

**MEMO# 1773**

March 14, 1990

## **UTAH ADOPTS BLUE CHIP EXEMPTION**

March 14, 1990 TO: BOARD OF GOVERNORS NO. 18-90 STATE SECURITIES MEMBERS NO. 4-90 UNIT INVESTMENT TRUST MEMBERS NO. 17-90 RE: UTAH ADOPTS BLUE CHIP EXEMPTION \_\_\_\_\_ Currently, all mutual funds and unit trusts that offer their shares to Utah residents must register the offering with the Utah Securities Division. To register in Utah, a fund or trust must submit the Form U-1, U-2, U-2A and a copy of the prospectus and statement of additional information. A registration fee of \$500.00 for offerings of less than \$10 million, or \$700.00 for offerings over \$10 million, must be submitted with the application for registration. We are pleased to inform you that as a result of the Institute's efforts, effective July 1, 1990, Utah has enacted an exemption for qualified mutual funds and unit trusts based on the similar exemption in the Revised Uniform Securities Act of 1985. The 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 Utah Securities Division, the name and address of the issuer and the securities to be offered and \$500.00. 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 \$100,000,000 for at least three years. If qualified, a unit trust may claim the exemption by submitting on a one-time basis to the Utah Securities Division, the name and address of the issuer and the securities to be offered and \$500.00. Claiming this exemption and paying the appropriate fee will exempt resales of the units of the unit trust that claimed the exemption. Utah is the eighth state to adopt the blue chip exemption. Attached is a copy of the relevant portions of the bill. The Division has indicated that it will adopt a form on which to claim the exemption in the near future. We will keep you advised of developments. Patricia Louie Assistant General Counsel Attachment