-3(e), or § 240.14c-3(c) of this chapter are satisfied with respect to that shareholder.

(d) *Plain English requirements.* (1) To enhance the readability of the Notice, plain English principles must be used in the organization, language, and design of the Notice.

(2) The Notice must be drafted so that, at a minimum, it substantially complies with each of the following plain English writing principles:

- (i) Short sentences;
- (ii) Definite, concrete, everyday words;
- (iii) Active voice;
- (iv) Tabular presentation or bullet lists for complex material, whenever possible;
- (v) No legal jargon or highly technical business terms; and
- (vi) No multiple negatives.

(e) *Delivery of paper copy upon request.* A paper copy of any of the materials specified in paragraph (b)(1) of this section must be transmitted to any person requesting such a copy, at no cost to the requestor and by U.S. first class mail or other reasonably prompt means, within three business days after a request for a paper copy is received.

(f) *Investor elections to receive future reports in paper.* (1) This section may not be relied upon to transmit a Report to a shareholder if the shareholder has notified the Company (or the shareholder's financial intermediary) that the shareholder wishes to receive paper copies of shareholder reports at any time after the Company has first notified the shareholder of its intent to rely on the rule or provided a Notice to the shareholder.

(2) A shareholder who has notified the Company (or the shareholder's financial intermediary) that the shareholder wishes to receive paper copies of shareholder reports with respect to a Fund will be deemed to have requested paper copies of shareholder reports with respect to:

(i) Any and all current and future Funds held through an account or accounts with:

(A) The Fund's transfer agent or principal underwriter or agent thereof for the same "group of related investment companies" as such term is defined in §270.0-10; or

(B) A financial intermediary; and

(ii) Any and all Funds held currently and in the future in a separate account funding a variable annuity or variable life insurance contract.

(g) *Delivery of other documents.* This section may not be relied upon to transmit a copy of a Fund's currently effective Statutory Prospectus or Statement of Additional Information, or both, under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) as otherwise

permitted by paragraph (d) of §270.30e-1.

(h) *Definitions.* For purposes of this section:

(1) *Company* means a Fund required to transmit a report to shareholders pursuant to §270.30e-1 or a unit investment trust required to transmit a report to shareholders pursuant to §270.30e-2.

(2) *Fund* means a registered management company and any separate series of the management company.

(3) *Statement of Additional Information* means the statement of additional information required by Part B of the applicable registration form.

(4) *Statutory Prospectus* means a prospectus that satisfies the requirements of section 10(a) of the Securities Act of 1933 (15 U.S.C. 77(j)(a)).

(5) *Summary Prospectus* means the summary prospectus described in paragraph (b) of §230.498 of this chapter.

(i) *Transition period.* (1) A Company may rely on this section to first transmit a Report to a shareholder:

(i) Beginning on January 1, 2021, if:

(A) The Company has included the required statement on each prospectus, summary prospectus, annual report to shareholders, and semi-annual report to shareholders, as applicable, required to be delivered or transmitted to shareholders for the period beginning on the date the Company first publicly offers its shares, and ending on December 31, 2020; or

(B) The Company first publicly offers its shares on or after January 1, 2021; or

(ii) In all other cases, after the Company has included the required statement on each prospectus, summary prospectus, annual report to shareholders, and semi-annual report to shareholders, as applicable, required to be delivered or transmitted to shareholders for a period of two years or January 1, 2022, whichever comes first.

(2) For purposes of this paragraph (i), a "required statement" means the statement regarding the Company's intent to rely on this section specified by:

(i) Its applicable registration form, and

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(ii) In the case of a Fund that uses a summary prospectus, § 230.498 of this chapter.

NOTE TO § 270.30E-3: For a discussion of how the conditions and requirements of this rule may apply in the context of investors holding Fund shares through financial intermediaries, see Investment Company Release No. 33115 (June 5, 2018).

[83 FR 29205, June 22, 2018]

EFFECTIVE DATE NOTE: At 83 FR 29206, June 22, 2018, § 270.30e-3 was amended in paragraph (a), by removing “, and (i)”, and by removing paragraph (i), effective Jan. 1, 2022.

### § 270.30h-1 Applicability of section 16 of the Exchange Act to section 30(h).

(a) The filing of any statement prescribed under section 16(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78p(a)) shall satisfy the corresponding requirements of section 30(h) of the Act (15 U.S.C. 80a-29(h)).

(b) The rules under section 16 of the Securities Exchange Act of 1934 (15 U.S.C. 78p) shall apply to any duty, liability or prohibition imposed with respect to a transaction involving any security of a registered closed-end company under section 30(h) of the Act (15 U.S.C. 80a-29(h)).

(c) No statements need be filed pursuant to section 30(h) of the Act (15 U.S.C. 80a-29(h)) by an affiliated person of an investment adviser in his or her capacity as such if such person is solely an employee, other than an officer, of such investment adviser.

[67 FR 43537, June 28, 2002]

### § 270.31a-1 Records to be maintained by registered investment companies, certain majority-owned subsidiaries thereof, and other persons having transactions with registered investment companies.

(a) Every registered investment company, and every underwriter, broker, dealer, or investment adviser which is a majority-owned subsidiary of such a company, shall maintain and keep current the accounts, books, and other documents relating to its business which constitute the record forming the basis for financial statements required to be filed pursuant to section 30 of the Investment Company Act of 1940

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and of the auditor's certificates relating thereto.

(b) Every registered investment company shall maintain and keep current the following books, accounts, and other documents:

(1) Journals (or other records of original entry) containing an itemized daily record in detail of all purchases and sales of securities (including sales and redemptions of its own securities), all receipts and deliveries of securities (including certificate numbers if such detail is not recorded by custodian or transfer agent), all receipts and disbursements of cash and all other debits and credits. Such records shall show for each such transaction the name and quantity of securities, the unit and aggregate purchase or sale price, commission paid, the market on which effected, the trade date, the settlement date, and the name of the person through or from whom purchased or received or to whom sold or delivered. In the case of a money market fund, also identify the provider of any Demand Feature or Guarantee (as defined in § 270.2a-7(a)(9) or § 270.2a-7(a)(16) respectively) and give a brief description of the nature of the Demand Feature or Guarantee (e.g., unconditional demand feature, conditional demand feature, letter of credit, or bond insurance) and, in a subsidiary portfolio investment record, provide the complete legal name and accounting and other information (including sufficient information to calculate coupons, accruals, maturities, puts, and calls) necessary to identify, value, and account for each investment.

(2) General and auxiliary ledgers (or other records) reflecting all assets, liability, reserve, capital, income and expense accounts, including:

(i) Separate ledger accounts (or other records) reflecting the following:

- (a) Securities in transfer;
- (b) Securities in physical possession;
- (c) Securities borrowed and securities loaned;

(d) Monies borrowed and monies loaned (together with a record of the collateral therefor and substitutions in such collateral);

(e) Dividends and interest received;

(f) Dividends receivable and interest accrued.