

**MEMO# 2120**

August 15, 1990

## **INSTITUTE COMMENT LETTER ON CALIFORNIA PROPOSED FINAL ANTI- APARTHEID REGULATIONS**

August 15, 1990 TO: STATE SECURITIES MEMBERS NO. 26-90 CLOSED-END FUND  
COMMITTEE NO. 19-90 RE: INSTITUTE COMMENT LETTER ON CALIFORNIA PROPOSED FINAL  
ANTI-APARTHEID REGULATIONS

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As we previously informed you, the California Secretary of State issued proposed final regulations relating to Proposition 105, which requires all corporations issuing securities in California to include disclosure in their prospectuses of whether or not that corporation does business in South Africa or with any person or group located in South Africa. (See Memorandum to State Securities Members No. 21-90 and Closed-End Fund Members No. 24-90, dated July 6, 1990.) The Institute filed a comment letter on the proposed final regulations supporting the provision that a prospectus is "required by law" if it is delivered to a buyer of securities in a transaction qualified pursuant to Sections 25111, 25112 or 25113 of the California Corporations Code. The Institute further supported the provision in the proposed final regulations which terminates the obligation to provide updated information when the distribution of the security has been completed or the offering withdrawn. In addition, the Institute recommended that a minor amendment to the proposed regulations be made, i.e., that a mutual fund or closed-end fund not be considered a "subsidiary corporation" if the directors of the fund are elected in accordance with the provisions of the Investment Company Act of 1940. Attached is a copy of the Institute's comment letter. We will keep you advised of further developments. Patricia Louie  
Assistant General Counsel Attachment

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