

**MEMO# 6716**

March 2, 1995

## **AIMR REPORT ON PERSONAL INVESTING**

March 2, 1995 TO: COMPLIANCE COMMITTEE No. 13-95 INVESTMENT ADVISER ASSOCIATE MEMBERS No. 11-95 INVESTMENT ADVISERS COMMITTEE No. 17-95 SEC RULES COMMITTEE No. 33-95 RE: AIMR REPORT ON PERSONAL INVESTING

A task force of the Association for Investment Management and Research, an association of investment professionals, recently issued a report concerning the personal investing activities of its members. The task force report "applauds the efforts" of the Institutes Advisory Group on Personal Investing and recommends measures that closely parallel the Institutes recommendations in important respects. The AIMR task force recommends that members: restrict participation in initial public offerings of equity or equity-related securities; restrict the ability of investment personnel to acquire securities in private placements and adopt effective supervisory and review procedures; prohibit trades by employees of a security on the same day that their firms trade in that security; require disgorgement of profits when a manager purchases a security in violation of a firms trading policies; adopt the Institutes recommended ban on 60-day trading profits, while allowing for the appointment of an independent review committee or designated senior officer to clear a personal transaction within the 60-day period for "exceptional or unusual circumstances;" refer to the current requirements in AIMRs Standards of Professional Conduct concerning gifts, which require that gifts be limited to token items; require prior approval and disclosure of directorships and adopt policies outlining the circumstances for which service as a director is appropriate and adopt "Chinese Walls" to protect other clients under management; require that access persons direct their brokers to supply duplicate copies of confirmations and periodic account statements; require that investment managers disclose their personal holdings upon commencement of employment and annually thereafter; and require preclearance by all access persons of their personal securities investments. A copy of the task forces report, along with AIMRs Standards of Professional Conduct and recommended compliance procedures and guidelines, is attached for your information. Paul Schott Stevens General Counsel Attachments