

MEMO# 7852

May 8, 1996

IDAHO AMENDS STATUTORY PROVISION RELATING TO USE OF THE PRELIMINARY PROSPECTUSES

1 See Memorandum to State Securities Members No. 14-95 and Unit Investment Trust Members No. 15-95, dated April 6, 1995. 2 See Memorandum to State Securities Members No. 32-95 and Unit Investment Trusts Members No. 34-95, dated June 27, 1995. May 8, 1996 TO: SEC RULES COMMITTEE No. 36-96 STATE SECURITIES MEMBERS No. 11-96 UNIT INVESTMENT TRUST MEMBERS No. 12-96 RE: IDAHO AMENDS STATUTORY PROVISION RELATING TO USE OF THE PRELIMINARY PROSPECTUSES

As we previously informed you, during the 1995 session of the Idaho Legislature, the Idaho Securities Act (the "Act") was amended to permit the use of preliminary prospectuses (i.e., red herrings) in Idaho, provided they contained an Idaho-specific legend.¹ As a result of concerns that were raised by the Institute and others with the Idaho-specific legend, in June 1995, the Idaho Department of Finance issued a policy statement that permitted the use of preliminary prospectuses without the legend, provided they conformed to federal law.² The policy statement was to be effective for one year, during which time it was anticipated the Act would be amended to address the issue. We are pleased to inform you that the Act has been amended, effective July 1, 1996, to specifically authorize the Department to permit the use of preliminary prospectuses that do not contain the Idaho legend, but that comply with the regulations promulgated under the Securities Act of 1933. A copy of the amendment to the Act is attached. The Department has informed the Institute that it plans to issue an order, effective July 1, 1996, that shall supersede the Department's current policy statement on this issue. According to the Department, such order will be substantively similar to the policy statement. Tamara K. Cain Assistant Counsel Attachment Note: Not all recipients of this memo will receive an attachment. If you wish to obtain a copy of the attachment referred to in this memo, please call the Institute's Information Resource Center at (202)326-8304, and ask for this memo's attachment number: 7852.

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