

RULE
Office of the Governor
Office of Financial Institutions

Supervision of Salesmen and Investment Adviser Representatives (LAC 10:XIII.1901)

In accordance with the Louisiana Securities Law, R.S. 51:701 et seq., and particularly R.S. 51:704(A)(9), and the Administrative Procedure Act, R.S. 49:950 et seq., the Commissioner of Financial Institutions adopts LAC 10:XIII.1901, a Rule to provide guidelines for the supervision of salesmen and investment adviser representatives.

Title 10
FINANCIAL INSTITUTIONS, CONSUMER CREDIT,
INVESTMENT SECURITIES AND UCC

Part XIII. Investment Securities

Subpart 1. Securities

Chapter 19. Supervision of Salesmen and Investment Adviser Representatives

§1901. Supervision of Salesmen and Investment Adviser Representatives

- A. Every dealer registered or required to be registered pursuant to R.S. 51:703(A)(1), every investment adviser registered or required to be registered pursuant to R.S. 51:703(A)(2), every investment adviser notice filed pursuant to R.S. 51:703(D)(2), and officers, directors, and partners thereof, shall exercise diligent supervision over all the securities activities of its salesmen and investment adviser representatives.
- B. As part of their responsibility under this Rule, every dealer or investment adviser shall establish, maintain, and enforce written supervisory procedures that may be reasonably expected to prevent and detect any violations of the Louisiana Securities Law and rules promulgated thereunder. A copy of these supervisory procedures shall be kept at all times, in each business office. At a minimum, these procedures shall address the following areas:
1. the supervision of every salesman and investment adviser representative by a designated supervisor possessing sufficient training and experience to carry out their assigned supervisory responsibilities;
 2. the prior review and written approval by the designated supervisor of the opening of each new customer account;
 3. the frequent examination by the designated supervisor of all customer accounts to detect and prevent irregularities or abuses;

4. the prompt review and written approval by the designated supervisor of all securities transactions and all correspondence pertaining to the solicitation or execution of all securities transactions;
5. the prior review and written approval by the designated supervisor of the delegation by any customer of discretionary authority with respect to his account, and the prompt written approval of each discretionary order on behalf of that account; and
6. the prompt review and written approval by the designated supervisor of the handling of all customer complaints.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:704(A)(9).

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 37:2149 (July 2011).

John Ducrest
Commissioner