

**MEMO# 1168**

May 18, 1989

## **FUTURE OF THE MANUAL EXEMPTION**

May 18, 1989 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 23-89 RE: FUTURE OF THE MANUAL EXEMPTION \_\_\_\_\_ As you know, the manual exemption has come under increasing attack because many states believe that securities that could not otherwise qualify for registration, such as penny stocks, are being sold pursuant to the exemption. Most recently, Virginia repealed its manual exemption claiming that the exemption created a number of abuses by penny stock companies. (See Unit Investment Trust Committee No. 10-89, dated March 6, 1989). Attached is a copy of a recent article that indicates that more states may repeal or limit the manual exemption. We will keep you informed of developments. Natalie Shirley Associate General Counsel Attachment

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