

MEMO# 1075

March 30, 1989

ARIZONA GRANTS NO-ACTION ON EXEMPTION FOR RE-SALES

March 30, 1989 TO: UNIT INVESTMENT TRUST MEMBERS NO. 19-89 RE: ARIZONA GRANTS
NO-ACTION ON EXEMPTION FOR RE-SALES

_____ In most states, unit trusts rely on an exemption from registration under the state securities acts for resales of units of unit trusts. The most commonly relied on exemption is the manual exemption, which exempts a distribution if the issuer is listed in a securities manual accepted by the state securities department. Several states have recently attempted to amend or repeal their manual exemption, because of the belief that securities that could otherwise not qualify for registration, such as penny stocks, are being sold under the manual exemption. Arizona currently has a bill pending that would amend the manual exemption in such a way that would make it less clear that unit trusts can rely upon it for resales. The Institute contacted the Arizona Securities Division and the Arizona Bar Association about this problem. We are pleased to announce that the Division has provided the Institute with a letter recommending that no-action be taken with respect to resales of units of unit trusts that have been previously registered under the Arizona Securities Act. Attached is a copy of the no-action letter. In a related matter, Virginia has repealed its manual exemption and Massachusetts has proposed to amend its manual exemption in such a way that unit trusts may not be able to rely on it for resales. The Institute is working with both states to resolve the problems created by these changes. We will keep you informed of developments.

Natalie Shirley Associate General Counsel Attachment