

MEMO# 2187

September 13, 1990

NEW MEXICO PROPOSES NEW REGISTRATION RULES FOR ADVISERS

- 1 - September 13, 1990 TO: INVESTMENT ADVISERS COMMITTEE NO. 31-90 NEW MEXICO
INVESTMENT ADVISER ASSOCIATE MEMBERS RE: NEW MEXICO PROPOSES NEW
REGISTRATION RULES FOR ADVISERS

The New Mexico Securities Division released proposed rules regarding registration of investment advisers and investment adviser representatives. A copy of the Division's proposal is attached. The proposal defines "investment adviser" as including any person who hold himself out as providing investment advise either as a primary business or as a component of other financially related services, whether known as an investment adviser or not. In addition, a person holding himself out as a financial planner or by any other similar term is presumed to be operating as an investment adviser whether or not that person is also a broker-dealer, sales representative, accountant, lawyer, teacher or engineer. The proposal also specifies that "investment advice" includes recommendations to invest in specific types of securities, preparation or recommendation of asset investment programs involving securities and market timing services, but does not include insurance consulting activities by a licensed insurance consultant. The Division is proposing several examination requirements for investment advisers or investment adviser representatives. Each adviser or representative must pass the Series 65 examination. In addition, each adviser must have a designated management person who has passed the Series 24 examination (General Securities Principals) or is a CFA, CIC, CFP, ChFC, CPA with a financial planning specialist designation or admitted to the IAFP registry. Investment adviser representatives must also satisfy one of the above requirements or pass the Series 2 or Series 7 general securities examinations. The proposal contains various exemptions from the examination requirements for certain experienced applicants. The proposal also includes a bonding requirement for advisers with custody of client funds. - 2 - Comments on the proposal must be received by the New Mexico Securities Division by October 15, 1990. Therefore, please provide me with any comments you have on the Division's proposal by Friday, October 5, 1990. We will keep you informed of further developments. W. Richard Mason Assistant General Counsel Attachment