

MEMO# 990

February 15, 1989

MONTANA ADOPTS UNETHICAL PRACTICES RULES FOR INVESTMENT ADVISERS

February 15, 1989 TO: INVESTMENT ADVISER MEMBERS NO. 12-89 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 11-89 RE: MONTANA ADOPTS UNETHICAL PRACTICES RULES FOR INVESTMENT ADVISERS _____ Effective January 16, 1989, the State Auditor and Commissioner of Securities of the state of Montana has adopted rules concerning unethical practices by investment advisers. A copy of both the proposed rules and the adopted rules are attached for your convenience. These rules include provisions that prohibit, among other things, recommending certain securities without believing such a recommendation is suitable for the client, exercising discretionary power for a client unless written authority is obtained first, borrowing money or securities from a client unless that client is a broker-dealer, an affiliate of the investment adviser, or a financial institution engaged in the business of loaning funds, charging a client an unreasonable advisory fee, entering into or renewing an investment advisory contract unless the contract is in writing, and failing to make certain disclosures about financial or disciplinary problems the adviser may have had. These unethical practice rules are consistent with the North American Securities Administrators Association, Inc.'s model rules as adopted by NASAA during 1988. Robert L. Bunnan, Jr. Assistant General Counsel
Attachments

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