

MEMO# 3140

September 26, 1991

KANSAS ADOPTS BLUECHIP EXEMPTION

September 26, 1991 TO: BOARD OF GOVERNORS NO. 76-91 STATE SECURITIES MEMBERS NO. 43-91 UNIT INVESTMENT TRUST MEMBERS NO. 44-91 RE: KANSAS ADOPTS BLUECHIP EXEMPTION _____ The Institute is pleased to inform you that as a result of the Institute's efforts, Kansas will become the eleventh state to adopt the blue chip exemption from registration. As of November 11, 1991, rule K.A.R. 81-5-9 will become effective. This rule provides the blue chip exemption from registration for qualified mutual funds and unit investment trusts and is similar to the exemption contained in the Revised Uniform Securities Act of 1986. Claiming the blue chip 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 Kansas Securities Commission, a notice of intention to sell on Form K-14 and the appropriate fee. Mutual funds with net assets of \$100 million or less must pay a fee of \$500, funds with net assets of more than \$100 million but less than \$400 million must pay a filing fee of \$1,000 and funds with net assets of \$400 million or more must pay a filing fee of \$1,500. 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 million for at least three years. If qualified, a unit trust may claim the exemption by submitting (on a one-time basis) a notice of intention to sell on Form K-14 to the Kansas Securities Commission and an exemption fee of \$200. In addition, rule K.A.R. 81-4-3 has been adopted and will become effective on November 11, 1991. This rule provides that separate securities registrations and registration fees, or separate notices and exemption fees are required for each series or portfolio of an open-end investment company. * * * Attached is a copy of K.A.R. 81-4-3, K.A.R. 81-5-9 and Form K-14. Patricia Louie Assistant General Counsel Attachments

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