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HOUSE BILL NO. 592

House Amendments in [] — February 2, 1998

A *BILL to amend and reenact § 13.1-504 of the Code of Virginia, relating to registration of security broker-dealers and investment advisors.*

Patrons—Cantor, Howell, Jones, J.C., Kilgore, Reid and Robinson

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:**1. That § 13.1-504 of the Code of Virginia is amended and reenacted as follows:****§ 13.1-504. Registration.**

A. It shall be unlawful for any person to transact business in this Commonwealth as (i) a broker-dealer or an agent, except in transactions exempted by subsection B of § 13.1-514, unless he is so registered under this chapter; or (ii) an investment advisor or investment advisor representative unless he is so registered under this chapter. Notwithstanding the exclusion provided by subdivision (vi) of § 13.1-501 in the definition of "investment advisor," for the period ending three years from October 11, 1996, the Commission may require the registration as an investment advisor of any federal covered advisor who fails or refuses to pay a fee required by this chapter or rule promulgated pursuant to this chapter; provided, that a delay in payment or an underpayment of a fee that is remedied within fifteen days after receipt of notice from the Commission shall not constitute a failure or refusal to pay the fee.

B. The registration of an agent shall be deemed effective only so long as he is connected with a specified broker-dealer registered under this chapter or a specified issuer. When an agent begins or terminates a connection with a broker-dealer or issuer, both the agent and the broker-dealer or issuer shall promptly notify the Commission. An agent who changes his connection from one broker-dealer or issuer to another shall be required to file a new application for registration and pay the necessary fee in accordance with § 13.1-505. It shall be unlawful for any broker-dealer or issuer to employ an unregistered agent. No agent shall be employed by more than one broker-dealer or issuer.

C. The registration of an investment advisor representative shall be deemed effective only so long as he is connected with a ~~specified~~ *an* investment advisor registered under this chapter or a ~~specified~~ federal covered advisor. When an investment advisor representative begins or terminates a connection with an investment advisor [~~or with a federal covered advisor~~], the investment advisor shall promptly notify the Commission. [When an investment advisor representative begins or terminates a connection with a federal covered advisor, the investment advisor representative shall promptly notify the Commission.] An investment advisor representative who changes his connection from one investment advisor to another shall be required to file a new application for registration and pay the necessary fee in accordance with § 13.1-505. It shall be unlawful for (i) any person who is required to be registered as an investment advisor under this chapter to employ an unregistered investment advisor representative or (ii) a federal covered advisor to employ, supervise, or associate with an unregistered investment advisor representative having a place of business in the Commonwealth. [No investment advisor representative shall be employed by more than one investment advisor or federal covered advisor *except pursuant to such rules or regulations as the Commission shall prescribe*] .

ENGROSSED

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