

**MEMO# 4461**

January 28, 1993

## **INTRODUCTION OF INVESTMENT ADVISERS BILL**

January 28, 1993 TO: BOARD OF GOVERNORS NO. 6-93 SEC RULES MEMBERS NO. 13-93 INVESTMENT ADVISER MEMBERS NO. 9-93 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 4-93 RE: INTRODUCTION OF INVESTMENT ADVISERS BILL

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Congressman Boucher, a member of the House Subcommittee on Telecommunications and Finance, recently introduced legislation in the House of Representatives to authorize the payment of annual fees by investment advisers and to provide for expanded supervision and regulation of investment advisers. Congressman Markey, Chairman of the Subcommittee, and Congressman Dingell, Chairman of the full House Energy and Commerce Committee, were among the co-sponsors of the legislation. The legislation is similar to the bill that passed the House last year. The key provisions of the bill would: (1) authorize the SEC to impose an annual fee on investment advisers; (2) require the SEC to establish a schedule for adviser inspections; (3) impose an express suitability requirement under the Investment Advisers Act; (4) require registered advisers to provide prescribed brochure disclosure and issue transaction and periodic reports to clients; and (5) authorize the SEC to require investment advisers with custody of client funds or securities or discretionary authority over client assets to obtain fidelity bonds. Copies of the bill and floor statements are attached. We understand that there will be two hearings on the bill in the near future. We will keep you informed of further developments. Matthew P. Fink President Attachments