

MEMO# 970

February 9, 1989

INSTITUTE TESTIFIES IN MARYLAND CONCERNING PROPOSED INVESTMENT ADVISER LEGISLATION

February 9, 1989 TO: INVESTMENT ADVISERS COMMITTEE NO. 9-89 RE: INSTITUTE
TESTIFIES IN MARYLAND CONCERNING PROPOSED INVESTMENT ADVISER LEGISLATION

On February 8, 1989, the Institute testified before the Maryland House Economic Matters Committee concerning proposed investment adviser legislation in Maryland. As you may recall, the Institute has been actively involved in the debate concerning appropriate legislation in Maryland for the past five or six years. Maryland House Bill No. 712 is largely based on the NASAA model amendments adopted by NASAA in 1986 through 1988. For that reason, we supported the bill but recommended that two specific amendments be made to the bill. Our first recommended change related to the definition of investment adviser representative. We suggested that changes be made to limit the investment adviser representative definition to those individuals who actually give investment advice or have direct client contact, as opposed to those who merely perform research or back office functions. Our second concern related to the insurance agents and brokers exclusions under the definition of investment adviser. We stated that all individuals or entities that meet even a portion of the definition of investment adviser should be required to meet the disclosure and registration provisions in the bill. We further stated that to provide otherwise would be tilting the regulatory system in favor of a few select individuals or entities and would provide an anti-competitive environment for investment advisers. We will continue to keep you informed of developments in Maryland. Robert L. Bunnen, Jr. Assistant General Counsel

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