

**MEMO# 2451**

January 8, 1991

## **WISCONSIN ADOPTS RULE EXCLUDING 144A SECURITIES FROM TEN PERCENT INVESTMENT LIMITATION**

January 8, 1991 TO: STATE SECURITIES MEMBERS NO. 3-91 RE: WISCONSIN ADOPTS RULE  
EXCLUDING 144A SECURITIES FROM TEN PERCENT INVESTMENT LIMITATION

The Institute wrote the Wisconsin Securities Commissioner requesting that the Securities Commission suspend or repeal Section SEC 3.09 of the Wisconsin Administrative Code which imposes certain investment restrictions on open-end investment companies. In particular, the Institute expressed specific concern that the ten percent investment limitation on restricted securities in SEC 3.09(1)(b) would hamper the ability of mutual funds to purchase securities eligible for resale pursuant to Rule 144A of the Securities Act of 1933 and that important Securities and Exchange Commission policies may be undermined if Wisconsin continued to apply this investment restriction. The Institute is pleased to inform you that, effective January 1, 1991, the Wisconsin Securities Commission adopted an amendment to SEC 3.09(1)(b) to provide that restricted securities eligible for resale pursuant to Rule 144A of the Securities Act of 1933 will be excluded from the ten percent investment limitation in restricted securities. A copy of the final rule is attached. Although the amendment to SEC 3.09(1)(b) provides a waiver of the Wisconsin investment restriction in restricted securities for Rule 144A securities, the other restrictions and disclosure requirements contained in the rule were not amended. These provisions include restrictions on investing in real estate investment trusts, investment companies and unseasoned issuers and the disclosure policies with respect to "speculative activities". \* \* \* We will keep you advised of further developments. Patricia Louie Assistant General Counsel Attachment