

MEMO# 6368

November 8, 1994

TEXAS ISSUES REVISED LEGISLATIVE RECOMMENDATIONS FOR 1995

November 8, 1994 TO: INVESTMENT ADVISERS COMMITTEE NO. 55-94 STATE LIAISON COMMITTEE NO. 62-94 UNIT INVESTMENT TRUST COMMITTEE NO. 71-94 RE: TEXAS ISSUES REVISED LEGISLATIVE RECOMMENDATIONS FOR 1995

As we previously informed you, earlier this year the Texas State Securities Board (the "Board") issued for comment proposed revisions to the Texas Securities Act that the Board would like to have considered during the 1995 legislative session. (See Memorandum to Investment Advisers Committee No. 34-94, State Liaison Committee No. 32-94, and Unit Investment Trust Committee No. 35-94, dated May 13, 1994.) The Board's proposal included provisions that would subject investment advisers to civil liability for specified conduct and authorize the Board to impose administrative fines for violations of the Act. In June, the Institute filed a comment letter that generally supported the proposed revisions except for those relating to an investment adviser's civil liability. (See Memorandum to Investment Advisers Committee No. 39-94, State Liaison Committee No. 39-94, and Unit Investment Trust Committee No. 44-94, dated June 24, 1994.) We are pleased to inform you that the Board recently issued a revised version of its legislative proposals, which deletes the investment adviser liability provisions. In addition to this deletion, the Board has amended the administrative fine provision to add a maximum aggregate fine amount that may be imposed (i.e., \$100,000 for multiple violations in a single proceeding or a series or related proceedings). Finally, the provision in the previous proposal that would have clarified the Act with respect to the sale of excess securities has been deleted from the revised proposal to give the staff additional time to ensure the feasibility of its implementation. A copy of the Board's revised legislative proposal for the 1995 legislative session is attached. Tamara K. Cain Assistant Counsel
Attachment