

MEMO# 5776

April 11, 1994

CALIFORNIA FINANCIAL PLANNERS LEGISLATION INTRODUCED

April 11, 1994 TO: INVESTMENT ADVISERS COMMITTEE NO. 28-94 CALIFORNIA INVESTMENT ADVISER ASSOCIATE MEMBERS RE: CALIFORNIA FINANCIAL PLANNERS LEGISLATION INTRODUCED _____ Senate Bill 2052 was recently introduced in California to provide for the licensure and regulation of financial planners. The bill defines "financial planner" to mean any person who renders financial planning services, whether as a primary occupation or as an incident to another business or profession. Excluded from the bill would be any person (1) engaged in a state or federally regulated profession or occupation which provides financial advice to individuals if the person claiming an exemption does not refer to itself as a financial planner or (2) exempt from regulation under the federal Investment Advisers Act of 1940 and the California Corporation Securities Law of 1968. [The Corporate Securities Law of 1968 currently provides for the registration and regulation of investment advisers and their associated persons.] Senate Bill 2052, would: -- subject financial planners to existing investment adviser requirements to the extent applicable unless acting under the supervision of a licensed investment adviser; -- prohibit providing financial planning services for compensation unless the client has entered into a written agreement with the planner, which agreement includes all material terms including an itemization of the fees to be charged and the services to be provided; and -- require financial planners to furnish a written disclosure document containing specified information to each client. The bill further provides that financial planners shall be subject to the enforcement, penalty, criminal, and service of process provisions pertaining to investment advisers and their associated persons. The Senate Banking Committee is scheduled to hear the bill on April 25th. The Institute will continue to monitor this bill and keep you apprised of its progress. A copy of the bill is attached. Tamara K. Cain Assistant Counsel Attachment