

MEMO# 2581

March 5, 1991

NEBRASKA ALLOWS PAYMENT OF PERFORMANCE BASED FEES

March 5, 1991 TO: INVESTMENT ADVISER MEMBERS NO. 10-91 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 10-91 RE: NEBRASKA ALLOWS PAYMENT OF PERFORMANCE BASED FEES _____ Attached is a copy of recently promulgated regulations which allow for the payment of performance based compensation to investment advisers in Nebraska. The regulations parallel Rule 205-3 under the Investment Advisers Act of 1940 and requires a client entering into performance based compensation contracts to be (1) a natural person with at least \$500,000 under the management of the investment adviser or (2) a natural person or a company with a net worth which exceeds \$1 million. The regulations contain disclosure requirements and compensation formulae which are similar to Rule 205-3. For purposes of determining whether market quotations are readily available in developing a compensation formula, the regulations incorporate Rule 2a-4(a)(1) under the Investment Company Act of 1940. We will keep you informed of related developments. W. Richard Mason Assistant Counsel
Attachment

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.