

RULES FOR REGISTRATION OF SHARES IN BENEFICIARY FORM

I. INTRODUCTION

These Rules for registration of shares in beneficiary form (the “Rules”) apply to shares registered in beneficiary form and are a part of the agreement between Wasatch Funds, Inc. (the “Funds”) and the shareholders. The Rules state the rights and obligations of the shareholders, the shareholders’ beneficiary and the Funds.

Registration in beneficiary form is accomplished by including in the Designation of Transfer on Death (“TOD”) Beneficiary Agreement (“TOD Agreement”), the name and identification of the shareholders’ beneficiary who is to receive the shares on the shareholders’ death. This is referred to as a TOD direction. TOD directions will be accepted at the time of purchase or as a transfer of shares owned. **TOD directions will be accepted only for an account of an individual owner who is a natural person or of two or more individual owners as joint tenants with right of survivorship (or tenants by the entireties) and may be changed or revoked by the shareholder at any time before death.** TOD registration is not available for non-natural persons such as corporations, trusts, partnerships, associations or for community property. A TOD beneficiary can be a natural person or other entity.

An example of a TOD direction is John Jones designating Martha Jones as TOD beneficiary. John Jones is the legal owner of the account and Martha Jones is the beneficiary. If the account is registered in the names of two or more owners as joint tenants with right of survivorship, a TOD direction will take effect only at the death of the surviving joint tenant. For example, if John Jones and Jane Jones, joint tenants with right of survivorship, have designated Martha Jones as TOD beneficiary, Jane Jones would become the owner upon the death of John Jones and Martha Jones would receive the account as TOD beneficiary upon the subsequent death of Jane Jones.

A TOD beneficiary has no present interest in, or authority over, the TOD account.

A shareholder should consult with his or her attorney to make certain that the TOD direction is consistent with the shareholder’s estate and tax planning.

The shareholder should also periodically review the TOD direction and these Rules to make certain that the direction conforms to his or her current intentions with respect to disposition of property at death.

These Rules governing the making, acceptance and execution of TOD directions have been adopted by the Funds and may be amended from time to time on not less than 60 days notice to shareholders with shares registered in beneficiary form. The Rules in effect on the day of the shareholders’ death shall govern the transfer to the shareholders’ beneficiary and the rights and obligations of the parties. The agreement between the shareholders and the Funds and the interest of the shareholders’ beneficiary

shall be governed by these Rules and construed in accordance with the laws of the state of Minnesota.

All directions, notices, claims or other communications that the shareholder or the shareholder’s beneficiary is required by these Rules to furnish to Wasatch Funds, Inc. shall be sent to Wasatch Funds, Inc., UMB Fund Services, Inc., 803 W. Michigan Street, Suite A, Milwaukee, WI 53233-2301.

II. DEFINITIONS

- A. **Beneficiary** means a person named in a TOD Agreement form who is to receive the shares in the account upon surviving the shareholder(s).
- B. **Person** includes living individuals, entities capable of owning property, and fiduciaries.
- C. The words **Subject to STA TOD Rules** or **TOD** are shown in the account registration immediately following the name of the shareholder or on the death of the surviving joint tenant on the account of the surviving beneficiary designated by the shareholder in a TOD direction. “TOD” is an abbreviation sometimes used in these Rules for the words “Transfer on Death to.” References to the death of a shareholder shall mean the death of the surviving joint tenant shareholder.
- D. **Joint owners** means persons who hold the account jointly with the right of survivorship and a husband and wife who hold the account as tenants by the entirety.
- E. **Signature guarantee** means a guarantee obtained from any eligible guarantor institution as defined by the Securities and Exchange Commission, such as a domestic bank, savings association, credit union, brokerage firm or trust company.
- F. **Account** means an account holding a shareholder’s uncertificated shares and unpaid distributions.
- G. **Distributions** means income dividends and capital gain dividends or distributions.
- H. **Shareholder** means the registered owner or, if the account is held by two or more joint owners, any such owners or the survivor of them.
- I. **STA** stands for Securities Transfer Association.

III. MAKING A TOD DIRECTION

The Funds' acceptance of a direction to register shares in beneficiary form is effective when the application is submitted by the shareholders in proper form and accepted by the transfer agent, UMB Fund Services, Inc. prior to the shareholders' death. TOD directions will not be accepted from an attorney-in-fact for a sole owner, or from tenants in common, life tenants, fiduciaries, partnerships, corporations, associations, other legal entities, or community property registrations. A TOD beneficiary may not be designated for a limited estate of the shareholders' interest in the account, and no attempted direction to transfer the account to a beneficiary for a term of years or for the life of the beneficiary will be accepted. A TOD direction may be made:

- A. **At Time of Initial Purchase.** A beneficiary designation made at the time of the initial purchase of shares shall be made in writing on the form provided by the Funds, signed by the purchaser(s), dated and delivered to the transfer agent.
- B. **With Respect to Shares Presently Owned.** A request to register shares in beneficiary form that are presently registered in the name of the shareholders shall be made in writing on the form provided by the Funds, signed by all shareholder(s) with all signatures guaranteed, dated, and delivered to the transfer agent.
- C. **By Changing a Prior TOD Direction.** A request to change a prior TOD direction shall be made in writing on the form provided by the Funds, signed by the shareholder(s) with all signatures guaranteed, dated, and delivered to the transfer agent.
- D. **At the Time of an Exchange.** If a new account is subsequently opened by exchange from an account with a TOD beneficiary, the new account will retain the old account's beneficiary designation.

IV. REGISTRATION OF ACCOUNTS IN BENEFICIARY FORM

Registration. Share ownership is registered in beneficiary form by including in the registration after the name of the registered owner(s) the name of the beneficiary and the legend "Subject to STA TOD Rules."

Once an account is so registered it constitutes the agreement of the Funds and the shareholder(s) that ownership of the account, including any unpaid distributions, will be transferred on death of the shareholder or the survivor of the joint shareholders to the shareholders' beneficiary in accordance with the TOD direction provided by the shareholder and these Rules, subject to revocation and change as provided below in Section VIII.

Acceptance. Acceptance by the Funds of a TOD direction from a shareholder is conditioned upon the shareholder's agreement that the Funds shall have the protection of all Rules stated herein, the STA Rules as amended from time to time, and the laws of the State of Minnesota.

Spousal Consent. Spousal consent is necessary for all accounts established by an individual owner who is married but has not named his or her spouse as the TOD beneficiary.

Beneficiary. A shareholder may designate as a TOD beneficiary a trustee of a trust presently existing or to be established on the death of the shareholder by his or her last will.

A shareholder may designate as a TOD beneficiary a custodian under the Uniform Transfers to Minors Act or similar law of a state for the account of a beneficiary who is a minor at the time the account is registered in beneficiary form. Transfers to custodians under a Uniform Gifts to Minors Act are **not** permitted.

A shareholder need not designate the shareholder's estate as a TOD beneficiary, since an account in the sole name of a single shareholder or in the names of joint owners with no TOD direction will be transferred on death of the shareholder or on the death of the survivor of joint owners to the shareholder's estate.

V. TRANSFER PURSUANT TO TOD DIRECTION

Upon proof of the shareholders' death, and receipt of a request for execution of the TOD direction as provided below, the Funds shall transfer the account, and unpaid distributions, to the TOD beneficiary who survives the shareholders.

If a shareholder making a TOD direction has no TOD beneficiary who survives the shareholder's death, the transfer shall be made to the shareholder's estate for distribution according to the laws of the shareholder's state of residence governing succession to property owned by the shareholder at death.

If a surviving beneficiary disclaims a transfer under a TOD direction in whole or in part before the Funds make a transfer pursuant to the TOD direction, the portion disclaimed shall be transferred as if the beneficiary had not survived the shareholder.

If, on the effective date of the transfer in accordance with a TOD direction, the shares to be transferred to the beneficiary have a value below the minimum account value established by the Funds from time to time, the Funds may, at their option, elect to redeem the shares and make payment to such beneficiary in cash.

If a trust has been designated beneficiary in a TOD direction, and the Funds are not notified within six months of the shareholder's death that the trustee(s) have accepted the office of trustee and that the trust is in existence as of the time of the shareholder's death and at

the time transfer is requested, then the Funds will transfer the account as if the TOD designation had been revoked. A legal entity designated as beneficiary that does not exist on the date of the shareholder's death will be deemed not to have survived the shareholder.

VI. MISCELLANEOUS TRANSFER PROVISIONS

Transfer of Ownership. A TOD direction transfers ownership of the shareholders' account, including any unpaid distributions, upon the shareholder's death or upon the death of the survivor of the joint owners to the shareholder's TOD beneficiary who survives the death of the shareholder or the death of the survivor of the joint owners, as provided below, subject to all debits and credits applicable to the account.

A TOD direction remains revocable until the death of the shareholder or the death of the survivor of the joint owners and may not be made irrevocably. A TOD direction may be revoked or changed only as provided below and may not be revoked or changed by a provision in any shareholder's will, or by any other communication, written or oral, except as provided below.

Pledged Shares. If a shareholder who has an effective TOD registration pledges shares and they are then registered in the name of the pledgee, the TOD direction is revoked. A pledge of shares not registered in the name of the pledgee does not revoke a TOD direction, but any death benefit rights of a TOD beneficiary are subject to satisfaction of the pledge if the shareholder dies before the pledge is terminated.

Death of Shareholder. The death of a joint owner of an account registered in TOD form will not revoke the TOD registration. Transfer to the surviving joint owner(s) will be made on receipt of the documentation otherwise required on the death of a joint owner. The surviving joint owner(s) may change or delete the TOD registration in accordance with these Rules.

A TOD beneficiary shall not be entitled to a transfer of the shareholder's account unless the beneficiary survives the shareholder's death. If the time of death of a shareholder or of a TOD beneficiary or any of them, cannot be determined, and it cannot be established that a TOD beneficiary has survived the shareholder or the surviving joint tenant shareholder, it will be deemed that the beneficiary failed to survive and the Funds shall execute the TOD direction and make the transfers as if the beneficiary had not survived the death of the shareholder or the surviving joint tenant shareholder.

When the word "survive" or its derivatives is used in these Rules, it means surviving the shareholder, the joint tenant shareholder or the TOD beneficiary as provided in these Rules.

If a child or children are born to or adopted by a shareholder after the shareholder makes a TOD designation which is in force at the shareholder's death, such child or children shall not be entitled to any portion

of the shareholder's account by reason of the shareholder's death.

The Funds shall not be responsible to any TOD designated beneficiary for dividends or other distributions issued for a TOD account and paid after the shareholder's death but before presentation of the documents required under Section VII.

Custodianship. If the beneficiary for whom transfer to a custodianship has been provided is of legal age at the time of distribution, the beneficiary's share may be transferred directly to the beneficiary. If the beneficiary of a custodianship does not survive the shareholder, the designation of a custodian to receive the beneficiary's share is revoked. If a person designated as a custodian for a beneficiary declines or is not qualified to serve as custodian, or is deceased or incapacitated and, if within six months of the shareholder's death no successor custodian has been appointed or has undertaken to act, then the shares may be transferred in the discretion of the Funds to the beneficiary, a guardian or conservator for the beneficiary or as a court with jurisdiction over the estate of the minor beneficiary may direct.

Missing Beneficiary. When there is no proof of a beneficiary's death and the beneficiary cannot be located at the time of transfer pursuant to the TOD direction, the transfer agent shall retain the account of the missing beneficiary in the name of the deceased owner. If the account is not claimed by the beneficiary within six months of the shareholder's death, the transfer agent may transfer the shares as they would have been transferred if the beneficiary had not survived the owner. Neither the Funds nor their transfer agent shall have any obligation to attempt to locate a missing beneficiary or to hold the beneficiary's account longer than as provided in this rule.

VII. FORM OF REQUEST TO TRANSFER

A written request, signature guaranteed, under oath (an affidavit) for execution of a TOD direction may be made by the TOD beneficiary, or by the deceased shareholder's personal representative in the event the shareholder is not survived by the beneficiary, and shall include:

- A. A surrender of any share certificate (if applicable) evidencing ownership of the securities;
- B. Proof of death of the shareholder and any nonsurviving beneficiary;
- C. The full name and address of the person who is to receive the distribution under the TOD direction;
- D. An IRS Form W-9 certifying the taxpayer identification number of the person who is to receive the distribution under the TOD direction;

- E. A Federal estate tax waiver, if required;
- F. A statement that there are no known disputes as to the person entitled to the distribution under the TOD direction or the amount to be distributed to such person, and no known claims that would affect the distribution requested;
- G. An indemnification signed by the beneficiary, signature guaranteed, providing that the Funds shall not be liable for any claims, losses or damages which may be created by reason of the transfer to the beneficiary and agreeing that, if all or any portion of the account transferred is determined to belong to another, the beneficiary will transfer the portion improperly received and all income therefrom to the person entitled to it; and
- H. Such other information and proof of entitlement as the transfer agent may require. A request for execution by a personal representative shall be accompanied by a certified copy of the court order appointing the personal representative. A guardian or parent may sign on behalf of a minor and a conservator or guardian of the estate of a disabled person may sign on behalf of such person.

VIII. REVOCATION OF CHANGE OF TOD DIRECTION

A TOD direction for shares registered in beneficiary form may be revoked in whole or in part and the beneficiary changed during the lifetime of the shareholder or surviving joint owner.

- A. A subsequent TOD direction revokes a prior designation of beneficiary when it becomes effective and it is not necessary to expressly revoke a prior designation. A subsequent TOD direction shall be made on the form provided by the Funds (see Sec. III above) and must be delivered to and accepted by the transfer agent prior to the death of the shareholder or surviving joint owner.
- B. A TOD direction may be revoked by written notification signed by the shareholder(s) with all shareholder signatures guaranteed, dated, and delivered to the transfer agent prior to the death of the shareholder or surviving joint owner. If an account is registered in the names of two or more persons as joint tenants with right of survivorship, all joint tenants must sign any change or revocation so long as both of them are living.
- C. A TOD direction is revoked as to shares that are redeemed or transferred to another person.
- D. A conservator, personal custodian or attorney-in-fact may not revoke or change a TOD direction except by court order approving the

revocation or change. This provision shall not prohibit the redemption or transfer of the shares subject to a TOD direction by a conservator, personal custodian or attorney-in-fact notwithstanding the fact that the effect of the transaction may be to revoke the direction.

- E. A TOD direction may not be revoked by the provisions of a will.

IX. PROTECTION OF THE FUNDS AND THEIR TRANSFER AGENT FOR TOD TRANSFERS

- A. The shareholder agrees that the Funds shall have the protection provided in these Rules for executing the shareholder's TOD direction to transfer the shareholder's account and unpaid distributions on the shareholder's death to the shareholder's TOD beneficiary in accordance with the shareholder's TOD direction and these Rules. The shareholder(s) further agree that all conflicts or litigation over or resulting from this agreement shall be heard in Minnesota courts.
- B. The Funds and their transfer agent may rely and act on:
 1. A certified or authenticated copy of a death certificate issued by an official or agency of the place where the death occurred as showing the fact, place, date, time of death and the identity of the decedent;
 2. A certified or authenticated copy of any report or record of a governmental agency, domestic or foreign, that a person is missing, detained, dead or alive and the dates, circumstances and places disclosed by the record or report; and
 3. Information in a request submitted under Section VII of these Rules for execution of the shareholder's TOD direction.
- C. The Funds and their transfer agent shall have no duty:
 1. To verify information in a sworn request for execution of the shareholder's TOD direction submitted in accordance with section VII of these Rules;
 2. To give notice to any person of the date, manner and persons to whom transfer will be made under the shareholder's TOD direction, except as provided below in subsection D of this section IX;
 3. To attempt to locate any beneficiary or determine whether a nonsurviving beneficiary had lineal descendants who survived the shareholder;

4. To locate a trustee or custodian, obtain appointment of a successor trustee or custodian, or discover the existence of a trust instrument or will that creates an express trust;
 5. To determine any fact or law that would cause the shareholder's TOD direction to be revoked in whole or in part or that would change the distribution provided in the shareholder's TOD direction;
 6. To respond to inquiries from anyone other than the shareholder(s) during the shareholder's lifetime; or
 7. To mail any notices with respect to these Rules to an address other than the address of record.
- D. 1. The Funds and their transfer agent shall have no duty to withhold making a transfer based on knowledge of any fact or claim adverse to the transfer to be made unless, prior to the transfer, the transfer agent has received written notice at a place and time and in a manner which affords a reasonable opportunity to act on it before the transfer is made that:
- a. Asserts a claim of beneficial interest in the transfer adverse to the transfer to be made;
 - b. Gives the name of the claimant and an address for communications directed to the claimant;
 - c. Identifies the deceased shareholder and the shares of the Funds to which the claim applies; and
 - d. States the amount and nature of the claim as it affects the transfer.
2. If a notice as provided in Paragraph 1 of this subsection D is received by the transfer agent, the transfer agent may discharge any duty to the shareholder's estate, the shareholder's beneficiaries and the claimant, by delivering a notice or sending a notice by certified mail to the claimant and the persons named in a request for transfer under section VII of these Rules at the addresses given in the notice of claim and request for transfer:
- a. Stating what is to be transferred, the persons to whom the transfer will be made and their respective shares; and
 - b. Advising that the transfer may be made in thirty days from the date of delivery or mailing unless the transfer is restrained by a court order.
3. No other notice or other information shown to have been received by or on behalf of the Funds shall affect the Funds' right to the protections provided in these Rules.
- E. The Funds and their transfer agent shall not have any responsibility for the application or disposition of the shares, dividends and other proceeds transferred to a trustee or a custodian under the shareholder's TOD direction; and receipt by the trustee or custodian shall fully discharge the Funds and their transfer agent from the liability to any beneficiary of the trust or custodial property.
- F. Notwithstanding the protections provided the Funds and their transfer agent in these Rules, in the event the Funds and their transfer agent receive any notice of a claim or fact adverse to the transfer to be made or is uncertain for any reason as to the beneficiary entitled to receive a transfer, or in the event of a dispute by any beneficiary or the deceased shareholder's estate or any person claiming through the deceased shareholder as to the proper transfer, or of claims to TOD accounts by creditors of the shareholder's estate, surviving spouse, personal representative, heirs or others, the Funds and their transfer agent reserve the right to require the parties to adjudicate their respective rights, or to require an indemnity bond protecting the Funds and their transfer agent for the transfer. In the event of a dispute over disposition of a TOD account, the Funds and their transfer agent may, in their sole discretion, pay the proceeds of such TOD account into a court and obtain reimbursement from the account proceeds for reasonable attorney fees, expenses, and costs resulting thereby.
- G. A transfer by the transfer agent of shares and unpaid distributions in accordance with these Rules and the shareholder's TOD direction, in good faith and in reliance upon information deemed reliable by the transfer agent discharges the transfer agent from all claims for the shares transferred and the amounts paid, whether or not the transfer or payment is consistent with the beneficial ownership of the account as among the shareholder and other parties, the beneficiary and his or her successors.