

MEMO# 2143

August 23, 1990

CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION TO HOLD HEARING ON ADVISER DISCLOSURE REQUIREMENTS

August 23, 1990 TO: INVESTMENT ADVISERS COMMITTEE NO. 27-90 RE: CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION TO HOLD HEARING ON ADVISER DISCLOSURE REQUIREMENTS _____ As we previously informed you, the California Fair Political Practices Commission staff recently took the position that certain employees of investment firms, banks and brokerage houses who make discretionary investments for California public funds were not "public officials" required to file personal financial disclosure Form 721. (See Memorandum to Investment Advisers Committee No. 15-90, dated May 18, 1990.) At that time, the Commission staff took the position that such employees instead are "consultants" who are required to file similar disclosure Form 730. However, the Commission staff appears to have reversed its earlier position regarding the definition of "public officials" and has proposed regulations which will require individual portfolio managers (and their supervisors) employed by advisers who contract with California public funds to file either Form 721 or Form 730 disclosure statements. A copy of the staff's proposals is attached. The proposed regulation will be presented to the Commission on September 5, 1990. The Institute strongly objected to the position taken by the staff and submitted the attached letter commenting on the proposed regulations. The Institute intends to file a written statement with the Commission for its September 5 meeting. If you have any comments regarding this matter, please contact Amy Rosenblum at 202/955- 3516 (FAX 202/659-1519) no later than August 31, 1990. We will keep you informed of further developments. W. Richard Mason Assistant General Counsel Attachments