

**MEMO# 5316**

November 8, 1993

# **PROPOSED AMENDMENTS TO CONNECTICUT INVESTMENT ADVISER RULE**

1 It should be noted that provisions in the attached regulations which are labeled "(NEW)" may actually be existing regulations that merely have been renumbered. November 8, 1993 TO: INVESTMENT ADVISERS COMMITTEE NO. 34-93 RE: PROPOSED AMENDMENTS TO CONNECTICUT INVESTMENT ADVISER RULE

The Connecticut Department of Banking has issued for comment proposed amendments to the regulations under the Connecticut Uniform Securities Act dealing with investment advisers. The proposed amendments are designed to update existing regulations to make them easier to read and understand. A copy of the proposed amendments is attached.<sup>1</sup> Several of the significant amendments include: (1) a new rule which requires delivery of a disclosure document similar to that required by Rule 204-3 under the federal Investment Advisers Act (the "Brochure Rule") to advisory clients; (2) a provision imposing supervisory requirements on investment advisers; (3) a special filing requirement for persons who use a trade name other than that of the registrant; (4) expanded authority for the Commissioner to conduct inspections; (5) a new provision, which tracks Rule 102(a)(4)-1 of the NASAA Model Amendments to the Uniform Securities Act, defining unethical business practices by investment advisers and investment adviser agents; and, (6) a requirement that investment adviser agents pass the Series 65 exam. Exempted from this examination requirement are persons who have not been the subject of any disciplinary proceedings and who are associated with an adviser as of October 1, 1994. Additionally, the proposed amendments add several additional records to the list of records which must be maintained by the adviser at its principal place of business and in each of its branch offices. (See Sec. 36-500-482b). Comments on these proposed regulations must be submitted by December 3, 1993. If you have any comments on the proposed regulations, please provide them to me by Friday November 19, 1993. My direct dial number is 202/955-8432. Tamara K. Cain  
Assistant Counsel Attachment