

**MEMO# 3083**

September 11, 1991

## INDIANA PROPOSED NEW ADVISER REGULATIONS

September 11, 1991 TO: INVESTMENT ADVISER MEMBERS NO. 38-91 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 41-91 RE: INDIANA PROPOSED NEW ADVISER REGULATIONS

The Indiana Securities

Commission recently released the attached proposed rules regarding investment adviser registration and regulation. Although the proposals, if adopted, would be effective January 1, 1992, the proposals contain grandfather provisions with regard to examination requirements which must be satisfied by October 1, 1991. Proposed Section 7 provides that investment advisers and their representatives must pass the Uniform Investment Adviser Law Examination (Series 65), unless an exemption applies. Investment advisers which were registered in Indiana on October 1, 1991 and designated a management representative on Schedule D of Form ADV are exempt, as are investment adviser representatives who were engaged in advisory activities on October 1, 1991 and were listed on Schedule D to Form ADV of a registered investment adviser. Finally, investment advisers and investment adviser representatives may apply for a waiver of the Series 65 requirement in writing from the Securities Commissioner. The proposed rules contain comprehensive provisions regarding books and records, and requires non-resident advisers to undertake to furnish the Securities Commissioner with any materials not kept within his jurisdiction. The proposal requires advisers to establish and maintain written supervisory procedures which encompass (1) administrative review and written approval of all new client accounts, (2) periodic examination of client accounts to detect and prevent irregularities or abuse, (3) prompt review of customer complaints, (4) review of correspondence regarding solicitation and execution of securities transactions effected on behalf of clients, and (5) review and written approval of the delegation by any client of discretionary investment authority with respect to his or her account and the frequent, periodic examination of the account to prevent abuses. The rules permit performance based compensation along the lines of Rule 205-3 under the Advisers Act. The rules also contain procedures whereby agency cross transactions will not be considered a dishonest or unethical practice. A public hearing on the proposed rules will be held in Indianapolis on September 23, 1991. Therefore, please call me at 202/955-3516 or Amy Lancellotta at 202/955-3523 with regard to any comments you have on the attached proposals by September 17, 1991. We will keep you informed of developments. W. Richard Mason Assistant Counsel - Pension Attachment

---

**Source URL:** <https://icinew-stage.ici.org/memo-3083>

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.