

MEMO# 1343

August 31, 1989

WASHINGTON MANUAL EXEMPTION

August 31, 1989 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 57-89 RE: WASHINGTON MANUAL EXEMPTION _____ As you know, the manual exemption has been attacked in some states because state administrators believe that securities that could not otherwise qualify for registration such as penny stocks, are being sold without registration pursuant to the manual exemption. Unfortunately, such attacks impact unit trusts because many unit trusts rely on the manual exemption for resales. In an effort to prevent the sale of penny stocks in Washington, the Washington Securities Division recently proposed to limit its manual exemption to only those securities listed in a particular manual, Fitch Investors Service. The Institute sent a comment letter to the Division stating that an exemption from registration for resales of units of unit trusts was appropriate because the securities had been registered under the Washington Securities Act. We are pleased to report that, based on the Institute's comment letter, the Division has repropounded the rule. The repropounded rule will exempt resales of units if the trust is listed in either Fitch's Investors Service, Moody's Investors Service or Standard and Poor's Corporation Records, provided the trust was previously registered under the Investment Company Act of 1940 and the Washington Securities Act. Attached is a copy of the repropounded rule. Please let me know if you have any comments. We will keep you informed of developments. Natalie Shirley Associate General Counsel Attachment

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