

MEMO# 2505

January 30, 1991

PENNSYLVANIA ASSOCIATED PERSONS REQUIRED TO REGISTER

January 30, 1991 TO: INVESTMENT ADVISER MEMBERS NO. 5-91 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 5-91 RE: PENNSYLVANIA ASSOCIATED PERSONS REQUIRED TO REGISTER _____ Attached are interim guidelines for registration of investment adviser "associated persons" in the Commonwealth of Pennsylvania which were recently released by the Securities Commission. Associated persons of investment advisers will be required to file by February 19, 1991 Form U-4, a \$50.00 filing fee and evidence of passage of the examination requirements previously applicable to associated persons. Associated persons were recently defined by statute as any partner, officer or director or other individual employed by or associated with an investment adviser, except clerical or administrative personnel, who (i) makes securities recommendations or otherwise renders advice regarding securities directly to advisory clients; (ii) manages accounts or portfolios of clients; (iii) determines which recommendations or advice regarding securities should be given (A) if that person is a member of the advisers committee which determines general investment advice to be given to clients or (B) if the adviser has no such committee, the persons who determine general client investment advice provided that, if there are more than 5 such persons, only the supervisors of such persons are deemed to be associated persons; or (iv) immediately supervises employees in the performance of any of the foregoing. With regard to examination requirements, the interim guidelines require associated persons to pass the Series 65 Uniform Investment Adviser Law Examination and the Series 2, 7, 8 or 24 examination. However, the guidelines grandfather all associated persons who were identified on Schedule D of Form ADV between February 19, 1989 and February 19, 1991, did not have a lapse in employment in excess of two years after February 19, 1991 and had met the examination and experience requirements applicable to investment adviser associated persons in Pennsylvania during such time. The guidelines also contain recordkeeping requirements for associated persons. In addition to name, educational and employment histories, the investment adviser must maintain records of securities-related disciplinary actions and records of all felony and misdemeanor convictions (other than minor traffic offenses) of all associated persons. A copy of Act 190, which enacted the registration requirement, is also attached for your information. We will keep you informed of further developments. W. Richard Mason Assistant General Counsel Attachments