

2000 SESSION

INTRODUCED

008960896

HOUSE JOINT RESOLUTION NO. 222

Offered January 24, 2000

Establishing a joint subcommittee to study the feasibility and necessity of requiring disclosure and suitability interviews for high-risk securities accounts.

Patron—Purkey

Referred to Committee on Rules

WHEREAS, the health of the economy in recent years has caused the stock market to continue to climb in value; and

WHEREAS, much more information is available today on which to base stock trading decisions, much of it misunderstood by people uneducated in the intricacies of securities valuation; and

WHEREAS, while some Internet "start-up" companies have gone public and have seen their stocks rise considerably, many of these companies have failed; and

WHEREAS, the only stringent requirements for opening a brokerage account are that the trader be of sufficient age to contract and have sufficient funds to initially fund the account; and

WHEREAS, unwise trading decisions have resulted in the loss of life's savings by many among the elderly; and

WHEREAS, many states have required that brokers screen their clients for suitability for engaging in high-risk trading; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study the feasibility and necessity of requiring disclosure and suitability interviews for high-risk securities accounts. The joint subcommittee shall be composed of twelve members, which shall include eight members of the House of Delegates, to be appointed by the Speaker, and four members of the Senate, to be appointed by the Senate Committee on Privileges and Elections.

The direct costs of this study shall not exceed \$ 12,000.

The State Corporation Commission shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 2001 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

INTRODUCED

HJ222