

MEMO# 2743

May 9, 1991

COLORADO RECOMMENDS FUNDS DELAY SUBMITTING RENEWALS

May 9, 1991 TO: STATE SECURITIES MEMBERS NO. 21-91 RE: COLORADO RECOMMENDS
FUNDS DELAY SUBMITTING RENEWALS

As you know, legislation was effective July 1, 1990 in Colorado that completely revised the Colorado Securities Act and included a blue chip exemption for qualified mutual funds and unit trusts. The term of the blue chip exemption is twelve months from the date the original notice and fee were filed with the Division. Thereafter, an additional notice and fee are required in order to claim the exemption. Last year, the majority of funds claiming the blue chip exemption were granted an effective date of July 1, 1990; thus, in order to continue to rely on the blue chip exemption, an additional notice and fee are due July 1, 1991. However, please be advised that inasmuch as the Colorado Securities Division may only collect in fees an amount equal to its budget as set by the Legislature, the fee for claiming the exemption and for registering securities must be adjusted annually. Therefore, since the Division's fiscal year ends on June 30 and the amount of its appropriation has not yet been determined, the staff of the Division recommends that funds delay submitting their renewals to claim the blue chip until the exemption fee has been finalized. The staff of the Division anticipates that the fees for fiscal year 1991-92 will be set by mid-May. In recognition of the fact that many funds submit their renewal applications well in advance of the expiration of their effectiveness, the staff has informed the Institute that it will allow funds at least a thirty day grace period (i.e., to July 31, 1991) to submit their renewals. The effective date of all such renewals will be retroactively granted a renewal date of July 1, 1991. * * * We will keep you advised of developments. Patricia Louie Assistant General Counsel