

# Boston Financial's Blue Sky Administration

February 2016

*Efficient results from one of  
the industry's most  
consultative teams*

## Taming the Wild West of State Regulations

Blue Sky law is considered by some to be the wild west of state securities regulations. These laws, which require registration of securities offerings in each of the U.S. jurisdictions in which they are sold, vary widely with respect to:

- Payment level
- Length of permit period
- Fee structure
- Definite versus indefinite registrations
- "Use it or lose it"
- Exemptions

To make matters worse, the regulations and state enforcement actions change frequently. Both the complexity and dynamic nature of the Blue Sky laws make management of Blue Sky filings in-house very cumbersome. Even the smallest mistake may result in financial penalties to your firm.

Boston Financial delivers a suite of Blue Sky services for our clients that includes:

- Preparing and filing state Blue Sky filings
- Monitoring transfer agent and broker/dealer sales feeds daily
- Consolidating various transfer agent sales feeds
- Identifying and processing exemptions
- Submitting and signing notice filings and requesting associated checks on behalf of funds with Limited Power of Attorney
- Automating payments using your customized Blue Sky billing cycle

We manage nearly 150,000 state permits for clients, processing more than 50 transfer agent feeds and close to 350 broker feeds on a daily basis.

## More than a Blue Sky Vendor

Boston Financial seeks to be a strategic ally in the delivery of your Blue Sky program. By bringing the industry's leading experts together, we will try to bring order and efficiency to the management of your Blue Sky program.

### *Industry leadership and operational expertise:*

Outsourcing your Blue Sky administration to Boston Financial means gaining access to the wisdom and experience of our team. Our dedicated Blue Sky managers have an average of 19 years of industry experience. The remaining associates include client and state specialists, transfer agent and broker/dealer specialists, and an experienced conversion team. Each client is designated a team of cross-trained associates and a manager who focus on Blue Sky processing.

### *Consultative approach and relationship management:*

Our clients look to us for insight to help them make sense of the Blue Sky chaos, and direct the development of their Blue Sky program. Our team will help you meet your firm's Blue Sky goals by:

- Providing notification of state regulatory developments and their potential impact on your state filing
- Suggesting levels of authorized dollars for new fund filings in an effort to reduce state fee costs
- Reducing duplicate reporting by assisting with the addition or termination of direct broker feeds
- Assisting with expense budgeting and notice filing expense accrual analysis
- Reviewing your prospectus configuration at least annually

We provide this consultation through regular reporting and meetings. We also have staff members with state law expertise who are available to your firm for consultative discussions about exemption processing and to explain interpretations of state Blue Sky rules.

\$120,000

per year

That's the dollar equivalent that Boston Financial identified one client could save on Blue Sky filing fees each year by excluding repeat sales as part of its Blue Sky filings.

After seeing sales to existing shareholders (SES) data as part of their regular Blue Sky reports, the client asked for help to deepen their understanding of the numbers. During a consultative meeting, we suggested they could potentially reduce their filing fees by as much as \$30,000 per quarter by taking advantage of SES exemptions in the 16 states that allowed this at the time of the analysis. Based on our analysis and discussion, the client agreed with our interpretation of the requirements, and authorized the changes in its Blue Sky reporting.

**How much could Boston Financial potentially help your firm save?**

## A Logical Extension of Your TA Function

Blue Sky administration has historically been associated with fund administration. The enterprise decision to transfer the Blue Sky division from our parent company, State Street Corporation, to Boston Financial in 2013, was driven by the understanding that Blue Sky is a logical extension of the transfer agent. This is because of our extensive relationship with the broker/dealer community, developed as a result of our processing three-quarters of NSCC/DTCC activity, and our active engagement with ICI committees like BDAC and BTRAC.

Another way in which Blue Sky Administration is a logical extension of the TA function is our secure access to TA and sales data through our use of DST Systems' technology. This makes it easier for us to:

- *Conduct timely research on trade details*, potentially reducing the risk of being in an oversold position for

days at a time while trade research is done on an external recordkeeping platform

- *Identify opportunities for potential exemptions*, by examining transfer agent data more regularly
- *Simplify oversight and management of transfer agent updates* that affect Blue Sky administration

## The Boston Financial Advantage

Boston Financial can help meet your firm's Blue Sky obligations by providing:

- Flexible technology that can be integrated with any transfer agent, without sacrificing efficiencies
- Consultative management approach that helps minimize your state fees
- Deep bench strength in both the technology and the process of managing Blue Sky administration
- Strong relationships with broker/dealers solidified by our intermediary support and oversight teams
- Client community to exchange best practices and stay abreast of ever-changing state laws
- Secure access to ancillary services that complement your operation such as distribution intelligence, data and digital strategy consulting, 22c-2 trade monitoring, and proxy services – all in one enterprise
- A long-term commitment to our business and our clients



To learn more, contact  
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**Boston Financial helps the nation's most prestigious financial services companies grow and build for the future.** Founded in 1973 as a unique 50/50 joint venture of DST and State Street, we provide comprehensive transfer agent services using industry-leading practices, cutting edge technology, unmatched experience, and the most knowledgeable professionals in the industry.



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