

**MEMO# 936**

January 24, 1989

## **MICHIGAN ADOPTS BLUE CHIP EXEMPTION AND INCREASES REGISTRATION FEES**

- 1 - January 24, 1989 TO: BOARD OF GOVERNORS NO. 6-89 STATE SECURITIES MEMBERS NO. 4-89 UNIT INVESTMENT TRUST MEMBERS NO. 10-89 RE: MICHIGAN ADOPTS BLUE CHIP EXEMPTION AND INCREASES REGISTRATION FEES

Currently, all mutual funds and unit trusts that offer their shares to Michigan residents must register the offering with the Michigan Corporation & Securities Bureau. To register in Michigan, 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. We are pleased to inform you that as a result of the Institute's efforts, effective December 27, 1988, Michigan 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 or an affiliate of its investment adviser has been registered 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 Michigan Corporation & Securities Bureau, the name and address of the issuer, the name of the securities to be offered, a consent to service and \$1250. 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 annually to the Michigan Corporation & Securities Bureau, the name and address of the issuer, the name of the securities to be offered, a consent to service and \$750. The fees set forth in the exemption have a sunset provision of December 1, 1990. Attached is a copy of the relevant - 2 - provisions of the bill, the form to claim the exemption, and a copy of the Bureau's release discussing the exemption. Michigan is the sixth state to adopt the blue chip exemption. In a related matter, until December 1, 1990, the minimum and maximum fees have been increased to \$100 and \$1250 respectively. After December 1, 1990, the minimum and maximum fees will be \$50 and \$500 respectively. Natalie Shirley Associate General Counsel Attachment