

MEMO# 2671

April 5, 1991

FLORIDA PROPOSES REVISING DEFINITION OF "BRANCH OFFICE" O

- 1 - April 5, 1991 TO: INVESTMENT ADVISERS COMMITTEE NO. 13-91 FLORIDA INVESTMENT ADVISER MEMBERS FLORIDA INVESTMENT ADVISER ASSOCIATE MEMBERS RE: FLORIDA PROPOSES REVISING DEFINITION OF "BRANCH OFFICE"

The Florida Securities Division has proposed amendments to its Administrative Rules regarding investment advisers. The proposals would amend the term "branch office" to include (1) any location which is owned or controlled by an investment adviser for purposes of rendering investment advice and in which two or more associated persons are engaged in such activities or (2) a location which holds itself out to the general public for the purpose of rendering investment advice on behalf of an investment adviser. A branch office or associated person would be prohibited from conducting advisory business by any name other than that of the investment adviser with which the branch office or person is registered unless the office or person meets a number of conditions set forth in the regulation, including disclosure of the relationship between the investment adviser and the entity under which business is conducted at the location. Investment advisers would also be required to maintain a list of all locations from which any associated person renders investment advice through such investment adviser in the State of Florida. The regulation was proposed because the Florida Securities Division identified several problems inherent to arrangements whereby associated persons operate independently of registered investment advisers. Specifically, the Division is interested in regulating "independent contractors" or "franchise" arrangements. Written comments may be submitted to the Securities Division by April 30, 1991. Therefore, please provide me with any comments you have on this proposal by April 24, 1991. - 2 - We will keep you informed of developments. W. Richard Mason Assistant Counsel Attachment