

Chapter SEC 2

MISCELLANEOUS RULES AND REGULATIONS

SEC 2.01	Definitions; net profits; ownership	SEC 2.03	Costs and charges by open-end management investment companies
SEC 2.02	Exempt securities; trust indenture required		

SEC 2.01 Definitions; net profits; ownership. (1) "Net profits" or "net income" of a business, property or industry, as used in chapter 189, Wis. Stats., unless otherwise defined, shall be the profits after full and adequate provision for depreciation, obsolescence, depletion, taxes, interest and all other proper charges, except that net profits for the purpose of section 189.08 (1) (f), Wis. Stats., shall be determined as above but before depreciation, obsolescence and depletion.

(2) The ownership by a company of 50% or more of the outstanding voting stock of a corporation shall be construed as the proportionate ownership of the property, business or industry of such corporation and the net profits or losses of such corporation, after eliminating intercompany transactions, applicable to the stock so owned, shall be included in the earnings of such owner, provided that the net profits or losses of such corporation need not be included in the earnings of such owner if the department shall find that such owner's investment in such corporation is not significant in respect of either the assets represented or the sales or profits of such corporation.

SEC 2.02 Exempt securities; trust indenture required. No evidence of debt shall be issued under the exemption provided for in subsection (7) of section 189.06, Wis. Stats., relating to securities of domestic corporations organized and operated exclusively for educational, benevolent, charitable, religious or reformatory purposes, except under an indenture which shall be in such form and of such content as may be necessary or appropriate in the public interest or for the protection of investors, which shall comply with the requirements of section 315 of the federal trust indenture act of 1939 and which shall contain, among other things, the provisions set forth in paragraphs (a), (b), (c) and (d) of subsection (4) of section 189.13, Wis. Stats.

SEC 2.03 Costs and charges by open-end management investment companies. Costs and charges by open-end investment companies or any companies similarly constituted which issue shares representing a proportionate interest in a fund of securities are limited to and in no event shall exceed the following:

(1) The commission or load charged for the sale of any such share shall not, except as hereinafter provided, exceed 8½% of the selling price thereof. Provided, however, that the selling price of any such share, determined by dividing the asset value of the share as actually credited to the fund by 91.5%, may be adjusted to the next highest

cent and the net differential thus created may be added to the said 8½% commission or load and such addition shall be deemed in compliance with this provision.

(2) A redemption fee, if charged, shall not exceed 1% of the redemption price of the shares. If any portion of such redemption fee is allocated to anyone other than the fund, then such portion shall be considered as part of the original load for the purpose of determining compliance with subsection (1) of this rule.

History: 1-2-56; am. (1), Register, December, 1961, No. 72, eff. 1-1-62.