

**MEMO# 8088**

July 25, 1996

# **CALIFORNIA ADOPTS EXEMPTION FROM REGISTRATION FOR ALL MUTUAL FUNDS AND UNIT INVESTMENT TRUSTS**

July 25, 1996 TO: BOARD OF GOVERNORS No. 44-96 SEC RULES COMMITTEE No. 78-96  
SMALL FUNDS COMMITTEE No. 15-96 STATE SECURITIES MEMBERS No. 25-96 UNIT  
INVESTMENT TRUST MEMBERS No. 32-96 RE: CALIFORNIA ADOPTS EXEMPTION FROM  
REGISTRATION FOR ALL MUTUAL FUNDS AND UNIT INVESTMENT TRUSTS

In addition to being one of the largest mutual fund markets, California traditionally has been one of the more active states in the regulation of mutual funds, including the imposition of unique investment limitations. For these reasons, we are very pleased to inform you that California has now amended its Corporations Code to provide an exemption from registration for all mutual funds and unit investment trusts. The exemption, which is effective January 1, 1997, is especially significant because the investment limitations noted above will no longer apply to limit the portfolio activities of investment companies. To claim the exemption, funds and trusts must have an effective registration statement under the Securities Act of 1933 and file the following with the Department: a notice of intention to sell, the form of which is to be promulgated by the Department; a copy of the current prospectus; and a filing fee of \$200 plus 1/5th of 1% of the aggregate value of the securities sought to be sold in California up to a maximum aggregate fee of \$2500. (This fee is identical to the existing registration fee.) A funds exemption will be effective for twelve months from the date the notice of intention to sell is filed. To renew the exemption, the issuer must file another notice, a copy of the current prospectus and a fee. A copy of the relevant amendment to the Corporations Code is attached. Paul Schott Stevens Senior Vice President General 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: 8088.