

MEMO# 1969

June 13, 1990

COLORADO ADOPTS BLUE CHIP EXEMPTION

June 13, 1990 TO: BOARD OF GOVERNORS NO. 42-90 STATE SECURITIES MEMBERS NO. 18-90 UNIT INVESTMENT TRUST MEMBERS NO. 37-90 RE: COLORADO ADOPTS BLUE CHIP EXEMPTION _____ Currently, all mutual funds and unit trusts that offer their shares to Colorado residents must file a Notice of Sale of Securities within ten days after the first sale is made in Colorado with the Colorado Securities Division and pay the appropriate filing fee. The Colorado Bar Association proposed extensive amendments to the Colorado Securities Act, including a provision that would require offerings registered with the Securities and Exchange Commission to be registered in Colorado unless a specific exemption from registration was available. We are pleased to inform you that as a result of the Institute's efforts, legislation has been enacted in Colorado that contains an exemption for qualified mutual funds and unit trusts based on the similar exemption in the Revised Uniform Securities Act of 1985. A mutual fund is exempt from registration if its investment adviser or an affiliate of its investment adviser has been registered under the Investment Advisers Act of 1940 for at least three years. A unit trust is exempt from registration if its principal underwriter has been the principal underwriter for registered investment companies with aggregate total assets in excess of \$100,000,000 for at least three years. We are currently working with the Colorado Securities Division to determine the procedure that will be required to claim the exemption for mutual funds and unit trusts, as well as the fee. As soon as the procedure and fee have been determined, we will immediately notify you inasmuch as the legislation will be effective on July 1, 1990. Colorado is the tenth state to adopt the blue chip exemption. Attached is a copy of the relevant provisions of the bill. Patricia Louie Assistant General Counsel Attachment