

MEMO# 8450

December 10, 1996

PUERTO RICO CLARIFIES NOTICE FILING REQUIREMENT; SALES REPORT DUE TWO MONTHS AFTER EXPIRATION OF NOTICE PERIOD

* See Memorandum to Small Funds Members No. 19-96, State Securities Members No. 41-96 and Unit Investment Trust Members No. 59-96, dated November 29, 1996. December 10, 1996 TO: SMALL FUNDS COMMITTEE No. 22-96 STATE SECURITIES MEMBERS No. 42-96 UNIT INVESTMENT TRUST MEMBERS No. 60-96 RE: PUERTO RICO CLARIFIES NOTICE FILING REQUIREMENT; SALES REPORT DUE TWO MONTHS AFTER EXPIRATION OF NOTICE PERIOD

We recently informed you that Puerto Rico has requested that all notice filings be submitted on the blue chip exemption form, Form E-1.* At the request of the Institute, the Securities Department has clarified several issues of importance to members in connection with such notice filings. These issues are summarized below: (1) The Institute sought clarification of whether Form E-1 should be used only for new filings or for all notice filings. The Securities Department has advised the Institute that all notice filings should be made on Form E-1. Because there is no "grandfathering", the following points should be noted: Issuers who previously registered securities using the Form U-1 should now use the Form E-1, even though some states are accepting the Form U-1 in connection with notice filings. If filings were previously made at the portfolio level, at the time of renewal (or the initial notice filing), a separate Form E-1 should be submitted for each class. Because the same file number previously applied to all classes, that number should be amended as follows: for Class A, the file number should stay the same; for Class B, the file number should be "(same file number)-1"; for Class C, the file number will be "(same file number)-2", etc. If a member had submitted an initial notice filing at the portfolio level prior to our memorandum advising them of the class level requirement, the issuer should write a letter to the Securities Department explaining why additional forms are being sent and include a check for the appropriate fees minus the fee submitted with the initial notice filing. (2) Instruction 6 to Form E-1 previously indicated that the annual sales report should be submitted within two months after the issuers fiscal year end. Instruction 6 has been revised to provide that the sales report should be submitted within two months after the expiration of the current notice period. A revised Form E-1 reflecting this change is attached. (3) For those funds that have been filing sales reports on a quarterly basis in Puerto Rico, the sales report accompanying the initial notice filing on form E-1 need only cover the last quarter of the past registration period. All future sales reports should be submitted on an annual basis and cover the full notice period. If you have any questions, please call me at (202) 326-5813. Marguerite C. Bateman 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: 8450.

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