

**MEMO# 4900**

June 23, 1993

# **INSTITUTE COMMENT LETTER ON PROPOSED DISTRICT OF COLUMBIA INVESTMENT ADVISER RULES**

June 23, 1993 TO: INVESTMENT ADVISERS COMMITTEE NO. 17-93 DISTRICT OF COLUMBIA  
INVESTMENT ADVISER ASSOCIATE MEMBERS RE: INSTITUTE COMMENT LETTER ON  
PROPOSED DISTRICT OF COLUMBIA INVESTMENT ADVISER RULES

As we previously informed you, the District of Columbia Public Service Commission recently proposed rules under the District's new Investment Advisers Act. (See Memorandum to Investment Advisers Committee No. 13-93 and District of Columbia Investment Adviser Associate Members, dated May 25, 1993.) The proposed rules are substantially similar to the NASAA Model Amendments. In its letter, the Institute supported the Commission's decision to propose rules that are, for the most part, consistent with those adopted by other states and the federal government. The Institute's comments on the proposed rules were limited to the rule requiring that designated principals and investment adviser representatives pass the Series 65 examination. The proposed rules provide a six month grace period for passage of the Series 65 examination for applications received on or before December 31st, which the Institute supported. Specifically, the Institute recommended that the Commission exempt the following two categories of advisory employees from the examination requirement: 1. employees who have completed the Chartered Financial Analysts Level I examination or are members in good standing with an organization that issues the credential Certified Financial Planner (CFP), Chartered Financial Consultant (ChFC), Chartered Financial Analyst (CFA), Chartered Investment Counselor (CIC) or have membership in the Registry of Financial Planning Practitioners of the International Association for Financial Planning; and 2. employees of established investment advisory firms that meet certain stringent conditions designed to ensure that the firm and its representatives have sufficient experience and training, that the firm adheres to various investor protection procedures, and that the firm's clients are limited to "sophisticated investors." Thomas M. Selman  
Assistant Counsel Attachment