STAND. COM. REP. NO. **256** -06

Honolulu, Hawaii

Fe410, 2006

RE: H.B. No. 1878

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1878 entitled:

"A BILL FOR AN ACT RELATING TO INVESTMENT SECURITIES ACT," begs leave to report as follows:

The purpose of this bill is to improve the ability of Hawaii's securities industry to conduct business on a nationwide basis by conforming Hawaii's law on investment security adviser compensation to federal securities law. Specifically, this bill allows investment securities advisers to be compensated:

- (1) Based on the performance of the funds or portfolio that the investment adviser manages; and
- (2) If the conditions and requirements in rule 205-3 of the Investment Company Act of 1940 are met.

The Department of Commerce and Consumer Protection supported this measure.

Your Committee finds that this bill will help to modernize and reduce the cost and complexity of our securities laws while retaining protections for consumers. As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1878 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

ROBERT N. HERKES, Chair

State of Hawaii House of Representatives The Twenty-third Legislature



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: #B 18 78 Date: 01 1 30 106				
Committee Referral: The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended Pass, with amendments				
. Hold	□ R	ecommit		T
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	V			
2. SCHATZ, Brian (VC)	$-\sqrt{\ /}$			
3. CALDWELL, Kirk				
4. ITO, Ken				
5. KANOHO, Ezra R.				
6. KARAMATSU, Jon Riki	\checkmark			
7. MORITA, Hermina M.				
8. SONSON, Alex M.				
9. SOUKI, Joseph M.				
10. MARUMOTO, Barbara C.	<u> </u>			
11. STONEBRAKER, Bud				
				, ,
TOTAL	7			4
The recommendation is:	•			
☐ Not Adopted				
		12.1		
If joint referral,co	mmittee acronym		rt recommendation	•
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee	Duplicate (Yello	w) – Clerk's Office		