

MEMO# 2019

July 10, 1990

PENNSYLVANIA ENACTS NEW FEE LEGISLATION; REMOVES FEE CAP FOR INITIAL REGISTRATION

July 10, 1990 TO: STATE SECURITIES MEMBERS NO. 22-90 UNIT INVESTMENT TRUST
MEMBERS NO. 48-90 RE: PENNSYLVANIA ENACTS NEW FEE LEGISLATION; REMOVES FEE
CAP FOR INITIAL REGISTRATION

Legislation amending the securities registration fee paid by mutual funds has been enacted in Pennsylvania, effective July 1, 1990. The legislation removes the current fee cap of \$3,000 for funds registering by coordination pursuant to Section 205 of the Pennsylvania Securities Act ("the Act"). After discussions with the staff of the Pennsylvania Securities Commission, it appears that the legislation only applies to mutual funds registering by coordination; the fee to claim the exemption contained in Section 203(i) of the Act will not change. Thus, generally only the initial registration of a fund in Pennsylvania will not be subject to a fee cap. The new fee provisions for mutual funds registering by coordination pursuant to Section 205 of the Act are as follows: (1) for offerings of \$4,000,000 or less, the registration fee is 1/20th of one percent of the amount registered, with a minimum fee of \$350 (maximum fee \$2,000); (2) for offerings of more than \$4,000,000 but less than \$100,000,000, the registration fee is 1/20th of one percent of the amount registered, plus \$1,000 (no cap); and (3) for offerings of \$100,000,000 or more, the registration fee is 1/20th of one percent of the amount registered, plus \$1,500 (no cap). Section 203(i) of the Act, which was not amended, contains an exemption for mutual funds provided that (1) a copy of the final prospectus (used in connection with the original registration filed with the SEC) is filed within two business days after such has been filed with the SEC, (2) the fund pays the applicable filing fee as provided in Section 602(b)(i) of the Act, (3) the fund is a reporting company as defined in Section 102(q) of the Act, and (4) a stop order is not in effect or investigation pending. The fee to claim the exemption is 1/20th of one percent of the amount to be offered, with a minimum fee of \$350 and a maximum fee of \$3,000. Funds may file an indefinite number of shares for \$3,000 under Section 203(i) of the Act. According to the staff of the Securities Commission, the fee for registering units of unit investment trusts will remain the same, i.e., trusts registering by coordination pursuant to Section 205, or claiming the exemption in Section 203(i) of the Act, must pay a registration fee of 1/20th of one percent of the amount offered, with a minimum fee of \$350 and a maximum fee of \$3,000. The staff of the Commission has indicated that a policy release will be issued clarifying the fee structure for mutual funds and unit trusts. Any questions with respect to the appropriate fee that is required for an application should be directed to Sherry Storm, Eileen Vargo or Steven Johnson of the Pennsylvania Securities Commission, telephone (717) 787-8061. The Institute plans on retaining local counsel in Pennsylvania to seek legislation to reinstate the fee cap for offerings registered by coordination. A copy of

the legislation and other applicable statutes is attached. We will keep you informed of developments. Patricia Louie Assistant General Counsel Attachments

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