

MEMO# 1387

August 31, 1989

VERMONT PROPOSES REPEAL OF THE MANUAL EXEMPTION

August 31, 1989 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 58-89 RE: VERMONT
PROPOSES REPEAL OF THE MANUAL EXEMPTION

As you know, over the past several months many states have attempted to repeal or amend their manual exemption for reasons unrelated to unit trusts. (Memoranda to Unit Investment Trust Members Nos. 33-88 and 19-89; Memoranda to Unit Investment Trust Committee Nos. 57-89, 16-89, 15-89, 12-89 and 10-89). Many states believe that securities that could otherwise not qualify for registration, such as penny stocks, are being sold under the manual exemption. In most states, unit trusts rely on the manual exemption for resales of units of unit trusts. Vermont currently has a bill pending which would repeal the manual exemption. The Institute contacted the Vermont Securities Division and testified before the Vermont Senate Finance Committee regarding the consequences such repeal would have on resales of units of unit trusts. We are working with the Vermont Securities Division to fashion an administrative solution so that units of unit trusts will continue to be able to be resold in Vermont even if the manual exemption is repealed. A copy of the Institute's letter and written testimony are attached. We will keep you informed of further developments.

Patricia Louie Assistant General Counsel Attachments