

MEMO# 3784

May 15, 1992

IOWA ADOPTS FINAL REGISTRATION RULES

May 15, 1992 TO: STATE SECURITIES MEMBERS NO. 23-92 UNIT INVESTMENT TRUST COMMITTEE NO. 28-92 RE: IOWA ADOPTS FINAL REGISTRATION RULES

The Iowa Securities Bureau recently adopted final rules for the registration of mutual funds and unit investment trusts, effective March 18, 1992. These rules implement the 1991 statutory amendments to the Iowa Securities Act. (See Memorandum to State Securities Members No. 25-91 and Unit Investment Trust Members No. 22-91, dated June 13, 1991.) A copy of the final rules is attached. Rule 50.50(502) sets forth the requirements for registration and renewal of mutual funds and unit trusts. Registration statements shall be effective for one year from the date the administrator declares the registration effective and must be renewed annually. Moreover, separate registration is required for each portfolio or series of a fund or trust. An application to register securities must include the appropriate filing fee, Form U-1, Form U-2, Form U-2A and a copy of the most recent prospectus and statement of additional information. A fund or trust must register an indefinite amount of securities and pay one of the following fees: a. \$1,000 at the time of registration (or renewal) to register an indefinite amount of securities. No sales report will be required at the expiration of the registration period. b. \$250 at the time of registration (or renewal) to register an indefinite amount of securities. Within 90 days of the expiration of the registration statement, the fund or trust must file a sales report on Form USR-1 and pay an additional fee of 1/10th of 1% of actual sales in Iowa in excess of \$250,000. The maximum additional fee is \$1,250. c. \$250 at the time of registration (or renewal) to register an indefinite amount of securities. Within 90 days of the expiration of the registration statement, pay the maximum additional of \$1,250. No sales report is required. Also, we had previously advised you that the Securities Bureau would be adopting a rule to exempt the filing of sales literature in Iowa provided that such sales literature had been filed and approved by the National Association of Securities Dealers. The proposed rules contained such a provision; however, after the comment period, the proposed amendment to Rule 50.25(502) was withdrawn. The Institute has been advised that the Securities Bureau will be proposing a new regulation to provide an exemption for advertising and sales literature prepared in conformity with the regulations of the SEC and NASD in the near future. In the interim, the staff of the Securities Bureau has taken the position that investment company sales literature filed and approved by the NASD need not be filed with the Bureau. We will keep you advised of developments.

Patricia Louie Assistant General Counsel Attachment

abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.