

MEMO# 2880

June 25, 1991

PROPOSED COLORADO INVESTMENT ADVISERS ACT

June 25, 1991 TO: INVESTMENT ADVISERS COMMITTEE NO. 27-91 RE: PROPOSED COLORADO INVESTMENT ADVISERS ACT

As we discussed at the last Investment Advisers Committee meeting, the Colorado legislature is considering enacting legislation to require registration of investment advisers. Attached is a copy of the proposed Colorado Investment Advisers Act which was prepared by the Colorado Securities Law Review Committee of the Colorado Bar Association. The draft has been included in material assembled by the Department of Regulatory Agencies and distributed to members of the legislative committee that will decide whether the General Assembly in its 1992 session should consider enacting an investment adviser statute. A hearing on that matter was scheduled for June 26, 1991. The draft proposal contains an investment adviser examination requirement. However, the Commissioner may exempt by rule any designated classes of individuals from any written examination requirement. Also, no examination would be required of any individual who is a member in good standing of, is certified by, or is otherwise associated with an organization determined by rule of the Commissioner. Such organizations would be nationally recognized, nonprofit and maintain standards to ensure its members have a satisfactory level of knowledge about federal and state securities laws applicable to investment advisers. Assuming the legislative committee leaves this matter on the public agenda, please provide me with any comments you may have on the draft proposal as soon as possible. We will keep you informed of developments. W. Richard Mason Assistant Counsel Attachment