

Senate Bill No. 1722

CHAPTER 631

An act to amend Section 25009 of the Corporations Code, relating to the Corporate Securities Law of 1968.

[Approved by Governor September 19, 1996. Filed with Secretary of State September 19, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1722, Killea. Corporate Securities Law of 1968.

Existing law provides for the certification of investment advisers, as defined, pursuant to the Corporate Securities Law of 1968, as specified.

This bill would, for those purposes, further define the term "investment adviser" to include any person who uses the title "financial planner" and who for compensation engages in specified activities, with specified exceptions.

The people of the State of California do enact as follows:

SECTION 1. Section 25009 of the Corporations Code is amended to read:

25009. (a) "Investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities, or who, for compensation and as a part of a regular business, publishes analyses or reports concerning securities. "Investment adviser" does not include (1) a bank, trust company or savings and loan association; (2) an attorney at law, accountant, engineer or teacher whose performance of these services is solely incidental to the practice of his or her profession; (3) an associated person of an investment adviser; (4) a broker-dealer or agent of a broker-dealer whose performance of these services is solely incidental to the conduct of the business of a broker-dealer and who receives no special compensation for them; or (5) a publisher of any bona fide newspaper, news magazine or business or financial publication of general, regular and paid circulation and the agents and servants thereof, but this paragraph (5) does not exclude any such person who engages in any other activity which would constitute that person an investment adviser within the meaning of this section.

(b) "Investment adviser" also includes any person who uses the title "financial planner" and who, for compensation, engages in the



business, whether principally or as part of another business, of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities, or who, for compensation and as part of a regular business, publishes analyses or reports concerning securities. This subdivision does not apply to: (1) a bank, trust company, or savings and loan association; (2) an attorney at law, accountant, engineer, or teacher whose performance of these services is solely incidental to the practice of his or her profession, so long as these individuals do not use the title “financial planner;” (3) an associated person of an investment adviser where the investment adviser is licensed or exempt from licensure under this law; (4) an agent of a broker-dealer where the broker-dealer is licensed or exempt from licensure under this law, so long as (A) the performance of these services by the agent is solely incidental to the conduct of the business of the broker-dealer, and (B) the agent receives no special compensation for the performance of these services; or (5) a publisher set forth in paragraph (5) of subdivision (a), so long as the publisher or the agents and servants of the publisher are not engaged in any other activity which would constitute that person an investment adviser within the meaning of this section.

