

MEMO# 1430

September 29, 1989

RESALES OF UNITS AFTER REPEAL OF THE VIRGINIA MANUAL EXEMPTION

September 29, 1989 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 66-89 RE: RESALES OF UNITS AFTER REPEAL OF THE VIRGINIA MANUAL EXEMPTION

As the Institute has previously informed you, the Virginia Division of Securities recently issued a procedure for annually amending the registration of unit trusts that a sponsor wishes to sell in Virginia after July 1, 1989 as well as a procedure for withdrawing other trusts. (See Memorandum to Unit Investment Trust Committee No. 63-89, dated September 18, 1989) Under the procedure, the Director will allow trusts with current anniversary dates of registration to amend or withdraw their registration. For example, trusts that were initially registered in Virginia in October of any year before 1989 may be amended and thus currently sold in Virginia or withdrawn from registration. Unfortunately, there is some question as to whether the Director of the Division will allow trusts with anniversary dates between July 1, 1989 and the current date to be withdrawn although they may be amended. The Director has indicated that he will not object to using the following or similar language in connection with the amendment or withdrawal of such trusts: The filing of these documents and the act of paying a fee to amend the registration of a trust or the act of withdrawing a trust from registration shall not operate as a waiver of any rights, claims or defenses available to any party. In addition, such filings and acts may not be introduced into evidence in any judicial or administrative proceeding based on events occurring prior to July 1, 1989. To amend the registration of a trust, the sponsor should submit a current prospectus and a \$300 fee. To withdraw a trust the sponsor should submit a letter to the Division expressing such intention and provide the following or similar undertaking: - 2 - The broker-dealers with which XYZ sponsor conducts business relating to the resale of units of unit trusts in Virginia has been notified by such sponsor that ABC trusts have been withdrawn from registration in Virginia and that in the event such broker wishes to conduct a resale of a unit of such trust in Virginia, the trust must be re-registered in Virginia. The Institute will keep you informed of developments. Natalie Shirley Associate General Counsel