

MEMO# 4930

June 29, 1993

OREGON INVESTMENT ADVISERS BILL

June 29, 1993 TO: INVESTMENT ADVISERS COMMITTEE NO. 18-93 OREGON ASSOCIATE
MEMBERS RE: OREGON INVESTMENT ADVISERS BILL

_____ The Oregon legislature is considering the attached bill, which would make two key changes to the regulation of investment advisers. First, the bill would exempt investment advisers without discretionary authority from the bonding requirements of the Oregon Securities Law. Second, the bill would require the registration of "fee only financial advisors." The term "fee only financial advisor" generally would include those who, for compensation, engage in financial planning, accept compensation for services by hourly, flat, or percentage fees, have a fiduciary relationship with the client, and do not receive compensation for recommending specific products or courses of action. The term would exclude licensed broker-dealers, investment advisers, or salespersons whose performance of the described services is incidental to the conduct of their business and who receive no special compensation for the services. The bill would require every registered fee only financial advisor to be a licensed investment adviser and to hold a Certified Financial Planner designation or equivalent qualification as determined by the Director of the Department of Insurance and Finance. The fee only financial advisor would have to furnish clients with a written disclosure statement describing how the fee will be calculated and collected. The Director would have authority to require that fee only financial advisors maintain certain books and records. Finally, the bill would exempt fee only financial advisors from the Oregon Insurance Code. The legislature's session is expected to end sometime in July. Thomas M. Selman Assistant Counsel Attachment

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