

MEMO# 957

February 3, 1989

COMMENT LETTERS CONCERNING SEC PROPOSAL TO EXEMPT CERTAIN SMALL INVESTMENT ADVISERS

February 3, 1989 TO: INVESTMENT ADVISERS COMMITTEE NO. 6-89 RE: COMMENT LETTERS
CONCERNING SEC PROPOSAL TO EXEMPT CERTAIN SMALL INVESTMENT ADVISERS

As you recall, the SEC has proposed two rules that would expand the "intrastate" and "small adviser" exemptions from registration under the Investment Advisers Act for investment advisers which are, among other things, are registered in each state in which they do business. (See Memorandum to Investment Advisers Committee No. 23-88, dated September 20, 1988.) Additionally, the proposals would exempt certain advisers from a number of rules including those rules under the antifraud provisions of the Investment Advisers Act. The Institute has submitted a comment letter opposing the proposals. (See Memorandum to Investment Adviser Members No. 52-88 and Investment Adviser Associate Members No. 53-88, dated November 23, 1988.) In response to the proposals, Chairman Dingell of the U.S. House of Representatives Committee on Energy and Commerce recently sent a letter to Chairman David Ruder of the SEC stating that the proposals were not consistent with the SEC's responsibility to protect investors. Thereafter, Chairman Ruder sent a response letter back to Chairman Dingell. Both letters are attached. We will keep you informed of developments. Robert L. Bunnen, Jr. Assistant General Counsel Attachments