

## **Appendix B**

Proposed Rule 204A-1(e) is marked to show changes that reflect the Institute's recommendations (deleted language is shown in brackets and new language is shown in bold text):

(e) *Definitions*. For the purpose of this section:

(1) *Access person* means:

[ (i) Any of your supervised persons:]

**(i) Any of your directors, officers, general partners (or other person occupying a similar status or performing similar functions) or Advisory Persons.**

(2) *Advisory Person of an investment adviser* means:

**(i) Any of your employees or any other person who provides investment advice on your behalf and is subject to your supervision and control who, in connection with his or her regular functions or duties:**

(A) [who has access to] **obtains** nonpublic information regarding any clients' purchase or sale of securities or **nonpublic** information regarding the portfolio holdings of any reportable fund, or

(B) [who is involved in] **makes, participates in, or whose functions relate to the making of** securities recommendations to clients, or who has access to such recommendations that are nonpublic.

(9) *Reportable fund* means:

(i) Any fund for which you serve as investment adviser as defined in section 2(a)(20) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(20)) (*i.e.*, in most cases you must be approved by the fund's board of directors before you can serve); or

(ii) Any fund whose investment adviser or principal underwriter controls you, is controlled by you, or is under common control with you; **provided, however, that this paragraph shall apply only to your access persons who have access to nonpublic information about any fund described in this paragraph.** For purposes of this section, *control* has the same meaning as it does in section 2(a)(9) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(9)).