

MEMO# 1012

March 1, 1989

INSTITUTE DEFEATS WYOMING ATTEMPT TO PLACE FEE ON EXEMPTION

- 1 - March 1, 1989 TO: BOARD OF GOVERNORS NO. 14-89 CLOSED-END FUND MEMBERS NO. 13-89 STATE SECURITIES MEMBERS NO. 7-89 UNIT INVESTMENT TRUST MEMBERS NO. 18-89 RE: INSTITUTE DEFEATS WYOMING ATTEMPT TO PLACE FEE ON EXEMPTION

In 1985, the Wyoming Securities Act was amended to exempt from registration all investment companies registered under the Investment Company Act of 1940. (See Memorandum to Board of Governors No. 23-86; State Securities Members No. 12-86; Unit Investment Trust Members No. 23-86, dated April 2, 1986.) As you may remember, last year, the Wyoming Secretary of State unsuccessfully attempted by legislation to repeal this exemption. Upon the legislation's defeat, the Secretary of State indicated that she would try again the following year. (See Memorandum to Board of Governors No. 21-88; State Securities Members No. 7-88; Unit Investment Trust Members No. 25-88; Closed-End Fund Members No. 13-88, dated March 11, 1988.) This year, the Secretary of State supported a bill that would have placed a substantial fee on the exemption from registration that exceeded the fee for registration in Wyoming. The Secretary of State testified that while she was now convinced that her office should not regulate mutual funds and unit trusts, she believed that mutual funds and unit trusts should share the financial burden of her office's regulation and oversight of the entire industry. The Institute testified that we do not object to the cost of reasonable regulation, including, in certain instances, a fee for an exemption. However, the fee proposed in the bill is unrelated to the cost of reasonable regulation. We also testified that mutual funds and unit trusts have always been good friends to the State of Wyoming. Mutual funds and unit trusts provide an opportunity for Wyoming citizens to participate in the marketplace. In addition, mutual funds and unit trusts make large investments in Wyoming by purchasing the bonds and obligations that help finance Wyoming public projects.

- 2 - As a result of the Institute's efforts, the bill was defeated on the floor of the Senate. The Secretary of State has again vowed to support a similar bill next year. We will keep you informed of developments.

Natalie Shirley Associate General Counsel