

MEMO# 9005

June 23, 1997

INSTITUTE COMMENTS ON RULE AMENDMENTS PROPOSED BY NEVADA

June 23, 1997 TO: INVESTMENT ADVISERS COMMITTEE No. 20-97 STATE LIAISON
COMMITTEE No. 18-97 UNIT INVESTMENT TRUST COMMITTEE No. 43-97 RE: INSTITUTE
COMMENTS ON RULE AMENDMENTS PROPOSED BY NEVADA

The Nevada Securities Division has determined to implement the provisions of the National Securities Markets Improvement Act of 1996 ("NSMIA") by promulgation of temporary rules until such time as legislation can be introduced to conform Nevada law to NSMIA, which will not be until 1999. A copy of the rules that have been proposed by the Division are attached. Also attached is a copy of a comment letter the Institute filed with the Division on its proposed rules. In our comment letter, the Institute recommends several changes to the proposed rules in order to conform them to the requirements of NSMIA. In particular, the Institute's letter recommends amendments to: Provide a de minimis exemption from the notice filing requirements for federal covered advisers (Rule Section 5); Eliminate filing requirements proposed for out-of-state representatives of federally registered advisers (Rule Section 6); Revise a provision prohibiting persons that have been suspended or barred from associating with a federally registered adviser (Rule Section 9); Technically amend provisions relating to Internet activities to reflect Nevada's notice filing requirements (Rule Section 12); Permit investment companies to file, at their option, a copy of the issuer's federal registration statement in lieu of Form NF or Nevada Form N-9 (Rule Section 13); and Add a new rule section that would tailor Nevada's de minimis exemption to NSMIA by eliminating a condition in Nevada's current exemption that denies availability of the exemption to any person that "directs communications" into Nevada. As noted in the Institute's comment letter, NSMIA does not permit the imposition of such condition (Proposed New Rule Section 18). Tamara K. Reed Associate Counsel Attachments (in .pdf format)