

MEMO# 2128

August 17, 1990

INSTITUTE STATEMENT ON FINANCIAL PLANNER LEGISLATION

August 17, 1990 TO: INVESTMENT ADVISER MEMBERS NO. 42-90 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 37-90 RE: INSTITUTE STATEMENT ON FINANCIAL PLANNER LEGISLATION _____ On March 30, 1990, Representative Boucher introduced legislation entitled the "Investment Advisors Disclosure and Enforcement Act of 1990." Hearings were recently held on the bill before the Subcommittee on Telecommunications and Finance of the House Committee on Energy and Commerce. The Institute supported the objectives of the legislation to insure investor protection. However, we had concerns about certain provisions of the bill. Attached is a copy of the Institute's written statement on the bill. With respect to the scope of the bill, the Institute recommended that investment advisers to investment companies and institutional clients be exempt from the bill. We also recommended that banks engaging in certain advisory activities be covered under the bill and that the blanket exclusion under the Investment Advisers Act for banks be repealed. The Institute noted in its statement that it may not be necessary to add a private right of action under the Advisers Act, as proposed by the bill. In almost all cases, a defrauded investor will have other available remedies under both federal and state law. The Institute objected to the proposed disclosure requirements in the bill. We believe that it is more appropriate for the SEC to promulgate disclosure requirements through its rulemaking authority rather than for Congress to mandate specific disclosure requirements in legislation. We will keep you informed of developments. Amy B. Rosenblum Assistant General Counsel Attachment

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