

MEMO# 2304

November 2, 1990

INSTITUTE COMMENTS ON RHODE ISLAND ADVISER REGISTRATION REGULATIONS

November 2, 1990 TO: INVESTMENT ADVISERS COMMITTEE NO. 37-90 RE: INSTITUTE COMMENTS ON RHODE ISLAND ADVISER REGISTRATION REGULATIONS

As you recall, the Rhode Island Department of Business Regulation recently proposed rules regarding the registration of investment advisers. (See Institute Memorandum to Investment Advisers Committee No. 35-90). Attached in this regard is a copy of the Institute's comments on the proposed rules. The proposed regulations would require applicants for licensing as investment adviser representatives in Rhode Island to pass the Series 63 and Series 65 examinations. The Institute recommended that only one examination, the Series 65, be required for investment adviser licensing. The Institute also recommended that a permanent exemption be granted for investment advisers who have previously passed the Series 63 and either the Series 2 or 7 examinations and have at least two years of experience as investment adviser representatives in Rhode Island or another state. As we discussed at the Investment Advisers Committee meeting last month, passage of the Series 63 and either the Series 2 or 7 should not be a substitute for passage of the Series 65, however, advisers who have already passed such examinations should not have to pass yet another examination. For this reason, the Institute recommended a two year experience requirement in order to ensure that unexperienced applicants do not circumvent the Series 65 requirement. With regard to the Series 65 examination in general, the Institute understands that as of October 1, 25% of the exam was rewritten. In addition, the exam was expanded from 90 to 120 minutes. No recognized course outline or study materials are yet available. The Institute also requested the Rhode Island Department of Securities to grant a class exemption for the Series 24 examination requirement for designated investment adviser supervisors who are chartered financial analysts. A copy of the request for the exemption is attached. We will keep you informed of further developments. W. Richard Mason Assistant General Counsel

Attachments