

MEMO# 3676

April 7, 1992

FINANCIAL PLANNER LEGISLATION INTRODUCED IN CALIFORNIA

April 7, 1992 TO: INVESTMENT ADVISERS COMMITTEE NO. 16-92 CALIFORNIA INVESTMENT ADVISER ASSOCIATE MEMBERS RE: FINANCIAL PLANNER LEGISLATION INTRODUCED IN CALIFORNIA _____ A bill has been introduced in California relating to the regulation of financial planners. Specifically, the bill would authorize the Department of Consumer Affairs to require financial planners to become licensed. The bill would create the Financial Planners Policy Board and establish specific standards, procedures and bonding requirements for regulation of financial planners. In addition, the bill would impose certain disclosure requirements upon financial planners and require written agreements and financial plans to meet specified standards and to include specified matters. The bill covers all persons providing financial planning services to their clients. The term "financial planning services" is defined in the bill as, "advice regarding strategies and actions designed to help an individual achieve personal, family, or household financial goals on the basis of an evaluation of the personal financial condition and capabilities of the individual and any other advice or services which are represented by or on behalf of the provider to constitute a financial plan or financial planning services." The bill mandates the Board, among other things, to develop an examination for the licensure of financial planners and a periodic followup examination for continuation of licensure privileges. In addition, the bill would impose a civil penalty of treble damages for a violation of the statute payable to the planner's client. Financial planners also would be required to maintain a bond in the amount of \$100,000 in favor of clients. We will keep you informed of developments. Amy B.R. Lancellotta Associate General Counsel Attachment