

MEMO# 1742

February 28, 1990

COMMENTS ON OHIO'S PROPOSED OVERSALE SOLUTION

February 28, 1990 TO: STATE SECURITIES MEMBERS NO. 3-90 UNIT INVESTMENT TRUST
MEMBERS NO. 14-90 SMALL FUNDS COMMITTEE NO. 5-90 RE: COMMENTS ON OHIO'S
PROPOSED OVERSALE SOLUTION

The Institute has actively been working with the Ohio Securities Division and the Ohio Enforcement Advisory Committee to develop a solution for oversales of securities of mutual funds and unit investment trusts. Ohio has required rescission offers to be made upon the occurrence of an oversale of a mutual fund or unit trust. (See Memo to State Securities Members No. 25-88, Unit Investment Trust Members No. 59-88 and Small Funds Committee No. 6-88, dated September 12, 1988.) The Commissioner of the Ohio Division of Securities recently asked for input regarding implementation of a flat registration fee of \$750.00 as a possible solution to the oversales problem. The Institute suggested that Ohio adopt an indefinite registration procedure wherein the fee is based upon sales made in Ohio during an issuer's fiscal year. In the alternative, or in conjunction with an indefinite registration procedure, the Institute suggested that Ohio adopt a blue chip exemption for qualified mutual funds and unit investment trusts. Attached is a copy of the Institute's comment letter. We will keep you further informed of any developments. Patricia Louie Assistant General Counsel Attachment

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