

MEMO# 3070

September 5, 1991

OREGON PROPOSES REVISED ADVISER REGISTRATION RULES

September 5, 1991 TO: INVESTMENT ADVISERS COMMITTEE NO. 40-91 OREGON
INVESTMENT ADVISER MEMBERS OREGON INVESTMENT ADVISER ASSOCIATE MEMBERS RE:
OREGON PROPOSES REVISED ADVISER REGISTRATION RULES

The Oregon Division of Finance and Corporate Securities recently proposed the attached revisions to its investment adviser regulations. The proposal contains several liberalizations of the current rules. An exemption from the definition of investment adviser or salesperson is proposed for "any person who conducts no public advertising or general solicitation in this state and whose only clients in this state are "accredited investors" as that term is defined under the Securities Act of 1933." An exemption from the \$10,000 surety bond requirement is provided for advisers who file a letter of credit in the sum of \$10,000. With regard to examination requirements, passage of the Series 65 is now permitted as an alternative to the Series 63. Passage of the Series 2, 6 or 7 is still required. Waivers of the examination requirements will be considered if the applicant has a minimum of three continuous years of securities related activity and a pre-existing business relationship with a person who is now in Oregon. The former examination grandfather provision which applied to advisers who were licensed on September 27, 1987 has been proposed as a permanent exemption for advisers who have been licensed in Oregon in the same capacity during the two years immediately prior to the filing of an application in Oregon. The proposal contains strict new disqualification provisions to any applicant who has been convicted of or pleaded nolo contendere to any felony. Disqualification also applies to those who have been convicted of or pleaded nolo contendere to any misdemeanor involving investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property or bribery, counterfeiting, extortion or gambling. Hearings on the proposals are scheduled for September 11, 1991 in Salem, Oregon. However, written comments on the proposals will be considered until September 20, 1991. Therefore, please call me at 202/955-3516 by September 13, 1991 with regard to any comments you may have on the proposed regulations. We will keep you informed of developments. W. Richard Mason Assistant Counsel - Pension Attachment