

MEMO# 3590

March 12, 1992

AMENDED INVESTMENT ADVISER LEGISLATION IN COLORADO

March 12, 1992 TO: INVESTMENT ADVISERS COMMITTEE NO. 13-92 COLORADO
INVESTMENT ADVISER ASSOCIATE MEMBERS RE: AMENDED INVESTMENT ADVISER
LEGISLATION IN COLORADO _____ As
we previously informed you, legislation had been introduced in Colorado to require financial
planners to register with the Securities Commissioner. (See Memorandum to Investment
Advisers Committee No. 5-92 and Colorado Associate Investment Adviser Members, dated
January 31, 1992.) The House Committee on Business Affairs and Labor amended that
legislation and reported the amended version to the Committee on Appropriations. Instead
of focusing on financial planners, the amended bill requires all investment advisers, as
defined in the bill, to register with the Commissioner. Included in the definition of
"investment adviser" are "financial planners and other persons who, as an integral
component of other financially related services, provide such investment advisory services
to others for compensation and as part of a business or who hold themselves out as
providing such investment advisory services to others for compensation." The bill includes a
number of exemptions from the definition of "investment adviser" and from the registration
requirements, including any person who has complied in all material respects with the
disclosure requirements under the Investment Advisers Act and has filed an annual notice
of claim of exemption from registration with the Commissioner. The bill includes provisions
relating to custody requirements, agency cross transactions, disclosure requirements and
private rights of action. If you have any comments on the attached amended legislation,
please call the undersigned at 202/955-3523. We will keep you informed of developments.
Amy B.R. Lancellotta Associate General Counsel Attachment