

MEMO# 1223

June 15, 1989

INSTITUTE COMMENTS ON PROPOSED ILLINOIS INVESTMENT ADVISER RULES

June 15, 1989 TO: INVESTMENT ADVISERS COMMITTEE NO. 23-89 RE: INSTITUTE
COMMENTS ON PROPOSED ILLINOIS INVESTMENT ADVISER RULES

On June 13, 1989, the Institute submitted the attached letter to the Illinois Securities Department concerning proposed Illinois investment adviser rules. A copy of the proposed rules is also attached. In our letter, we made a number of comments concerning both substantive and technical problems associated with the proposed rules. Our comments included recommendations that the following changes be made: (i) the balance sheet proposed rule requirement should be modified so that it is coordinated and consistent with the requirement found in Question 14 of Part II of Form ADV; (ii) the requirement that an investment adviser send copies of their articles of incorporation, bylaws or partnership agreements to the securities department should be deleted; (iii) the requirement that an investment adviser send a form to the securities department attesting to negotiable fees and discretionary authority should be deleted because the information is already contained in the adviser's Form ADV; (iv) the requirement that an investment adviser display a certificate from the securities department should be deleted because it would create an imprimatur from the securities department; and (v) the (existing rule) requirement that investment adviser principals must take the General Securities Principal Examination (Series 24) should be deleted. With regard to this last comment, the Illinois Securities Department would like information concerning appropriate NASD examinations for principals of investment advisory firms. Please contact the undersigned if you have any thoughts on this. We will keep you any informed of developments. Robert L. Bunn, Jr. Assistant General Counsel Attachments

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