

**MEMO# 2976**

August 1, 1991

## **ILLINOIS HOUSE PASSES LEGISLATION TO AMEND ADVISER LAW**

August 1, 1991 TO: INVESTMENT ADVISERS COMMITTEE NO. 34-91 RE: ILLINOIS HOUSE  
PASSES LEGISLATION TO AMEND ADVISER LAW

\_\_\_\_\_ The Illinois legislature recently passed legislation to amend the definition of investment adviser to include "any financial planner or other person who, as an integral component of other financially related services, provides [investment advice] to others for compensation and as part of a business or who holds himself or herself out as providing [such] services to others for compensation." However, the bill excludes lawyers, accountants and others who (a) do not exercise discretion with respect to client assets or maintain custody of client assets, (b) do not receive commissions contingent on the purchase or sale of securities and (c) do not advise on the purchase or sale of specific securities, unless the advice is "based on financial statement analyses or tax considerations that are reasonably related to and in connection with the person's profession." The bill also eliminates solicitors from the definition of investment adviser representative. Investment adviser representatives will be required to pay a fee to fund the newly created "Securities Audit and Enforcement Fund," unless they are also registered as broker dealer salespersons and have paid a similar fee to such fund. A copy of H.B. 2405 is attached. The bill was sent to the governor for signature on July 18, 1991. We will keep you informed of developments. W. Richard Mason Assistant Counsel - Pension Attachment

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