

MEMO# 1252

July 7, 1989

MARYLAND ADOPTS INDEFINITE REGISTRATION PROVISION AND EXEMPTION FOR RESALE OF UNITS OF UNIT TRUSTS

July 7, 1989 TO: STATE SECURITIES MEMBERS NO. 23-89 UNIT INVESTMENT TRUST
MEMBERS NO. 34-89 RE: MARYLAND ADOPTS INDEFINITE REGISTRATION PROVISION AND
EXEMPTION FOR RESALE OF UNITS OF UNIT TRUSTS

Effective July 1, 1989, Maryland has adopted a provision that allows indefinite registration. A mutual fund or unit trust may register an indefinite amount of securities by paying a fee of \$100 at the time of filing. Within six months after the fund's or trust's fiscal year end, the fund or trust must pay a fee of \$650 or file a sales report and pay a fee of one-tenth of one percent of the aggregate offering price of securities sold in the state during the registration period, with a minimum fee of \$100 and a maximum fee of \$400. Previously, the term of registration was continuous until the securities covered by the registration were sold or a post-effective amendment to increase shares was filed with the SEC. To renew, funds filed a copy of the SEC Rule 24f-2 Notice or Rule 24e Amendment. The Securities Commissioner of the Maryland Division of Securities has indicated that funds no longer need to file these documents. The Division intends to amend the appropriate rule to conform to the statute as soon as possible. The Commissioner also indicated that the uniform form USR-1 may be used to report sales under the new renewal procedure. In addition, as a result of the statutory changes effective July 1, 1989, resales of units of unit trusts are exempt from registration if the units are previously registered or exempt from registration in Maryland and said units are offered or sold by a registered broker-dealer that is the sponsor or an affiliate of the sponsor of the trust. Finally, the statute was amended to allow registrants to notify the Commissioner of SEC effectiveness by telephone, telegram or any other means deemed appropriate by the Commissioner. Natalie Shirley Associate General Counsel