

**MEMO# 1854**

April 18, 1990

## **INSTITUTE OBTAINS BLUE CHIP EXEMPTION IN ALABAMA**

- 1 - April 18, 1990 TO: BOARD OF GOVERNORS NO. 29-90 STATE SECURITIES MEMBERS NO. 10-90 UNIT INVESTMENT TRUST MEMBERS NO. 21-90 RE: INSTITUTE OBTAINS BLUE CHIP EXEMPTION IN ALABAMA \_\_\_\_\_

Currently, all mutual funds and unit trusts that offer their shares to Alabama residents must register the offering with the Alabama Securities Division. To register in Alabama, a fund or trust must submit the Form U-1, U-2, U-2A and a copy of the prospectus and statement of additional information. A filing fee of \$40 and a registration fee of one-tenth of one percent of the aggregate amount registered (maximum fee of \$1,000) must be submitted with the application for registration. We are pleased to inform you that as a result of the Institute's efforts, effective January 1, 1991, Alabama has enacted an exemption for qualified mutual funds and unit trusts based on the similar exemption in the Revised Uniform Securities Act of 1985. The exemption is an alternative to the registration process. A mutual fund is exempt from registration if its investment adviser is currently registered as an investment adviser, and has been registered or is affiliated with an adviser that has been registered as an adviser under the Investment Advisers Act of 1940 for at least three years. If qualified, a mutual fund may claim the exemption by submitting annually to the Alabama Securities Division, the name and address of the issuer, a description of the securities to be offered and the appropriate non-refundable filing fee. The fee to be submitted is as follows: \$300 if a fund's total net assets are \$25,000,000 or less; \$600 if the fund's total net assets are more than \$25,000,000 but less than \$100,000,000 and \$1,000 if the fund's total net assets are \$100,000,000 or more. - 2 - 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. If qualified, a unit trust may claim the exemption by submitting on a one-time basis to the Alabama Securities Division, the name and address of the issuer, a description of the securities to be offered and a filing fee of \$200. Claiming this exemption and paying the appropriate fee will exempt resales of the units of the unit trust that claimed the exemption. Alabama is the ninth state to adopt the blue chip exemption. Attached is a copy of the relevant portions of the bill. Patricia Louie Assistant General Counsel Attachment