

MEMO# 2289

October 30, 1990

PROCEDURAL CLARIFICATION WITH REGARD TO SECURITIES REGISTRATION IN RHODE ISLAND, MASSACHUSETTS AND NEBRASKA

- 1 - October 30, 1990 TO: STATE SECURITIES MEMBERS NO. 32-90 UNIT INVESTMENT TRUST MEMBERS NO. 70-90 RE: PROCEDURAL CLARIFICATION WITH REGARD TO SECURITIES REGISTRATION IN RHODE ISLAND, MASSACHUSETTS AND NEBRASKA

Several questions have arisen recently concerning changes in or clarification of registration procedures in three states. The Institute has contacted these states and has received the following explanations: 1. Rhode Island will no longer accept the Notice of Intention to Sell when claiming the blue chip exemption. Instead, a cover letter including the precise qualifying language for claiming the exemption must be submitted. The statutory language to qualify for the blue chip exemption is as follows: Pursuant to Sec. 7-11-401(14) of the General Laws of Rhode Island, a security issued by an issuer registered as an open-end management investment company or unit investment trust pursuant to section 8 of the Investment Company Act of 1940 [is exempt from registration in Rhode Island if the following conditions are met]: (1) the issuer is advised by an investment adviser...that is currently registered as an investment adviser and has been registered, OR is affiliated with an adviser that has been registered [as such] under the Investment Adviser Act of 1940 for at least three (3) years immediately before an offer or sale of [these] securities claimed to be exempt AND has acted OR is affiliated with as investment adviser to one or more registered investment companies or unit investment trusts for at least 3 years immediately before the offer or sale of [these] securities claimed to be exempt; OR - 2 - (2) the issuer has a sponsor that has at all times throughout the three (3) years before an offer or sale of [these] securities claimed to be exempt sponsored one or more registered investment companies or unit investment trusts, the aggregate total assets of which have exceeded one hundred million dollars (\$100,000,000). A cover letter containing the appropriate language from the foregoing paragraphs, as well as the name and address of the issuer and the title of the securities funds or trusts offered, serves as the notice of intention to sell. This letter must be accompanied by the required statutory fee of \$300. Please be aware that this is an annual filing; the effective date is the date the notice is received by the Division. 2. A registration statement in Massachusetts is effective for one year. Consequently, regardless of whether or not this term coincides with the filing of a 24f-2 Notice or 24e-2 Notice with the SEC, you must re-register annually. The Securities Division will accept an amended Form U-1 for this purpose and copies of the appropriate federal filing which should also be filed in Massachusetts. It is recommended that your annual re- registration in Massachusetts follow

the fund's fiscal year end which will generally coincide with the federal filing. 3. Although Nebraska is still in the process of making changes in their sales report requirement, one clarification is noteworthy at this time. The initial filing fee of \$100 to register an indefinite amount of securities is required to be paid only the first time a fund elects to file under this procedure. This one-time filing fee must be received two weeks prior to the expiration of a fund's registration period. Thereafter, a sales report and appropriate fee must be filed within 60 days after the fund's registration period expires. These changes will be incorporated in the next update to the Institute's Blue Sky Guide which you will receive at the end of this year. Susan S. Burgess Legal Assistant

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