

MEMO# 2495

January 25, 1991

NEW MEXICO AMENDS PROPOSED REGULATIONS

January 25, 1991 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 6-91 RE: NEW MEXICO AMENDS PROPOSED REGULATIONS

As we previously informed you, last fall the New Mexico Securities Division proposed for comment a comprehensive revision of its administrative regulations. Included in the proposed regulations was a provision that for purposes of the statutory manual exemption, "no manual has been approved by the director". The Institute submitted a comment letter that recommended that the Director approve the use of Moody's Bank & Finance Manual for the purpose of the statutory manual exemption, or in the alternative, that the Division specifically provide an exemption for resales of units of unit trusts. (See Memoranda to Unit Investment Trust Committee Nos. 43-90, dated September 19, 1990 and 49-90, dated November 8, 1990.) We are pleased to inform you that the Division has included a specific exemption for resales of units of unit trusts in the amended proposed regulations. The exemption is very similar to the administrative exemption adopted recently by the California Corporations Department in that it provides an exemption for any offer or sale of units in a unit investment trust by the sponsor of that trust if all of the following conditions are met: 1. the offer and sale of the units was previously registered or exempt under the New Mexico Securities Act and there has been no material change in the offering; 2. the units were repurchased by the broker dealer or sponsor and are redeemable in accordance with the provisions of the Investment Company Act of 1940; 3. the offer and sale is in accordance with the provisions of the Securities Act of 1933 and the Investment Company Act of 1940; and 4. the sponsor or the broker-dealer is a broker-dealer licensed under the New Mexico Securities Act. A copy of the relevant portion of the amended proposed regulations is attached. Written comments on the amended proposed regulations must be submitted by February 15, 1991 to Michael Vargon, General Counsel, New Mexico Securities Division, 725 St. Michaels Drive, Santa Fe, New Mexico 87501. Please contact me by February 1, 1991 with any comments that you would like included in the Institute's comment letter. * * * We will keep you advised of further developments. Patricia Louie Assistant General Counsel

Attachment