

**MEMO# 3685**

April 13, 1992

# **INSTITUTE SUBMITS OVERSALES RECOMMENDATIONS TO NASAA COMMITTEE**

April 13, 1992 TO: STATE LIAISON COMMITTEE NO. 14-92 UNIT INVESTMENT TRUST COMMITTEE NO. 21-92 RE: INSTITUTE SUBMITS OVERSALES RECOMMENDATIONS TO NASAA COMMITTEE \_\_\_\_\_ As you know, one of the most important issues that remains non-uniform is the states' treatment of oversales. At the urging of the Institute, NASAA adopted a resolution in 1984 which strongly encouraged its members not to require rescission offers when oversales are promptly admitted and the appropriate fees are paid. The resolution also encouraged the states to permit mutual funds and unit trusts to register an indefinite number of shares or pay a single fee for registering an indefinite number of shares. Since adoption of the 1984 resolution, the Institute has continued to work with NASAA and the individual states to encourage adoption of an indefinite registration procedure as a solution for oversales. In conjunction with a project currently under review by the NASAA Investment Company Registration/Trading Practices Committee (i.e., uniformity of securities registration procedures), the Institute submitted the attached memorandum outlining the oversales problem. The Institute recommended that states with a high maximum fee or those that require rescission in the event of an oversale adopt a "true indefinite" registration procedure. This procedure would permit a fund or trust to register an indefinite amount of securities through payment of a nominal fee at the time of the initial registration or renewal. Thereafter, a sales report would be required to be filed with an additional fee based upon actual sales in the state. The NASAA Committee is scheduled to meet later this month to discuss this project. We will keep you advised of developments. Patricia Louie  
Assistant General Counsel Attachment

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