

## 2001 ASSEMBLY BILL 881

March 4, 2002 – Introduced by Representative GROTHMAN, cosponsored by Senator M. MEYER. Referred to Committee on Financial Institutions.

1     **AN ACT** *to amend* 551.31 (6), 551.33 (1), 551.33 (6), 551.34 (1) (e) and 551.34 (1)  
2           (f) of the statutes; **relating to:** the regulation of investment adviser  
3           representatives.

---

### *Analysis by the Legislative Reference Bureau*

Under current law, the division of securities in the department of financial institutions (DFI) oversees the licensing of securities broker-dealers, agents, investment advisers, and investment adviser representatives. Currently, an investment adviser representative is generally subject to licensing requirements similar to those applicable to a securities broker-dealer, agent, or investment adviser. Furthermore, current law contains numerous requirements regulating licensed securities broker-dealers, agents, and investment advisers. This bill expands the coverage of current law to include investment adviser representatives as regulated individuals under certain requirements currently applicable to securities broker-dealers, agents, and investment advisers.

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:*

4           **SECTION 1.** 551.31 (6) of the statutes is amended to read:

**ASSEMBLY BILL 881**

1           551.31 (6) It is unlawful for any licensed broker–dealer, agent ~~or~~, investment  
2   adviser, or investment adviser representative, or any person directly or indirectly  
3   controlling a licensed broker–dealer or investment adviser, to transact business in  
4   this state if the licensee is in violation of this chapter, or any rule under this chapter,  
5   or any order under this chapter of which the licensee or person has notice, or if the  
6   information contained in the licensee’s or person’s application for license, as of the  
7   date of such transactions, is incomplete in any material respect or is false or  
8   misleading with respect to any material fact.

9           **SECTION 2.** 551.33 (1) of the statutes is amended to read:

10          551.33 (1) Every licensed broker–dealer, agent ~~and~~, investment adviser, and  
11   investment adviser representative shall make and keep all accounts,  
12   correspondence, memoranda, papers, books and other records which the division  
13   prescribes by rule or order, subject to the limitations of section 15 of the Securities  
14   Exchange Act of 1934 for broker–dealers and section 222 of the Investment Advisers  
15   Act of 1940 for investment advisers. All records required shall be preserved for the  
16   period prescribed by the division by rule or order. All required records shall, at the  
17   request of the division, be made available at any time for examination by the division  
18   either in the principal office of the licensee or by production of exact copies thereof  
19   in this state.

20          **SECTION 3.** 551.33 (6) of the statutes is amended to read:

21          551.33 (6) The division may by rule establish standards for the conduct of  
22   business by broker–dealers, agents, investment advisers, investment adviser  
23   representatives, and clearing corporations as defined in s. 408.102 (1) (e).

24          **SECTION 4.** 551.34 (1) (e) of the statutes is amended to read:

