

MEMO# 2355

November 30, 1990

TEXAS PROPOSES RULE EXCLUDING 144A SECURITIES FROM INVESTMENT RESTRICTION

November 30, 1990 TO: STATE LIAISON COMMITTEE NO. 29-90 RE: TEXAS PROPOSES RULE EXCLUDING 144A SECURITIES FROM INVESTMENT RESTRICTION

_____ We are pleased to inform you that the Texas State Securities Board recently proposed for public comment an amendment to Section 123.2 of the Texas Administrative Code ("TAC") that would exclude securities eligible for resale pursuant to Rule 144A of the Securities and Exchange Commission from the current 15% investment limitation in restricted securities. The State Securities Board has also proposed Section 139.4 of the TAC to create a new exemption for resales of securities sold in compliance with Rule 144A of the SEC provided that the person acting as agent on behalf of the seller is registered as required by the Texas Securities Act. In addition, the State Securities Board amended Section 123.1 of the TAC to clarify the dealer registration requirements for mutual funds. All mutual fund shares must be registered and sold through a registered broker-dealer, which may be the issuer itself and includes no-load mutual fund issuers. A copy of the proposed rules are attached. Please submit any comments that you have on the proposed rules to me by December 15, 1990 so that such may be included in the Institute's comment letter. Individual comment letters should be submitted to Denise Voigt Crawford, General Counsel, Texas State Securities Board, P.O. Box 13167, Austin, Texas 78711-3167 by December 21, 1990. The proposed rules will be considered by the State Securities Board on January 22, 1991. * * * We will keep you advised of further developments. Patricia Louie Assistant General Counsel Attachment