

MEMO# 2878

June 24, 1991

IDAHO PROPOSES INVESTMENT ADVISER REPRESENTATIVE RULES

June 24, 1991 TO: INVESTMENT ADVISERS COMMITTEE NO. 26-91 RE: IDAHO PROPOSES INVESTMENT ADVISER REPRESENTATIVE RULES

As we previously informed you, the the Idaho Code was recently amended to require registration of investment adviser representatives. (See Institute Memorandum to Investment Adviser Members No. 15-91 and Investment Adviser Associate Members No. 16-91, dated April 22, 1991.) The Idaho Department of Finance recently released proposed regulations regarding investment adviser representative licensing. Revised Rule 4 requires the qualifying officer of an investment adviser to pass the Uniform Investment Adviser Law Examination ("Series 65") with a minimum grade of 85 percent. Investment adviser representatives must pass the Series 65 examination. The Director may waive the examination requirement for cause. Revised Rule 11,9 d. requires every investment adviser to establish, maintain and enforce written supervisory procedures. The procedures would entail (i) the review and written approval by the designated supervisor of the opening of each new customer account, (ii) the frequent examination of all customer accounts, (iii) the review and written approval of all securities recommendations and the correspondence pertaining to solicitation or execution of such recommendations, (iv) the review of correspondence related in any way to recommendations and (v) the prompt review and written approval of the handling of customer complaints. A copy of the proposed rules is attached. A hearing on the rules is scheduled for August 15, 1991. Written comments will be accepted until August 13, 1991. Therefore, please provide me with any comments you have regarding the Idaho rule proposals by August 1, 1991. We will keep you informed of developments. W. Richard Mason Assistant Counsel Attachment