

**Investment Advisers Act of 1940 -- Section 202(a)(11)  
March 25, 1996**

**RDM INFODUSTRIES, INC.**

**TOTAL NUMBER OF LETTERS: 2**

**SEC-REPLY-1:  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**March 25, 1996**

Mr. Terence Horvath  
c/o RDM Infodustries, Inc.  
3006 N. Ricardo  
Mesa, AZ 85215

Re: Request for No-Action Relief Submitted by RDM Infodustries, Inc. ("RDM") (Our Ref. No. 96-100)

Dear Mr. Horvath:

On February 26, 1996, we received your letter seeking guidance as to whether a financial data service company ("RDM") that you are creating would be required to register as an investment adviser under the Investment Advisers Act of 1940 (hereafter "Advisers Act"). You state that the purpose of RDM's proposed business is to provide "raw, unbiased financial data" regarding Latin American corporations to stockbrokers and securities dealers within the United States.

RDM's proposed activities may raise an issue under the Advisers Act. Section 203(a) of the Advisers Act requires an investment adviser that utilizes the United States mails or any other means or instrumentality of interstate commerce in connection with its business as an investment adviser to register under the Advisers Act. Section 202(a)(11), in pertinent part, defines the term "investment adviser" to mean any person who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who issues or promulgates analyses or reports concerning securities. As we discussed in our telephone conversation on March 8, 1996, your letter does not present sufficient facts upon which to make a determination whether RDM must register under the Advisers Act.

The staff of the Division of Investment Management, in a number of letters, has expressed its views regarding the circumstances when the presentation of securities data or information constitutes an analysis or report for purposes of section 202(a)(11). The staff has taken the position that information relating to securities does not constitute an analysis or report if: (1) the information is readily available to the public in its raw state; (2) the categories of information presented are not highly selective; and (3) the information is not organized or presented in a manner that suggests the purchase, holding, or sale of any security or securities. See, e.g., Missouri Innovation Center, Inc. (pub. avail. Oct. 17, 1995) ("Missouri Innovation"); Datastream International (pub. avail. Mar. 15, 1993); EJV Partners, L.P.; Univu System (pub. avail. Dec. 7, 1992). I have enclosed copies of the three no-action letters cited above to assist you in determining whether RDM's activities fall within the parameters established by earlier precedent.

Finally, the Division of Investment Management, having repeatedly expressed its views regarding the circumstances in which the presentation of securities information constitutes an analysis or report concerning securities for purposes of section 202(a)(11), will no longer respond to such requests for interpretative or no-action letters in this area unless they present novel or unusual issues. See Missouri Innovation, supra. If you determine from reading the enclosed letters,

however, that RDM's proposed system and activities can meet the test articulated in earlier no-action letters, you may rely on these letters to conclude that RDM need not register under the Advisers Act.

I have also enclosed, for your convenience, an Investment Adviser Annual Registration Updating Package, which contains a copy of the Advisers Act and rules, a registration form for investment advisers (Form ADV) and other explanatory materials. Please contact me at (202) 942-0660 if you have any further questions. In addition, you may wish to consult counsel knowledgeable about the federal securities laws.

Sincerely,

Eileen M. Smiley  
Senior Counsel

### **Footnotes**

n1 We express no view with regard to whether RDM's activities constitute offers to sell unregistered securities under the Securities Act of 1933 or may require it to register as a broker or dealer under the Securities Exchange Act of 1934. For further information with respect to these issues, you may contact the Division of Corporation Finance at (202) 942-2900 and the Division of Market Regulation, at (202) 942-0073, respectively.

n2 The Division also has issued other no-action letters in this area. See also Media General Financial Services, Inc. (pub. avail. July 20, 1992); Investex Investment Exchange, Inc. (pub. avail. Apr. 9, 1990); Charles Street Securities, Inc. (pub. avail. Feb. 27, 1987); Butcher & Singer, Inc. (pub. avail. Jan. 2, 1987).

**INQUIRY-1:  
RDM INFODUSTRIES, INC.  
3006 N. Ricardo, Mesa, AZ 85215**

**Securities and Exchange Commission  
450 5th Street N.W.  
Washington D.C. 20549**

**Attention: Chief Counsel - Investment Management**

**Subject: Proposed Financial Data Service Business - Required Registration By The Securities Exchange Commission (SEC)/"No Action" Request**

Dear Sir:

RDM Infodustries, Inc. is comprised of 4 graduate students currently conducting research in support of our Masters thesis which is the development of a business plan for a proposed financial data service company. Currently, we are in the early planning stages of developing this company which would be based in Phoenix, Arizona. The basis of this proposed business is to provide raw, unbiased financial data from Latin American corporations to stockbrokers and securities dealers within the United States of America. The brokers and dealers would then utilize this raw information in support of their investment decisions without further input from RDM Infodustries, Inc.

RDM Infodustries, Inc. is in no way interested in trading or exchanging any securities or financial instruments governed by the SEC. We are only interested in providing raw financial data from the Latin American corporation to the individual investment professional. Therefore, what we seek from the Securities Exchange Commission is your written opinion regarding "No Action" or whether our

proposed business would come under SEC regulation. If it would, in the opinion of the SEC, please advise what regulation our proposed business would fall under so we may research this requirement.

We understand that the SEC receives many requests such as this one every day, however, if your written response could be issued no later than 24 March 1996, it would be very much appreciated.

Sincerely,

RDM Infodustries, Inc.:

Mr. Gary Douglas

Mr. Ted Haas

Mr. Terry Horvath

Mr. Manuel Moreno