

**THE ARKANSAS TAX-DEFERRED  
TUITION SAVINGS PROGRAM**  
**AMENDED AND RESTATED  
PROGRAM RULES AND REGULATIONS**

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## Section 1. General

The Arkansas Tax-Deferred Tuition Savings Program, also known as the GIFT College Investing Plan<sup>SM</sup> (the "GIFT Plan"), is established pursuant to the Arkansas Tax-Deferred Tuition Savings Program Act, Chapter 84 of Title 6 of the Arkansas Code, as amended, codified as Ark. Code Ann. § 6-84-101, et seq. (the "Act"). The GIFT Plan is designed to satisfy the requirements of Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations, rulings, announcements and other guidance issued thereunder (collectively referred to as "Section 529"). In accordance with the Act, the Section 529 Plan Review Committee (the "Committee") has established the following rules and regulations governing the operation of the Program. To the extent these rules and regulations are interpreted to be inconsistent with provisions of Section 529, the provisions of Section 529 shall prevail. The GIFT Plan may be affected by subsequent changes in federal and state legislation. The Committee shall have the right to modify these rules and regulations from time to time to comply with then current federal law and regulations applicable to the Program and for other purposes. Capitalized terms not defined herein shall have the meaning ascribed to them in the Act.

Deleted: . In accordance with the Act, the Investment Committee has established the following Rules and Regulations governing the operation of the Program.

Deleted: <#>Account means an account established for an Account Owner pursuant to a Participation Agreement between such Account Owner and the Trust for purposes of investing in one or more Portfolios.¶

Deleted: Program Administrator,

Deleted: <#>Account Owner means the person opening an Account or any permitted successor to such person, organization or governmental entity, who has entered into a Participation Agreement with the Trust.¶  
<#>Act means Chapter 84 of Title 6 of the Arkansas Code, as amended.¶  
Active Allocation Portfolio

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Deleted: <#>Broker means any individual or entity that is appropriately licensed to distribute Trust Interests to public investors and with whom the Program Distributor and/or any Distribution Agent have entered into an agreement with respect to the distribution of Trust Interests. This term also may include other financial intermediaries such as investment advisers or banks. With respect to purchases of Units directly from the Program itself, Broker shall also include the Program Distributor.¶

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Deleted: <#>Change of Beneficiary Form means a Change of Designated Beneficiary/Transfer/Account Maintenance Form substantially in the form approved by the Program Administrator, from time to time.¶

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## Section 2. Definitions

- A. Account Application Form means an application substantially in the form approved by the Committee from time to time.
- B. Age-Based Option means a Portfolio the assets of which are invested in a combination of underlying funds, currently based on the ages of Designated beneficiaries specified for such Portfolio.
- C. American Arbitration Association means a non-profit provider of alternative dispute resolution services.
- D. Approved Allocation means the allocation of assets for a Portfolio as approved by the Committee.
- E. Approved Allocation Effective Date means the annual date (July 1) by which the Approved Allocation for a Portfolio is approved.
- F. Arkansas Administration Fee means any fee paid out of the GIFT Plan's assets to the Committee pursuant to a written agreement among the Trust, the Committee and the Program Manager.
- G. Beneficiary Change Form means a change of a Designated beneficiary substantially in the form approved by the Committee, from time to time.
- H. Business Day means each day on which the New York Stock Exchange is open for trading.
- I. Cash means U.S. dollars, checks or electronic funds transfers.
- J. Code means the Internal Revenue Code of 1986, as amended.

K. Contribution Maximum means the maximum amount that an Account owner can contribute to an all Program Accounts for the same Designated beneficiary, as determined from time to time by the Committee based upon a methodology which calculates such maximum amount on an annual basis using the cost of seven years of tuition, fees, books, supplies and equipment, and room and board at an Higher educational institution.

**Deleted:** <#>Contribution is an amount deposited by an Account Owner into an Account.¶

**Deleted:** Investment

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**Deleted:** Eligible Educational Institution.

L. Custom Portfolio Option means a Portfolio the assets of which are invested in a combination of underlying funds, in accordance with a fixed asset allocation that does not change based on the age of a Designated beneficiary.

**Deleted:** <#>Designated Beneficiary means, with respect to an Account, the person whose Qualified Higher Education Expenses are expected to be paid from the Account.¶

<#>Distribution Agent means the distribution agent employed by the Program Administrator and the Program Distributor pursuant to Section 5(c)(4), or any successor provision thereto, of the Act, and designated as such in a Distribution Agent Agreement.¶

<#>Distribution Agent Agreement means a written agreement among the Program Administrator, the Program Distributor and any service provider to the Program.¶

<#>Eligible Educational Institution means an institution of higher education as described in Section 529, or any successor provision thereto, of the Code.¶

<#>Eligible Participant means an individual, or other person, eligible under the Act and the federal tax laws to participate in the Program. ¶

M. Eligible Participant means an individual, other person, or legal entity eligible under the Act, under applicable federal tax law and regulations to participate in the Program.

N. Eligible Scholarship means a scholarship or other payment qualifying for an exemption from the withdrawal penalty required by Section 529, or any successor provision thereto, of the Code.

O. Investment Fund means the portion of the GIFT Plan's assets invested in underlying funds (i.e., that portion of the GIFT Plan's assets not held in the Operating Fund).

**Deleted:** <#>Excess Contribution means a Contribution made to an Account which will cause the Account value to exceed the Contribution Maximum.¶

P. Investment Manager means the entity employed by the Program Manager to manage the assets of the Portfolios.

<#>Fixed Allocation Portfolio means a Portfolio the assets of which are invested in a combination of Underlying Funds, in accordance with a fixed asset allocation that does not change based on the ages of designated beneficiaries specified for such Portfolio.¶

Q. Management Fee means any fee paid out of the GIFT Plan's assets to the Program Manager pursuant to a written agreement approved by the Committee.

<#>Investment Committee means the Investment Committee created pursuant to Section 5, or any successor provision thereto, of the Act and, for purposes of these Rules and Regulations, where determinations of such body are required, the Chairman of the Investment Committee.¶

R. MSRB means Municipal Securities Rulemaking Board.

<#>Investment Fund means the portion of the Trust's assets invested in Underlying Funds.¶

S. Net Asset Value means: (1) the net asset value per share of the underlying funds as of the market close on that Business Day; (2) adjustments, if any, to the net asset value per share of any underlying funds made after the market close; (3) net purchase orders and net redemption orders received by the Investment Manager from the Program Manager each Business Day; (4) the deduction and payment of fees and expenses from the Portfolios by the Program Manager, or by the Investment Manager; and (5) the Investment Manager's reinvestment, into any underlying fund it or its affiliate offers and manages, of any income, dividends and/or capital gain distributions paid by underlying funds.

<#>Management Fee means any fee paid out of Program Fund assets to the ... [1]

T. NYSE means the New York Stock Exchange.

**Deleted:** <#>Non-Qualified Withdrawal means any withdrawal from an Account other than a Qualified Withdrawal.¶

U. Operating Account means the account established for the purpose of holding the Arkansas Administration Fee.

<#>Operating Accounts means separate accounts within the Operating Fund.¶

V. Operating Fund means that portion of the GIFT Plan's assets not held in the Investment Fund.

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W. Participation Agreement means an agreement between an Account owner and the Trust substantially in the form approved by the Committee, from time to time, which establishes the Account and the obligations of the Trust and the Account owner.

X. Portfolio means one of the GIFT Plan Portfolios established within the Investment Fund to which Contributions may be allocated, and that are invested in underlying funds.

Y. Program Description means the complete disclosure document or set of documents describing the Program, including any supplement(s) thereto, each as amended from time-to-time, constituting an "official statement" within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, and the rules of the MSRB and any successor to the applicable functions thereof.

Z. Program Distributor means the program distributor employed by the Committee pursuant to Ark. Code Ann. § 6-84-105, or any successor provision thereto, and designated as such in the then current Program Description.

AA. Program Management Agreement means a written agreement among the Trust, the Committee and the Program Manager.

BB. Program Manager means both the program manager and the recordkeeping and servicing agent employed by the Committee pursuant to Ark. Code Ann. § 6-84-105, or any successor provision thereto, and designated as such in a Program Management Agreement.

CC. Rollover Contribution means a Contribution to an Account which is transferred to or deposited in the Account from another program operating as a "qualified tuition program" within the meaning of Section 529, or any successor provision thereto, of the Code.

DD. Rollover Distribution means a distribution or transfer from an Account which is transferred to or deposited in another program operating as a "qualified tuition program" within the meaning of Section 529, or any successor provision thereto, of the Code.

EE. Section 529 Plan Review Committee or Committee means the committee created pursuant to Section 105, or any successor provision thereto, of the Act and, for purposes of these rules and regulations.

FF. Series means a class of units of a Portfolio.

GG. State means the State of Arkansas, acting through its executive, administrative, legislative and judicial branches.

HH. Trust means the Arkansas Tax-Deferred Savings Program Trust created under Ark. Code Ann. § 6-84-104.

II. Withdrawal means a Qualified withdrawal or a Nonqualified withdrawal.

**Deleted:** Program Administrator,

**Deleted:** <#>Program means the Arkansas Tax-Deferred Tuition Savings Program, also known as GIFT College Investing Plan<sup>SM</sup>, established in accordance with the Act and federal tax law.¶  
<#>Program Administrator means the Investment Committee, acting in its capacity as Program Administrator of the Program.¶

**Deleted:** Municipal Securities Rulemaking Board

**Deleted:** Program Administrator

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<#>Program Year means each one-year period from July 1 of any calendar year through June 30 of the following calendar year.¶

<#>Qualified Higher Education Expenses means all expenses included in the definition in Section 529(e)(3), or any successor provision thereto, of the Code and the applicable regulations thereunder, including tuition, fees, and the costs of books, supplies and equipment required for the enrollment or attendance of a Designated Beneficiary (including expenses for special needs services in the case of a special needs beneficiary) at an Institution of Higher Education, along with room and board expenses included therein.¶

Qualified Withdrawal means a withdrawal from an Account that is used to pay the Qualified Higher Education Expenses of the Designated Beneficiary. [2]

**Deleted:** <#>Rules and Regulations means these Program Rules and [3]

**Deleted:** Units

**Deleted:** <#>Transfer and Servicing Agent means a transfer and servicing agent. [4]

**Deleted:** pursuant to Section 4 of the Act.

**Deleted:** <#>Underlying Funds means the mutual funds or separate accounts. [5]

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JJ. Withdrawal Request means a request by an Account owner to effect a Withdrawal substantially in the form approved by the Committee, from time to time.

**Deleted:** Program Administrator

### Section 3. Program Structure

A. The Trust. The Trust is comprised of an Investment Fund and an Operating Fund.

1. Investment Fund. The Investment Fund initially receives all Contributions to Accounts made by Account owners pursuant to Participation Agreements. The Investment Fund is invested in underlying funds.

2. Operating Fund. The Operating Fund is comprised of the Operating Account and such sub-accounts as may be established by the Committee from time to time.

**Deleted:** Program Administrator

B. Portfolios.

1. General.

a. The Investment Fund may be divided into one or more Portfolios and/or Series of Portfolios. Each Portfolio will represent a separate, segregated portfolio of underlying funds held in the Investment Fund.

b. Contributions made to an Account on behalf of a Designated beneficiary are invested in units of one or more Series of one or more Portfolios based on an election on the Account Application Form (or other appropriate form) made by an Account owner. The terms, expenses and sales charges, if any, as well as the availability of different Portfolios (or Series thereof) shall be as described in the then current Program Description.

**Deleted:** Owner. Account Owners currently may select from among one

**Deleted:** more Active Allocation Portfolio options and one or more Fixed Allocation Portfolio options for the investment of Contributions made to their Accounts. The terms, expenses and sales charges as well as the availability of different

c. Every year, on or about the Approved Allocation Effective Date, the assets of each Portfolio will be rebalanced to conform to the Approved Allocation and the approved underlying funds for such Portfolio.

**Deleted:** of a Portfolio

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d. The Section 529 Plan Review Committee shall have the right to alter the basis of assigning Accounts to Age-Based Options and, subject to receipt of reasonably satisfactory assurance that such reassignment would not disqualify the affected Accounts or the Program from treatment, for federal tax purposes, as described in the then current Program Description and/or Supplement, or any supplements thereto, to reassign existing Accounts for any reason it deems appropriate.

**Deleted:** Program Administrator

**Deleted:** Active Allocation Portfolios

**Deleted:** , including on the basis of the anticipated date of the intended use specifically identified by the Account Owner with respect to the current Designated Beneficiary.

2. Change of Designated Beneficiary.

a. If an Account owner changes the Designated beneficiary for an Account that has been assigned to an Age-Based Option, the Account may be reassigned to a new Age-Based Option based on the age of the new Designated beneficiary.

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b. The Section 529 Plan Review Committee or the Program Manager has the right but not the obligation to reject any (or limit the frequency of) changes of a Designated beneficiary that an Account owner may make if it believes that the Account owner has submitted a change request primarily to avoid the limitation on the number of changes in Portfolio selection permitted in a calendar year under federal tax law.

**Deleted:** and the Program Administrator, upon the anticipated date of intended use specifically identified by such Account Owner with respect to a Designated Beneficiary).¶  
The Program Administrator or the Program Manager may

3. Current Portfolios. The Investment Fund shall be divided into the Age-Based Options and the Custom Portfolio Options, as described in the then current Program Description.

**Deleted:** Active Allocation Portfolios and the Fixed Allocation Portfolios

4. Subsequent Portfolios and Series. The Committee shall have the authority to increase or decrease the number of Age-Based Options or Custom Portfolio Options and/or the number of Series of each such Portfolio and to create or terminate any additional Portfolios or Series the terms of which shall be as set forth in the then current Program Description, provided, however, that in the event that the total number of Portfolios exceeds six, the Program Manager may increase the Management Fee.

**Deleted:** Program Administrator

**Deleted:** Active Allocation Portfolios or Fixed Allocation Portfolios

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C. Net Asset Value. The Program Manager, or its delegate, will calculate a Net Asset Value for each Portfolio (or Series thereof) of the Investment Fund as described in the then current Program Description.

**Deleted:** Series of each Portfolio

#### Section 4. Program Distribution and Participation

A. Program Distribution. The Trust may offer through the Program Distributor, which may be the Program Manager, and through any other subcontractor of the Program Manager on such terms and conditions as may be approved by the Section 529 Plan Review Committee from time to time, participation in the Program through one or more Portfolios (or Series thereof), as determined by the Committee, to any Eligible Participant as described in the then current Program Description.

**Deleted:** the Distribution Agent pursuant to a Distribution Agent Agreement

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B. Program Participation.

1. Opening an Account. An Eligible Participant must complete an Account Application Form and any other documents required by the Committee or, the Program Manager, these rules and regulations, or applicable federal and state law or regulation and submit such documents to the Program Manager along with the initial minimum account contribution as set forth in the then current Program Description. The acceptance by the Program Manager for processing an Account Application Form and an initial contribution does not constitute the agreement of the Program Manager to open an account. The Program Manager has the right, but not the obligation to reject an Account Application Form that does not contain all information requested on the Account Application Form. There shall be no restrictions on the age of the Designated beneficiary (except as may be deemed necessary to comply with applicable law) or any required relationship between the Account owner and Designated beneficiary.

**Deleted:** Program Administrator

**Deleted:** or a Broker for an Account to be established,

**Deleted:** Broker through whom

**Deleted:** Account is opened. A separate Account is required for each Designated Beneficiary on whose behalf the Account Owner makes Contributions. Failure to include all information requested on the Account Application Form may result

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2. Entering into a Participation Agreement. Subsequent to or concurrently with opening an Account, an Eligible Participant must provide the information required by and agree by virtue of opening an Account to be bound by a Participation Agreement for each Designated beneficiary on whose behalf the Account owner intends to make Contributions.

3. Assigning Accounts to Portfolios and Series. The Program Manager will assign each Account to a Portfolio based upon information submitted by the Account owner. The selection of an Age-Based Option for each individual Designated beneficiary may be based on the Designated beneficiary's age, and the selection of a Custom Portfolio Option for an individual Designated beneficiary will be based on the investment option selection made by the Account owner on the Account Application Form.

4. Contributions to an Account.

a. Form of Contribution. Contributions must be made in Cash only. As used in this section, "Cash" includes checks or electronic funds transfers. Contributions may be made: (i) by lump sum payment; (ii) by electronic funds transfer from an existing account of the Account owner pursuant to an automated investment plan; (iii) by employer payroll deduction; or (iv) by such other method as set forth in the then current Program Description. The term does not include money orders, travelers checks, foreign checks not in U.S. dollars, checks dated over 90 days, post-dated checks, checks with unclear instructions, securities, non-cash assets, charges on debit, credit cards or any other payment method prohibited by the then current Program Description. In order for an Account owner to make Contributions by employer payroll deduction, the Account owner's employer must be able to meet the Program Manager's operational and administrative requirements for Qualified tuition program payroll Contributions.

b. Amount of Contribution. The minimum initial and minimum subsequent Contribution amount by check is as set forth in the then current Program Description, and may, from time to time, be revised subject to the approval of the Committee. The minimum initial and minimum subsequent Contribution amount by automatic investment plan are as set forth in the then current Program Description. The Contribution Maximum for all Accounts for a Designated beneficiary is as set forth in the then current Program Description.

c. Crediting of Contributions. The Program Manager generally shall credit Contributions to an Account as of the same Business Day as received in good order as determined by the Program Manager, provided such Contributions are delivered to and accepted by the Program Manager by 4:00 p.m. Eastern time on such Business Day, or upon such other Business Day as may be set forth in the then current Program Description. The Program Manager generally shall credit Contributions made by electronic fund transfer to an Account within seven days after the transfer is received in good order as determined by the Program Manager, provided such Contributions are delivered to and accepted by the

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**Deleted:** Active Allocation Portfolio

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**Deleted:** Fixed Allocation Portfolio

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Program Manager by 4:00 p.m. Eastern Time on such Business Day, or upon such other Business Day as may be set forth in the then current Program Description.

d. Accounting of Contributions. Contributions made by check, which are received in good order, will generally be considered received by the Program in a given year if received on or before January 7th of the following year, provided the checks are subsequently paid. Contributions made pursuant to an electronic funds transfer will generally be considered received by the Program in a given year if initiated by the Account owner on or before December 31<sup>st</sup> of such year, provided the funds are subsequently withdrawn from an Account owner's checking or savings account at another financial institution. Contributions made pursuant to an automatic investment plan will generally be considered received by the Program in the year the automatic investment debit has been deducted from an Account owner's checking or savings account at another financial institution.

e. Investment of Contributions. A Contribution to an Account is generally invested in units of the Portfolio(s) designated by the Account owner or assigned by the Program Manager and/or the Committee on the same Business Day as the crediting of the Contribution to an Account, or upon such other Business Day as may be set forth in the then current Program Description.

f. Accounting for Contribution. On the Business Day following the investment of a Contribution by the Program Manager, units (or additional units) of the applicable Portfolio(s) will generally be reflected in the records of the Program for the applicable Account.

g. Overfunding an Account. Any Contribution made by an Account owner will generally be returned to the Account owner in the event the Contribution exceeds the Contribution Maximum for the Designated beneficiary. All Accounts within the Program for the same Designated beneficiary will be aggregated for purposes of determining whether the Contribution Maximum has been exceeded. At the Program Manager's discretion, a penalty may be imposed on Contributions which exceed the Contribution Maximum. The Program Manager may refuse Contributions, which it determines, in its sole discretion, appear to constitute an abuse of the Program.

h. Rollover Contributions. Rollover Contributions to an Account must be accompanied by an incoming rollover form (or such other form as approved by the Committee) executed by the Account owner and submitted in good order as determined by the Program Manager. An incoming rollover form (or other approved form) must include all information the Program Manager and/or Committee may require in order to process the Rollover Contribution in accordance with all requirements of the Program, including those specified in these rules and regulations, the Program Description, and applicable federal and state law, or regulation. The Program Manager has the right, but not the obligation to reject an applicable form that does not contain all information requested. The Program Manager may record the entire amount of the Contribution as earnings

**Deleted:** <#> Investment of Contributions. A Contribution is invested in Units of the Series, if any, of the Portfolio(s) designated by the Account Owner or assigned by the Program Manager and/or the Program Administrator on the same Business Day as the crediting of the Contribution to an Account, or upon such other Business Day as may be agreed to by the Program Administrator and the Program Manager and as set forth in the then current Program Description¶  
<#> Accounting for Contribution. On the Business Day following the investment of a Contribution by the Program Manager, Units (or additional Units) of the Series, if any, of the applicable Portfolio(s) will be reflected in the related Account.¶  
Overfunding an Account. Contributions made by an Account Owner resulting in an overfunding of an Account will be returned to the Account Owner within such time period as set forth in the then current Program Description, after a determination is made that the Contribution exceeds the Contribution Maximum for the Designated Beneficiary.

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unless the incoming rollover form (or other approved form) is accompanied by a statement from the administrator or manager of the Section 529 Qualified tuition program from which the Rollover Contribution is made detailing the amount of the Rollover Contribution that constitutes principal and the amount of the Rollover Contribution that constitutes earnings, together with such other information as the Committee and/or Program Manager may require. Rollover Contributions to an Account may be subject to federal income tax and/or penalties as required by then current federal law, or regulation. Reporting and payment of any such federal or state taxes or penalties shall be the obligation of the Account owner.

**Deleted:** must be ...qualified...amounts of any earnings on contributions made to such other Section 529 qualified tuition program...Program Administrator ... in order to identify amounts earned on contributions prior to the Rollover Distribution...a penalty...tax ...income tax ...penalty...Owner ... [6]

## 5. Changes to an Account.

a. Change in Designated Beneficiary. To change the Designated beneficiary of an Account, the Account owner must complete a Beneficiary Change Form or such other form as the Committee shall approve (and any additional required documentation) and submit it in good order as determined by the Program Manager in accordance with all requirements of the Program, including those specified in these rules and regulations, the Program Description, and applicable federal or state law, or regulation. The Program Manager has the right, but not the obligation to reject an applicable form that does not contain all information requested. If the Account owner's request is in good order (as determined by the Program Manager), the Designated beneficiary on the Account will be changed to the new Designated beneficiary on the records of the Program.

**Deleted:** Beneficiary ...Owner ...of Beneficiary ...Program Administrator...to the Broker through whom the Account is opened who will forward the information contained...such documents to the ...so that the Program Manager can process such change Rules and Regulations...tax ...Owner's...properly ... [7]

b. Partial Transfer of Account Assets to New Designated Beneficiary. To transfer some, but not all, assets from one Account to another Account, the Account owner must provide such information as is necessary for the Program Manager to process such transaction in accordance with all requirements of the Program, including those specified in these rules and regulations, the Program Description, and applicable federal law, or regulation. If the Account owner's request is in good order as determined by the Program Manager the amount specified by the Account owner for transfer from the Account will be transferred to on the records of the Program to an Account for the benefit of the new Designated beneficiary.

**Deleted:** Owner...Rules and Regulations...tax ...Owner's...properly submitted, Owner...on behalf...Beneficiary... [8]

c. Successor Account owner. An Account owner may name a successor Account owner if permitted by the applicable form, and to the extent permissible in accordance with the Program Description and applicable law. On notification to the Program Manager of the death of the Account owner, accompanied by a death certificate or other proof of death recognized under applicable law and such other information as the Program Manager requires, the Program Manager will change the Account owner for the Account on the records of the Program. In the event a successor Account owner is not named on the Account Application Form or the named successor Account owner does not accept the Account, and the Account owner has not disposed of the Account otherwise in a will, trust or other testamentary disposition, the surviving spouse of the Account owner will become

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the Account owner for the Account. In the event there is no surviving spouse and the Designated beneficiary is not a minor, the Designated beneficiary will become the Account owner for the Account. If the Designated beneficiary is a minor, the Designated beneficiary's custodial parent will become the Account owner for the Account. If the Designated beneficiary has more than one custodial parent the custodial parent whose birthday is earlier in the calendar year will become the Account owner for the Account. If a court of competent jurisdiction declares an Account owner legally incompetent and appoints a successor Account owner, the Program Manager will change the Account owner for the Account on the records of the Program.

d. Change in Account Owner. The Account owner may transfer ownership of an Account to another Eligible Participant, if the transfer is made without consideration. The Account owner will be responsible for any adverse federal and state tax consequences arising from such a change. A change of Account owner must be accompanied by an account information change form or such other form as approved by the Committee and submitted in good order as determined by the Program Manager.

e. Account Owner Direction of the Investment of Contributions. Account owners cannot direct the investment of Contributions (or the earnings on Contributions) once they have been used to purchase units of the designated Portfolio(s). Account owners may change how investments are allocated among the available Portfolio options in accordance with the then current Program Description and applicable law, or regulation.

f. General. The ability of Account owners to affect changes in and the consequences to Account owners may be affected by subsequent changes in federal and state legislation.

6. Penalties for Misrepresentations. In the event an Account owner makes any material misrepresentation in any oral or written communication with the Committee or the Program Manager, including, without limitation, on any GIFT Plan forms, the Program Manager may terminate an Account owner's Account and may charge a penalty of up to fifteen percent (15%) on the investment earnings of the Account, and may seek to recover any losses incurred by the Program, the Committee, or the Program Manager as a result of such misrepresentation.

## Section 5. Withdrawal Procedures

1. Withdrawal Requests. To receive a Withdrawal, the Account Ownerowner must submit a Withdrawal request form in good order (as determined by the Program Manager) to the Program Manager, which, if the Committee and/or Program Manager deem it necessary, may require:

a. A certification from the Account owner as to whether such Withdrawal is a Qualified withdrawal or a Nonqualified withdrawal;

**Deleted:**

**Deleted:** To effect such a transfer the Account Owner must notify the Program Manager in a writing, signed by the Account Owner, including the Account number, the reason for the transfer of ownership, a certification that the transfer is made without consideration, and a properly completed Account Application Form for the new Account Owner.

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**Deleted:** once per calendar year and upon a change in the Designated Beneficiary, as permitted by federal tax

**Deleted:** , by contacting the Program Manager. Account Owners may change how new Contributions are allocated among the available Portfolio options at any time by contacting the Broker assigned to the Account or the Program Manager.

**Deleted:** Owners resulting from changes in an Account as described in this Section 4.B.5., or any successor provision thereto,

**Deleted:** The Program Administrator shall have the right to modify the provisions of this Section 4.B.5., or any successor provision thereto, from time to time to comply with the then current federal tax law applicable to the Program.

**Deleted:** misrepresentations in any

**Deleted:** Program Administrator

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**Deleted:** Automated Funding Service Form, an Incoming Rollover Form, an Account Maintenance Form, a Withdrawal Request Form, or a Change of Beneficiary Form

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<#>Investment Procedures¶  
Contributions to an Account will be invested by the Program Manager in one or more Portfolios based on an election on the Account Application (or any change to such election) made by (... [10]

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- b. Such additional information as the Program Manager may require.
2. Nonqualified Withdrawals.
- a. An Account owner may make a Nonqualified withdrawal in accordance with the terms of the then current Program Description subject to any applicable federal and/or state income tax and any penalty or additional tax imposed by federal tax law or state law, as set forth in the then current Program Description.
- b. Except as otherwise specifically provided herein, only the Account owner may close an Account.
- c. Refunds will not be made to anyone other than the Account owner for each Account.
3. Withdrawal Taxes and Penalties. An Account owner making a Withdrawal shall have the sole obligation to (i) determine whether the Withdrawal is a Qualified withdrawal or a Nonqualified withdrawal; (ii) make any required report to the Internal Revenue Service and any applicable state tax authority regarding the Withdrawal and the amounts of any earnings included therein; and (iii) pay any applicable federal or state income taxes or penalty taxes that may apply.
4. Unclaimed Account Balances. The Committee may establish a maximum duration for Accounts. In the event the Committee or Program Manager notifies an Account owner of Account inactivity and the Account owner does not respond within the time period as set forth in such notice, the Committee may return all amounts in the Account to the Account owner. The Account owner shall be responsible for any applicable federal or state taxes and penalties.
- B. Withdrawal Payments. The Net Asset Value for a Portfolio applicable to a Withdrawal will be the Net Asset Value next calculated for such Portfolio on the Business Day on which the Withdrawal request form is received in good order (as determined by the Program Manager), or upon such other Business Day as may be set forth in the then current Program Description. Withdrawals will be made by check or, at the request of the Account owner and upon payment of a fee to be debited from the Account, by wire transfer.**
- C. Requests for Withdrawals. Requests for Withdrawals will be satisfied as soon as practicable, but in no event later than thirty days following acceptance of a Withdrawal request form in good order as determined by the Program Manager.**

**Section 6. Arbitration**

The Account owner and the Trust agree that by entering into a Participation Agreement the parties agree to resolve any controversy or claim arising out of or relating to the Program or the Participation Agreement, or the breach, termination or validity thereof, must be settled by arbitration administered by the American Arbitration Association in accordance with its rules for

**Deleted:** <#>Identification of the recipient(s) of the Withdrawal (e.g., the Eligible Educational Institution, the Eligible Educational Institution together with the Designated Beneficiary on a copayment basis, or another party as expressly authorized in writing by the Account Owner); and¶  
 <#>Such additional information as the Program Administrator may require.¶  
 <#>Withdrawal on Death of Designated Beneficiary. In the event of the death of the Designated Beneficiary, the Account Owner may exercise one or both of the following options. The first is to request in writing the return of all or a portion of the Account balance. The second option is to initiate a change of Designated Beneficiary.¶  
 <#>Withdrawal on Disability of Designated Beneficiary. If the Designated Beneficiary becomes disabled, the Account Owner may exercise one or both of the following options. The first is to request in writing the return of all or a portion of the Account balance. The second option is to initiate a change of Designated Beneficiary.¶  
 <#>Withdrawal on Receipt of Scholarship. If the Designated Beneficiary receives an Eligible Scholarship, Account funds can be returned to the Account Owner as allowed pursuant to Section 529, or any successor provision thereto, of the Code. ¶  
 <#>Rollover Distribution to Another Program. Upon the written direction of the Account Owner, the Program Manager will make a Rollover Distribution directly to another “qualified tuition program” under Section 529, or any successor provision thereto, of the Code or in such other manner approved by the Program Administrator and the Program Manager.¶  
 <#>Non-Qualified Withdrawals.¶  
 <#>An Account Owner may make a Non-Qualified Withdrawal of principal and investment return from the Account, if any, subject to any applicable federal and/or State income tax and any penalty or additional tax imposed by federal tax law or State law, as set forth in the then current Program Description.¶  
 <#>Except as otherwise specifically provided herein, only the Account Owner may close an Account or receive the proceeds of a Non-Qualified Withdrawal.¶  
 c. Refunds will not be made to anyone other than the Account Owner for each Account.¶  
 7. Withdrawal Taxes and Penalties. An Account Owner making a Withdrawal shall have the sole obligation to (i) determine whether the Withdrawal is a Qualified Withdrawal or a Non-Q( ... [11]

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commercial arbitration, and judgment on the award rendered in the arbitration may be entered in any court of competent jurisdiction. The arbitration provisions of the Participation Agreement shall comply with MSRB rules governing Predispute Arbitration Clauses with Account owners.

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These Amended and Restated Rules and Regulations are adopted as of May, 2005.

**THE ARKANSAS TAX-DEFERRED SAVINGS  
PROGRAM TRUST**

By: \_\_\_\_\_

Name: Linda Beene

Title: Trustee

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**Excess Contribution means a Contribution made to an Account which will cause the Account value to exceed the Contribution Maximum.**

**Fixed Allocation Portfolio means a Portfolio the assets of which are invested in a combination of Underlying Funds, in accordance with a fixed asset allocation that does not change based on the ages of designated beneficiaries specified for such Portfolio.**

**Investment Committee means the Investment Committee created pursuant to Section 5, or any successor provision thereto, of the Act and, for purposes of these Rules and Regulations, where determinations of such body are required, the Chairman of the Investment Committee.**

**Investment Fund means the portion of the Trust's assets invested in Underlying Funds.**

**Management Fee means any fee paid out of Program Fund assets to the Program Manager(s) pursuant to one or more Program Management Agreements.**

**Net Asset Value means the aggregate value of the assets in a Portfolio, plus any receivables and less any liabilities of such Portfolio, divided by the number of outstanding Units of that Portfolio.**

**Program Year means each one-year period from July 1 of any calendar year through June 30 of the following calendar year.**

**Qualified Higher Education Expenses means all expenses included in the definition in Section 529(e)(3), or any successor provision thereto, of the Code and the**



***applicable regulations thereunder, including tuition, fees, and the costs of books, supplies and equipment required for the enrollment or attendance of a Designated Beneficiary (including expenses for special needs services in the case of a special needs beneficiary) at an Institution of Higher Education, along with room and board expenses included therein.***

***Qualified Withdrawal means a withdrawal from an Account that is used to pay the Qualified Higher Education Expenses of the Designated Beneficiary of the Account.***

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***Rules and Regulations means these Program Rules and Regulations, as amended from time to time.***

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***Transfer and Servicing Agent means a transfer and servicing agent for the Program designated under a Program Management Agreement.***

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***Underlying Funds means the mutual funds or separate accounts in which assets of the Portfolios are invested.***

***Units represent interests in a Portfolio that are purchased with Contributions to an Account.***

***Withdrawal means a Qualified Withdrawal or a Non-Qualified Withdrawal.***

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must be

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qualified

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**amounts of any earnings on contributions made to  
such other Section 529 qualified tuition program**

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**Program Administrator**

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**in order to identify amounts earned on contributions  
prior to the Rollover Distribution.**

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**a penalty**

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**Owner.**

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**Beneficiary**

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**Owner**

of Beneficiary

Program Administrator

to the Broker through whom the Account is opened  
who will forward the information contained

such documents to the

so that the Program Manager can process such  
change

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tax

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Owner's

properly submitted

Beneficiary

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**Beneficiary in**

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**Owner**

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**Owner's**

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**properly submitted,**

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**Owner**

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**on behalf**

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**Beneficiary.**

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**Death of**

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**Owner.**

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**prior to taking any action regarding the Account**

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**account**

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**Owner**

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## Investment Procedures

Contributions to an Account will be invested by the Program Manager in one or more Portfolios based on an election on the Account Application (or any change to such election) made by an Account Owner

**Identification of the recipient(s) of the Withdrawal (e.g., the Eligible Educational Institution, the Eligible Educational Institution together with the Designated Beneficiary on a copayment basis, or another party as expressly authorized in writing by the Account Owner); and**

Such additional information as the Program Administrator may require.

**Withdrawal on Death of Designated Beneficiary.** In the event of the death of the Designated Beneficiary, the Account Owner may exercise one or both of the following options. The first is to request in writing the return of all or a portion of the Account balance. The second option is to initiate a change of Designated Beneficiary.

**Withdrawal on Disability of Designated Beneficiary.** If the Designated Beneficiary becomes disabled, the Account Owner may exercise one or both of the following options. The first is to request in writing the return of all or a portion of the Account balance. The second option is to initiate a change of Designated Beneficiary.

**Withdrawal on Receipt of Scholarship.** If the Designated Beneficiary receives an Eligible Scholarship, Account funds can be returned to the Account Owner as allowed pursuant to Section 529, or any successor provision thereto, of the Code.

**Rollover Distribution to Another Program.** Upon the written direction of the Account Owner, the Program Manager will make a Rollover Distribution directly to another “qualified tuition program” under Section 529, or any successor provision thereto, of the Code or in such other

manner approved by the Program Administrator and the Program Manager.

**Non-Qualified Withdrawals.**

**An Account Owner may make a Non-Qualified Withdrawal of principal and investment return from the Account, if any, subject to any applicable federal and/or State income tax and any penalty or additional tax imposed by federal tax law or State law, as set forth in the then current Program Description.**

**Except as otherwise specifically provided herein, only the Account Owner may close an Account or receive the proceeds of a Non-Qualified Withdrawal.**

c. Refunds will not be made to anyone other than the Account Owner for each Account.

7. Withdrawal Taxes and Penalties. An Account Owner making a Withdrawal shall have the sole obligation to (i) determine whether the Withdrawal is a Qualified Withdrawal or a Non-Qualified Withdrawal; (ii) report to the Internal Revenue Service and any applicable state tax authority such Withdrawal (if a Non-Qualified Withdrawal) and the amounts of any earnings included therein; and (iii) pay any federal or state income taxes and federal penalty taxes that may apply to a Non-Qualified Withdrawal.

**Unclaimed Account Balances. In the event the Program Administrator notifies an Account Owner of Account inactivity and the Account Owner does not respond within the time period as set forth in such notice, the Program Administrator may deem the Account to be overfunded and return all amounts in the Account to the Account Owner, subject to all applicable taxes and penalties.**

**General. The procedures relating to withdrawal requests may be affected by subsequent changes in federal legislation. The Program Administrator shall have the right to modify the provisions of these Rules and Regulations from time to time to comply with the then current provisions of the federal tax laws applicable to the Program.**

**Withdrawal Payments. The Net Asset Value for a Portfolio applicable to a withdrawal will be the Net Asset**



***Value next calculated for such Portfolio on the Business Day on which the Withdrawal Request Form is accepted by the Program Manager, or upon such other Business Day as may be agreed to by the Program Administrator and the Program Manager and as set forth in the then current Program Description. Withdrawals, will be made by check or, at the request of the Account Owner and upon payment of a fee to be debited from the Account, by wire transfer.***

***Requests for Withdrawals. Requests for Withdrawals will be satisfied as soon as practicable, but in no event later than thirty days following acceptance of a properly completed Withdrawal Request Form.***

## **Program Manager**

The Program Administrator may retain one or more Program Managers to perform any or all of the services for the Program specified in the Act.