

**MEMO# 1107**

April 14, 1989

## **NEW MEXICO ADOPTS BLUE CHIP EXEMPTION**

April 14, 1989 TO: BOARD OF GOVERNORS NO. 24-89 STATE SECURITIES MEMBERS NO. 12-89 UNIT INVESTMENT TRUST MEMBERS NO. 21-89 RE: NEW MEXICO ADOPTS BLUE CHIP EXEMPTION \_\_\_\_\_ Currently, all mutual funds and unit trusts that offer their shares to New Mexico residents must register the offering with the New Mexico Securities Division. To register in New Mexico, a fund or trust must submit the Form U-1, U-2, U-2A and a copy of the prospectus and statement of additional information, and a fee of one-tenth of one percent with a minimum of \$350 for registering a definite amount of securities or \$500 for registering an indefinite amount of securities and a maximum of \$2,500. In addition, each fund must file an annual sales report. As you may remember, the Institute attempted to obtain an exemption from registration in New Mexico in 1985. (See Memorandum to State Securities Members No. 10-85, dated March 5, 1986.) That effort was unsuccessful and the current regulatory process subsequently developed. We are pleased to inform you that as a result of the Institute's efforts this year, New Mexico has enacted an exemption for qualified mutual funds and unit trusts based on the similar exemption in the Revised Uniform Securities Act of 1985. The exemption is an alternative to the registration process. A mutual fund is exempt from registration if its investment adviser or an affiliate of its investment adviser has been registered under the Investment Advisers Act of 1940 for at least three years. If qualified, a mutual fund may claim the exemption by submitting annually to the New Mexico Securities Division the name and address of the issuer, the name of the securities to be offered and \$700. - 2 - A Unit trust is exempt from registration if its principal underwriter has been the principal underwriter for registered investment companies with aggregate total assets in excess of \$100,000,000 for at least three years. If qualified, a unit trust may claim the exemption by submitting to the New Mexico Securities Division, on a one-time basis, the name and address of the issuer, the name of the securities to be offered and \$200. Claiming this exemption and paying the one-time fee will exempt resales of the units of the unit trust. New Mexico is the seventh state to adopt the blue chip exemption. Attached is a copy of the new provision which is effective immediately. The Division has indicated that it will adopt a form on which to claim the exemption in the near future. We will keep you advised of developments. Natalie Shirley Associate General Counsel  
Attachment