



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0194/3
ARG:cjs:ph

DOA:.....Quinn, BB0064 - Investment adviser registration fees and exemptions

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT
COMMERCE

Securities

Under current law, a person cannot transact business in this state as an investment adviser unless the person is registered with DFI's division of securities (division) as an investment adviser or is exempt from registration. An "investment adviser" is a person that, for compensation, engages in the business of advising others, either directly or through various forms of media, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues reports or analyses concerning securities. However, the term "investment adviser" excludes investment adviser employees, certain professionals such as lawyers and accountants, certain broker-dealers, financial institutions, and newspapers and magazines of general circulation.

Current law provides an investment adviser registration exemption for persons that have only certain types of clients in this state. These clients include federal covered investment advisers; investment advisers registered with the division; broker-dealers registered with the division; institutional investors; and accredited

investors. Current law defines “institutional investor” to include, among others, banks and other financial institutions; insurance companies; investment companies; federally-registered broker-dealers; private business development companies meeting certain standards; certain qualified institutional buyers, as defined under federal law; and other entities of institutional character with assets of more than \$10,000,000. The term “accredited investor” is defined to include banks or other financial institutions; federally-registered broker-dealers; insurance companies; investment companies; private business development companies; certain trusts with assets of more than \$5,000,000; and entities in which all of the equity owners are accredited investors.

This bill eliminates the “institutional investor” registration exemption for private business development companies, qualified institutional buyers, and other entities of institutional character with assets of more than \$10,000,000. The bill also eliminates the “accredited investor” registration exemption for private business development companies, trusts with assets of more than \$5,000,000, and entities in which all of the equity owners are accredited investors.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 551.403 (2) (a) 2. of the statutes is amended to read:

551.403 (2) (a) 2. Institutional investors, except any institutional investor described in s. 551.102 (11) (k), (m), or (o).

SECTION 2. 551.403 (2) (a) 2m. of the statutes is amended to read:

551.403 (2) (a) 2m. Accredited investors as defined in Rule 501 (a) (1), ~~(2)~~, or (3), ~~(7)~~ or (8) adopted under the Securities Act of 1933.

SECTION 9417. Effective dates; Financial Institutions.

(1) INVESTMENT ADVISER REGISTRATION. The treatment of section 551.403 (2) (a) 2. and 2m. of the statutes takes effect on October 31, 2011, or on the day after publication, whichever is later.

(END)