

MEMO# 2807

May 29, 1991

INSTITUTE COMMENTS ON TEXAS INSTITUTIONAL EXEMPTION PROPOSAL

May 29, 1991 TO: INVESTMENT ADVISERS COMMITTEE NO. 23-91 RE: INSTITUTE COMMENTS
ON TEXAS INSTITUTIONAL EXEMPTION PROPOSAL

_____ As we previously informed you, the Texas Securities Board has proposed an exemption from investment adviser registration for advisers whose clients are employee benefit plans. (See Institute Memorandum to Investment Advisers Committee No. 21-91, dated May 20, 1991.) Attached is a copy of the Institute's comments regarding the proposal. The Institute recommended that Texas adopt the pension plan institutional exemption contained in the NASAA Amendments to the Uniform Securities Act in lieu of the exemption contained in the proposal. Alternatively, the Institute recommended that the proposed exemption be clarified in three respects. First, the Institute recommended that the exemption clarify whether it applied to advisers to all employee benefit plans or only to pension benefit plans subject to ERISA. Second, we requested explanation of the scope of the term "self-directed pension plan of a natural person." Finally, we recommended that a salesman whose only clients are exempt institutional retirement plans be exempt from registration regardless of whether the adviser who employs the salesman is exempt from registration. We will keep you informed of further developments. W. Richard Mason Assistant Counsel WRM:tmb
Attachment

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