

**MEMO# 1352**

August 17, 1989

## **MARYLAND ADOPTS EMERGENCY INVESTMENT ADVISER RULES**

August 17, 1989 TO: INVESTMENT ADVISER MEMBERS NO. 44-89 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 44-89 RE: MARYLAND ADOPTS EMERGENCY INVESTMENT ADVISER RULES \_\_\_\_\_ Emergency investment adviser rules under Maryland's newly adopted investment adviser law (see Memorandum to Investment Adviser Members and Investment Adviser Associate Members No. 30- 89, dated June 7, 1989) became effective on July 25, 1989. The emergency rules, a copy of which is attached, expire on December 22, 1989. As you will recall, the Maryland investment adviser law is bifurcated with two effective dates. Section I, which took effect on July 1, 1989, basically defines the terms investment adviser and investment adviser representative, sets forth certain new antifraud provisions applicable to such persons and requires certain disclosures. The emergency rules deal only with this section of the bill. Section II, which does not take effect until July 1, 1990, contains the licensing provisions by which investment advisers and advisory representatives will be required to register with the Maryland Securities Division. The emergency rules include provisions relating to definitions, dishonest or unethical practices, custody, the brochure rule, agency cross transactions, performance-based compensation, etc. The disclosure rules under Section .05 may be met by complying with the provisions of Section 204 of the Investment Advisers Act of 1940 and the rules thereunder which include the "brochure rule." Robert L. Bunnen, Jr. Assistant General Counsel Attachment