The Asset Management Industry
SERVING INDIVIDUAL INVESTORS
INVESTMENT COMPANY INSTITUTE

MEMO# 3159

October 3, 1991

INSTITUTE RESPONDS TO VERMONT CONCERNS REGARDING BLUE CHIP EXEMPTION

October 3, 1991 TO: STATE LIAISON COMMITTEE NO. 20-91 UNIT INVESTMENT TRUST COMMITTEE NO. 33-91 RE: INSTITUTE RESPONDS TO VERMONT CONCERNS REGARDING BLUE CHIP EXEMPTION _____ As we previously informed you, earlier this year the Institute testified before the Vermont House Commerce Committee to request its support for inclusion of the blue chip exemption for qualified mutual funds and unit investment trusts in legislation under consideration by the Committee. However, the Department of Banking, Insurance and Securities requested that the legislative committee defer its decision pending a study by the Securities Division with respect to the scope of federal regulation imposed on investment companies. (See Memorandum to State Liaison Committee No. 9-91 and Unit Investment Trust Committee No. 11-91, dated March 21, 1991.) The Securities Division requested that the Institute submit additional information regarding the rationale for adoption of the blue chip exemption in Vermont. Specifically, the Securities Division requested information regarding the availability of the blue chip exemption in the states, the possibility of adoption of an alternative exemption based on the portfolio holdings of funds and trusts, the costs of blue sky registration, the effect that electronic filing will have on the investment company industry and the progress of the NASAA Investment Company Registration/Trading Practices project on uniformity of registration procedures. A copy of the Securities Division's letter to the Institute, as well as the Institute's response is attached. We will keep you advised of developments. Patricia Louie Assistant General Counsel Attachments