

MEMO# 1953

June 12, 1990

SOUTH DAKOTA PROMULGATES FINAL RULES

June 12, 1990 TO: STATE SECURITIES MEMBERS NO. 17-90 UNIT INVESTMENT TRUST
MEMBERS NO. 34-90 RE: SOUTH DAKOTA PROMULGATES FINAL RULES

The South Dakota Securities Division recently promulgated final rules with respect to the filing requirements for the blue chip exemption from registration for qualified mutual funds and unit investment trusts. A mutual fund or unit trust may claim the exemption if the following are filed with the Division: 1. two copies of the completed blue chip form; 2. a copy of the issuer's most recent audited financial statement; 3. a self-addressed stamped envelope; and 4. the specified fee. Claiming the blue chip exemption is an alternative to registration of an investment company's securities. However, mutual funds that cannot, or do not, claim the blue chip exemption from registration must comply with the provisions of Sections 20:08:04:33 through 20:08:04:41 (cash and cash equivalents, restrictions on investments, prohibited investments, disclosure of investment policies, net assets required, redemption fee, use of affiliated broker-dealers, and notification of non-compliance). In addition, Section 20:08:06:17 provides a self-executing secondary trading exemption for investment companies which are subject to the reporting requirements of Section 15(d) of the Securities and Exchange Act of 1934 as provided in Section 47- 31A-402(b)(2) of the South Dakota Securities Act. The final rules are effective as of May 16, 1990. Attached is a copy of the applicable provisions. Patricia Louie Assistant General Counsel Attachments