

MEMO# 6845

April 10, 1995

WEST VIRGINIA ADOPTS BLUE CHIP EXEMPTION

April 10, 1995 TO: BOARD OF GOVERNORS No. 44-95 STATE SECURITIES MEMBERS No. 15-95 UNIT INVESTMENT TRUST MEMBERS No. 16-95 RE: WEST VIRGINIA ADOPTS BLUE CHIP EXEMPTION

_____ The Institute is pleased to inform you that, as a result of the Institute's efforts, on April 4, 1995, West Virginia became the twelfth state to adopt a blue chip exemption from registration for qualified mutual funds and unit investment trusts. The amendment to Sec. 32-4-402(b) of the West Virginia Securities Act to add the blue chip exemption is effective from its passage by the legislature on March 10, 1995. Qualified entities are also exempt from the requirement to file sales and advertising literature with the Securities Division prior to use. Such entities must continue to file annual sales reports. Pursuant to the exemption, investment company shares are exempt from registration provided: 1) the investment company is advised by an investment adviser that is a depository institution exempt from registration under the Investment Company Act of 1940, or that is currently registered as an investment adviser, and has been registered, or is affiliated with an investment adviser that has been registered, as an investment adviser under the Investment Advisers Act of 1940 for at least three years preceding an offer or sale of a security claimed to be exempt; and 2) the adviser has acted, or is affiliated with an adviser that has acted, as an investment adviser to one or more registered investment companies for at least three years preceding an offer or sale of a security claimed to be exempt. In the case of unit investment trusts, the sponsor must have at all times during the three years preceding an offer or sale of a security claimed to be exempt under this section sponsored one or more registered investment companies or unit investment trusts, with total assets in excess of \$100,000,000. To claim the exemption, the issuer must file a notice of intention to sell securities and submit a filing fee. A single notice and combined filing fee may be submitted for portfolios, series or classes offered in the same prospectus. The fee is equal to 1/20th of 1% of the maximum aggregate offering price of the securities, but not less than \$50 nor greater than \$1,500. This fee is the same as that payable in connection with registration in West Virginia. Although the notice must be filed annually, no renewal fee is required unless the aggregate amount of securities offered is increased. The Securities Division intends to issue an interpretive opinion relating to the exemption in the near future. Copies of amended Sec. 32-4-402 and the form of notice of intention to sell securities are attached. We will send out the Securities Division's interpretive opinion as soon as it is available. If you have any questions, please call me at 202/326-5813. Marguerite C. Bateman Assistant Counsel Attachments

Source URL: <https://icinew-stage.ici.org/memo-6845>

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.