

MEMO# 8601

January 31, 1997

CALIFORNIA PROPOSES CHANGES TO EXAMINATION REQUIREMENTS

January 31, 1997 TO: INVESTMENT ADVISERS COMMITTEE No. 6-97 RE: CALIFORNIA PROPOSES CHANGES TO EXAMINATION REQUIREMENTS

The California Department of Corporations has published for comment amendments to its rules governing the examination requirements of investment advisers and their associated persons. In particular, the Department proposes to require the Series 65 or 66 examination and either the Series 7, General Securities Representative Examination, or one of the following designations: Chartered Financial Analyst ("CFA"), Certified Financial Planner ("CFP"), Chartered Investment Counselor ("CIC"), or Personal Financial Specialist ("PFS"). Under current law, the Department requires either the Series 63, the Series 7, or a CFA or CIC designation. As proposed, any "portfolio manager" or "securities analyst" would continue to be exempt from these examination requirements. The Department's proposal includes definitions for the terms "portfolio manager" and "securities analyst", which are not defined under current law. Finally, persons that prior to July 1, 1997 either were issued a certificate from the Department or filed an application for registration with the Department would not be required to comply with the proposed requirements. A copy of the Department's proposed rule is attached. Comments are due to the Department by February 28, 1997. Members with comments on the proposal, particularly the proposed definitions, should contact me by phone (202/326-5825), fax (202/326-5828) or e-mail (tamara@ici.com) no later than Friday, February 21, 1997. Members filing their own comment letter should send them to: Gerardo Partida, Senior Corporations Counsel California Department of Corporations 980 Ninth Street, Suite 500 Sacramento, California 95814 Please provide me by fax a copy of any comment letter filed with the Department. Tamara Cain Reed Associate Counsel Attachment (in .pdf format)