

MEMO# 2633

March 20, 1991

UTAH AMENDS MANUAL EXEMPTION PROVISION

March 20, 1991 TO: UNIT INVESTMENT TRUST MEMBERS NO. 13-91 RE: UTAH AMENDS MANUAL EXEMPTION PROVISION

Senate Bill 147 was recently passed by the Utah State Legislature which amends, among other items, the provision for the manual exemption contained in Section 61-1-14(2)(b) of the Utah Securities Act. The amendment repeals the statutory listing requirements to claim the manual exemption and grants the Utah Securities Division the authority to define the information required to be in the listing by rule. In addition, the amendment also grants the Division the authority to specify the manuals that will be recognized for purposes of the manual exemption by rule. The amendment will be effective on April 28, 1991. A copy of the amendment is attached. Rule R177-14-2b of the Utah Securities Division sets forth the information required to be included in the listing. It should be noted that this rule was amended last summer to require that the financial statements in the listing contain an unqualified audit report by an independent public accountant. The Institute contacted the staff of the Securities Division to discuss the effect this requirement may have on sponsors of unit trusts relying on the manual exemption for resales of units of unit trusts since the initial listing for a unit trust generally contains unaudited financial information. Since it was unclear whether a sponsor of a unit trust could still rely on the manual exemption, the Institute requested that the Division provide, by rule or order, a specific exemption for resales of units of unit trusts in that registration of such resales was not necessary or appropriate for the protection of investors. A copy of the Institute's letters to the Securities Division is also attached. The staff of the Securities Division has informed the Institute that it will be proposing amendments to several of its rules in the near future and we have been assured that the proposed rules will include a specific provision for resales of units of unit trusts. We will keep you advised of developments. Patricia Louie Assistant General Counsel

Attachments