

MEMO# 2835

June 13, 1991

PROCEDURES FOR REGISTRATION OF SECURITIES IN IOWA

June 13, 1991 TO: STATE SECURITIES MEMBERS NO. 25-91 UNIT INVESTMENT TRUST MEMBERS NO. 22-91 RE: PROCEDURES FOR REGISTRATION OF SECURITIES IN IOWA

As we previously informed you, legislation was adopted in Iowa amending the Iowa Securities Act with respect to its registration provisions for mutual funds and unit investment trusts, effective July 1, 1991. (See Memorandum to State Securities Members No. 20-91 and to Unit Investment Trust Members No. 19-91, dated May 8, 1991.) The Iowa Securities Bureau is currently drafting regulations to implement these statutory changes. Based upon discussions with the staff of the Bureau, it is the Institute's understanding that the following procedure to register securities will be included in the proposed regulations. Please note that mutual funds and unit trusts may immediately begin filing pursuant to this procedure. Mutual funds must establish an annual renewal date based on the anniversary of its effectiveness in Iowa. If this date cannot be determined, a date one year from the most recent amendment to the registration statement filed in Iowa may become the renewal date. Please be aware that funds and trusts must register an indefinite amount of securities -- registration of a definite amount of securities will no longer be permitted. Also separate registration of each portfolio or series is required. Initially, funds and trusts must file Forms U-1, U-2 and U-2A, a copy of the most recent prospectus, the latest Form N1-A filed with the SEC and the appropriate fee. Form U-1, the most recent prospectus and the fee must be filed annually; other documents previously on file may be incorporated by reference if no older than 5 years. Copies of amendments to the SEC registration must also be filed in Iowa. The annual registration fee is calculated in one of three ways beginning on the anniversary date of a fund's or trust's effectiveness in Iowa: 1. Pay \$1,000 at the time of registration to register an indefinite amount. No sales report will be required and the term of registration will be one year from the fund's anniversary date. 2. Pay \$250 at the time of registration to register an indefinite amount. Within 90 days of the next year's anniversary date, file a sales report on Form USR-1 and pay an additional fee based on 1/10 of 1% for Iowa sales in excess of \$250,000. The maximum additional fee for Iowa sales in excess of \$250,000 is \$1,250. 3. Pay \$250 at the time of registration to register an indefinite amount. Pay an additional \$1,250 within 90 days of the next year's anniversary date. No sales report required. In addition to the proposed regulation regarding indefinite registration, the Bureau will also propose a new regulation which will exempt the filing of sales literature in Iowa provided that such sales literature has been filed with the NASD. A copy of the final regulations will be distributed upon adoption. Susan S. Burgess Legal Assistant

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