

MEMO# 4562

March 5, 1993

INSTITUTE LETTERS TO HOUSE AND SENATE SUBCOMMITTEES REGARDING INVESTMENT ADVISERS LEGISLATION

March 5, 1993 TO: BOARD OF GOVERNORS NO. 18-93 SEC RULES MEMBERS NO. 25-93
INVESTMENT ADVISER MEMBERS NO. 13-93 INVESTMENT ADVISER ASSOCIATE MEMBERS
NO. 9-93 INVESTMENT ADVISERS LEGISLATION TASK FORCE RE: INSTITUTE LETTERS TO
HOUSE AND SENATE SUBCOMMITTEES REGARDING INVESTMENT ADVISERS LEGISLATION

_____ Legislation recently introduced in the House of Representatives, H.R. 578, and the Senate, S. 423, would authorize the collection by the Securities and Exchange Commission of annual fees from investment advisers and the expanded supervision and regulation of investment advisers by the SEC. H.R. 578 and S. 423 closely resemble bills passed by the respective chambers last year. S. 423 thus would authorize annual advisory fees and fidelity bonds for certain advisers and would facilitate one-stop filing of reports and records. H.R. 578 contains similar provisions, but also would impose transaction and periodic reporting requirements and express suitability requirements, provide for scheduled SEC inspections, authorize the SEC to designate SROs to inspect advisers, require an SEC survey concerning the failure of persons to register, and disqualify certain convicted persons from registering as advisers. The Institute recently sent letters in support of H.R. 578 and S. 423 to the responsible Subcommittees. In the letter relating to H.R. 578, the Institute also reiterated its concern with the transaction and periodic reporting requirements and the express suitability requirements. A copy of each letter is attached. Matthew P. Fink President Attachments