

**MEMO# 4688**

April 12, 1993

## **TENNESSEE LEGISLATION PROVIDING FOR "TRUE" INDEFINITE REGISTRATION SIGNED BY GOVERNOR**

April 12, 1993 TO: BOARD OF GOVERNORS NO. 30-93 STATE SECURITIES MEMBERS NO. 15-93 UNIT INVESTMENT TRUST MEMBERS NO. 16-93 RE: TENNESSEE LEGISLATION PROVIDING FOR "TRUE" INDEFINITE REGISTRATION SIGNED BY GOVERNOR

As we previously informed you, last fall members of NASAA adopted the "Investment Company Uniformity Project - Model Investment Company Registration and Reporting Procedures" ("model procedures") which include, among other items, a recommendation that states adopt a "true" indefinite registration procedure as a means of preventing oversales. (See Memorandum to Board of Governors No. 69-92, State Securities Members No. 39-93 and Unit Investment Trust Members No. 47-92, dated September 22, 1992.) Since the model procedures were adopted by NASAA, the Institute has been closely working with certain states to encourage these states to adopt the "true" indefinite registration procedure. In particular, the Institute has focused its efforts on states requiring rescission in the event of an oversale. The Institute is pleased to inform you that legislation amending the Tennessee Securities Act ("Act") was signed by the Governor on March 29, 1993 and becomes effective immediately. Senate Bill 646 amends the general registration provisions of the Act to provide a "true" indefinite registration provision for mutual funds and unit investment trusts. A copy of Senate Bill 646 is attached. Senate Bill 646 requires a mutual fund to register an indefinite amount of securities by payment of a registration fee of \$300. Within two months of the fund's fiscal year end, the fund must either pay an additional fee of \$900, or submit a sales report and pay a fee of 1/10th of one percent of the aggregate amount sold in Tennessee. If a sales report is submitted, the registration fee of \$300 is deducted from the total amount due. If the aggregate fee due is less than \$300, no additional payment must be made and no credit or refund will be allowed or returned. A unit investment trust must register an indefinite amount of securities by payment of a registration fee of \$300. Within two months after the anniversary of the trust's effective date, the trust must either pay an additional fee of \$900, or submit a sales report and pay a fee of 1/10th of one percent of the aggregate amount sold in Tennessee. If a sales report is submitted, the registration fee of \$300 is deducted from the total amount due. If the aggregate fee due is less than \$300, no additional payment must be made and no credit or refund will be allowed or returned. Senate Bill 646 also amends the Act to provide a specific exemption for resales of units of unit investment trusts provided certain conditions are met. The units must have been the subject of a previously effective registration statement, the units must be offered or sold by a registered broker-dealer and the units must be sold by or on behalf of the sponsor, depositor or affiliate of the sponsor or depositor. \* \* \* The Institute will continue to work

with NASAA and the individual states to achieve uniformity of state registration procedures. We will keep you advised of developments. Patricia Louie Associate Counsel Attachment

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.