

**MEMO# 3348**

December 11, 1991

## **RULE 144A SECURITIES EXCLUDED FROM DEFINITION OF "RESTRICTED" SECURITIES IN SOUTH DAKOTA**

December 11, 1991 TO: STATE SECURITIES MEMBERS NO. 54-91 RE: RULE 144A  
SECURITIES EXCLUDED FROM DEFINITION OF "RESTRICTED" SECURITIES IN SOUTH DAKOTA

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The Institute is pleased to advise you that the staff of the South Dakota Securities Division has taken the position that securities eligible for resale pursuant to Rule 144A of the Securities Act of 1933 ("Rule 144A Securities") will not be considered "restricted securities" for purposes of the investment restriction contained in Rule 20:08:04:39. A copy of the Institute's letter to the Director of the South Dakota Securities Division confirming this position is attached. The Institute previously wrote the Director of the Securities Division requesting that the Securities Division suspend or repeal Rule 20:08:04:30 which imposes certain investment restrictions on open-end investment companies. In particular, the Institute expressed specific concern that the ten percent investment limitation on restricted securities would hamper the ability of mutual funds to purchase Rule 144A securities and that important Securities and Exchange Commission policies may be undermined if South Dakota continued to apply this investment restriction. \* \* \* The Institute will continue to work with Ohio, Arkansas and Indiana to gain similar relief from those states' investment limitations. We will keep you advised of developments. Patricia Louie Assistant General Counsel Attachment

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