

# Breakpoint Checklist

**1. Does the customer already hold shares of any funds within the same fund family in his account?**

- a. Record the current value of the shares of the fund already held by the customer in his account, or the historical cost of those shares, depending upon the rules of the fund family.

**2. Does the customer hold shares of any funds within the same fund family in any other accounts outside the firm?**

- a. Identify all accounts in which the customer holds shares of any fund within the same fund family, whether these accounts are held:
  - i. At other broker/dealers, or
  - ii. In other types of accounts, such as 401(k) plans, 529 plans, or variable annuity sub-accounts.
- b. Record the BIN/TIN for each account in which the customer holds any funds within the same fund family.
- c. Record the current value or historical cost, depending upon the fund family's rules, of the shares held by the customer in each account
- d. Record if the customer declines to provide such information or indicates that he or she has no other holdings.

**3. Do related parties of the customer hold shares of any funds within the same fund family in accounts at this broker/dealer, other broker dealers, or in other platforms, such as 401(k) plans or 529 plans?**

- a. Identify all related parties who hold shares of any fund within the same fund family and identify all accounts in which the customer holds shares of any fund within the same fund family, whether these accounts are held:
  - i. At other broker/dealers, or
  - ii. In other types of accounts, such as 401(k) plans, 529 plans, or variable annuity sub-accounts.
- b. Record the name of each party and their relationship to the customer.
- c. If the mutual fund allows a right of accumulation for the identified related parties:
  - i. Record the BIN/TIN for each account in which a related party holds any funds within the same fund family; and

- ii. Record the current value of the shares held by related parties in each account or historical cost, depending upon the fund family's rules.
  - d. Record if the customer declines to provide such information or indicates that no related parties hold shares of funds within the same fund family.
- 4. How much is the current purchase?**
- 5. What are the customer's total holdings that may be counted toward determining breakpoint eligibility?**
- a. Add the total holdings identified in responses to questions 1-4 (i.e.: all holdings in the customer's accounts and the accounts of related parties), using either current market value or historical cost, depending upon the fund family's rules.
- 6. Determine whether the customer is entitled to a breakpoint based upon his total holdings and the holdings of all related parties.**
- a. If applicable, record the breakpoint discount that is available to the customer.
- 7. Does the customer have a letter of intent on file that would entitle the customer to a further discount?**
- a. If yes, apply the appropriate discount, which is either the discount available pursuant to the letter of intent or the discount available based upon total holdings, whichever is greater.
  - b. If the letter of intent can be applied retroactively, review other recent purchases to ensure that the appropriate discount was applied.
  - c. If the customer does not have a letter of intent, review whether his or her investment patterns make a letter of intent appropriate.