

MEMO# 2015

July 10, 1990

INSTITUTE WRITES WISCONSIN REQUESTING REPEAL OR SUSPENSION OF INVESTMENT RESTRICTIONS

July 10, 1990 TO: STATE LIAISON COMMITTEE NO. 14-90 RE: INSTITUTE WRITES WISCONSIN
REQUESTING REPEAL OR SUSPENSION OF INVESTMENT RESTRICTIONS

The Institute recently wrote the Wisconsin Commissioner of Securities requesting that the Securities Commission suspend or repeal Section SEC 3.09 of the Wisconsin Administrative Code which imposes certain investment restrictions on open-end investment companies. A copy of the Institute's letter is attached. The Institute expressed specific concern that the ten percent investment limitation on restricted securities applied by Wisconsin would hamper the ability of mutual funds to purchase securities eligible for resale pursuant to Rule 144A of the Securities Act of 1933. The Institute further noted that important SEC policies may be undermined if Wisconsin continues to apply this investment restriction. In addition to elimination of the investment restriction on restricted securities, the Institute also requested that Wisconsin suspend or repeal the restrictions on investing in real estate investment trusts, investment companies and unseasoned issuers. The Institute further requested that the Securities Commissioner review the necessity of the disclosure policies with respect to "speculative activities" contained in the Wisconsin regulations given the detailed regulation that occurs on the federal level. "Speculative activities" include borrowing money for short-term trading, purchasing restricted securities, purchasing put or call options, and short selling of securities. The Institute intends to contact the other states applying investment restrictions to mutual funds in an effort to persuade those states to suspend or repeal such restrictions. We will keep you informed of developments. Patricia Louie Assistant General Counsel
Attachment