

MEMO# 1965

June 12, 1990

FINAL RULES ADOPTED BY MASSACHUSETTS REGARDING SALES LITERATURE AND THE MANUAL EXEMPTION

June 12, 1990 TO: UNIT INVESTMENT TRUST MEMBERS NO. 33-90 RE: FINAL RULES ADOPTED BY MASSACHUSETTS REGARDING SALES LITERATURE AND THE MANUAL EXEMPTION _____ The Secretary of State of the Commonwealth of Massachusetts recently promulgated several new regulations that are effective as of June 8, 1990. Of particular note are the final regulations concerning sales literature (950 CMR 14.403(D)) and the requirements to claim the manual exemption from registration (950 CMR 14.402(B)(2)(b)). Regulation 950 CMR 14.403(D) requires that one copy of each item of sales literature to be used in connection with the offer or sale of a security in the Commonwealth must be filed with the Director of the Securities Division either before or simultaneously with its first use. Previously, sales literature was not required to be filed in Massachusetts by unit trusts. Regulation 950 CMR 14.402(B)(2)(b) concerns the use of the manual exemption from registration contained in Section 402(b)(2) of the Massachusetts Securities Act. The Division will recognize all manuals published by Standard & Poor's and Moody's. However, the listing must contain a profit and loss statement covering a full year of operations; thus, trusts may not be able to claim the manual exemption until such financial statement has been prepared and published in the manual. Previously, a balance sheet of the issuer as of a date within eighteen months, and a profit and loss statement for either the fiscal year preceding that date, or the most recent year of operations, was required to be contained in the listing. The staff of the Securities Division has indicated that the initial one year registration period for unit trusts will be extended in order to allow the trusts additional time to prepare the required financial statements. * * * A copy of the regulations are attached, as well as a copy of the statutory provision for the manual exemption. We will keep you advised of developments. Patricia Louie Assistant General Counsel Attachments

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