

**MEMO# 2197**

September 19, 1990

## **INSTITUTE WRITIES SOUTH DAKOTA, ARKANSAS, INDIANA AND OHIO REQUESTING REPEAL OR SUSPENSION OF INVESTMENT RESTRICTIONS**

September 19, 1990 TO: STATE LIAISON COMMITTEE NO. 23-90 RE: INSTITUTE WRITES SOUTH DAKOTA, ARKANSAS, INDIANA AND OHIO REQUESTING REPEAL OR SUSPENSION OF INVESTMENT RESTRICTIONS \_\_\_\_\_ The Institute recently wrote the securities administrators in South Dakota, Arkansas, Indiana and Ohio to request that the securities division suspend or repeal application of the state investment restrictions on open-end investment companies. A copy of the Institute's letters to each of these states is attached. The Institute previously submitted similar comments to the Wisconsin Securities Commissioner. (See Memorandum to State Liaison Committee No. 14-90, dated July 10, 1990.) The Institute expressed specific concern that the ten percent investment limitation on restricted securities applied by each of these states would hamper the ability of mutual funds to purchase securities eligible for resale pursuant to Rule 144A of the Securities Act of 1933. The Institute further noted that important SEC policies may be undermined if these states continued to apply this investment restriction. In addition to elimination of the investment restriction on restricted securities, the Institute also requested the states to suspend or repeal other investment restrictions applied to mutual funds. We will keep you advised of developments. Patricia Louie Assistant General Counsel Attachments