

MEMO# 1126

April 26, 1989

VIRGINIA PROPOSES INVESTMENT ADVISER RULES

April 26, 1989 TO: INVESTMENT ADVISERS COMMITTEE NO. 20-89 RE: VIRGINIA PROPOSES INVESTMENT ADVISER RULES _____ On

April 19, 1989, the State Corporation Commission of Virginia proposed rules concerning investment advisers and investment adviser representatives. A copy of the relevant proposed Virginia rules is attached for your review. The proposed rules cover several subject matters including (1) a requirement that investment advisers file a balance sheet as prescribed by Part II, item 14 of Form ADV, unless excluded from such requirement, (2) a requirement that an investment adviser representative applying for registration on or after July 1, 1989 be required to pass the Series 65 Uniform Investment Adviser Law Examination with a minimum grade of 70%, (3) a requirement that an investment adviser maintain as part of his books and records all advertisements and worksheets and calculations necessary to form the basis for performance data in his advertisements, and (4) a laundry list of dishonest or unethical practices applicable to investment advisers and a separate list of dishonest or unethical practices for investment adviser representatives. Because comments must be received by the Virginia Securities Commission by May 19, 1989, please submit any comments you may have to the undersigned by Friday, May 12, 1989. Robert L. Bunn, Jr. Assistant General Counsel Attachment