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Investment Adviser Registration

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Checklist for State-Covered Investment Advisers

The following questions may help you in the completion of your state-covered investment adviser registration filing. Be sure to also read the filing procedures included in this packet.

Note: This checklist is for your convenience only. You do not need to send it back to the Missouri Securities Division.

- _____ Did you submit the \$200 investment adviser registration fee and a \$50 investment adviser representative registration fee for each individual to the IARD system?
- _____ Did you complete and submit Parts 1 and 2 of Form ADV to the IARD system?
- _____ If Item 5E (6) of Part 1A regarding Performance-Based Fees is marked, have you included the additional information required?
- _____ If you responded “yes” to Item 9A or B of Part 1A regarding custody of client funds, did you provide the correct information on Schedule D as indicated in the Initial State-Covered Investment Adviser Filing Procedures?
- _____ Does Item 1 of Part 1B reflect a check in the “MO” jurisdiction box?
- _____ If you directly or indirectly compensate any person for client referrals, have you included the following statement? “Applicant’s referral agreement is in compliance with Federal Regulations. As set out in 17 CFR Section 275.206(4)-3, and in each state where state law requires, each client is given a copy of the referral agreement prior to or at the time of entering into any advisory contract.”
- _____ Did you submit Forms U-4 for each investment adviser representative, including the chief compliance officer, with a mark in the “MO” jurisdiction box?
- _____ Did you mail an originally signed, recently dated, notarized State Covered Investment Adviser Affidavit (Form SADV-1) to the Missouri Securities Division?
- _____ If required, did the investment adviser register with the Missouri Corporations Division?
- _____ Did you include a certified balance sheet prepared within 30 days of filing?
- _____ Did you list the name of the investment adviser’s chief compliance officer in your cover letter and include this designation on your State Covered Investment Adviser Affidavit?
- _____ Did you provide copies of the following documents to the Missouri Securities Division?
A sample or copy of all written agreements the applicant intends to enter into with any client relating to the business of the applicant; a sample or copy of all solicitor agreements the applicant intends to utilize (if applicable); Private Placement Memorandum(s), Limited Partnership Agreement(s), Subscription Agreement(s), and

Gatekeeper Arrangement(s) if a Pooled Investment Vehicle or Hedge Fund is to be involved, or any agreement similar to the above (if applicable).

INITIAL STATE-COVERED INVESTMENT ADVISER
FILING PROCEDURES

State-covered advisers requesting to register in Missouri shall submit the following:

To the IARD System:

1. The initial registration fee of \$200.
2. A completed Part 1 and 2 of Form ADV along with any applicable schedules.
 - a. If Item 5E (6) *Performance-based fees* of Part 1A is marked, additional information is required. Missouri law allows performance-based compensation arrangements only if certain conditions are met. You must provide a statement with your application that describes how the investment adviser will comply with 17 CFR Section 275.205-3 and 15 CSR 30-51.145.
 - b. If Item 9A or B of Part 1A regarding custody of client funds is answered “yes,” additional information is required. Under 15 CSR 30-51.100, an investment adviser may have custody or possession of the funds or securities of a client provided that the investment adviser maintain custody or possession in accordance with the requirements set forth in 17 CFR Section 275-206(4)-2(a)(1)-(4). Schedule D of Form ADV must outline how this requirement will be met.
 - c. Part 1B, Item 1 should include a check in the “MO” jurisdiction box.
 - d. If you directly or indirectly compensate any person for client referrals, the following language must be included: “Applicant’s referral agreement is in compliance with Federal Regulations. As set out in 17 CFR Section 275.206(4)-3, and in each state where state law is requires, each client is given a copy of the referral agreement prior to or at the time of entering into any advisory contract.”

To the CRD System:

1. Form U-4 for each investment adviser representative, including the chief compliance officer.
 - a. The RA “MO” jurisdiction box in Section 5 should be marked.
 - b. Individuals must have passed the appropriate examinations: the Series 65 or both the Series 66 and 7.
2. Filing fee of \$50 for each investment adviser representative.

Note: Investment advisers are required to maintain the registration of at least one investment adviser representative. Failure to do so may result in the cancellation of the investment adviser’s Missouri registration.

To the Missouri Securities Division:

1. Form SADV-1, the State Covered Investment Adviser Affidavit (copy available at www.sos.mo.gov).
 - a. The affidavit must be originally signed by a principal and notarized.
2. You may be required to register with the Missouri Corporations Division, or be eligible for an exemption or exclusion from the registration requirements as listed in the Missouri Corporation laws.
 - a. You may contact the Missouri Corporations Division to request copies of their registration forms by calling (573) 751-4153. Some forms are available on the Missouri Secretary of State's website at www.sos.mo.gov.
3. The applicant must provide a balance sheet prepared within 30 days of filing. Every Missouri-based investment adviser shall have and maintain a minimum net worth of not less than five thousand dollars (\$5,000.00). Others will be governed by the capital requirements of their home state. The applicant must specify on the balance sheet the name of the state that will govern its capital requirement.
4. Designation of a chief compliance officer. The name of this individual shall be designated in a cover letter and on Form SADV-1 (the State Covered Investment Adviser Affidavit). For more information on the chief compliance officer, please see 15 CSR 30-50.010(1)(G).
5. Copies of the following documents:
 - a. A sample or copy of all written agreements the applicant intends to enter into with any client relating to the business of the applicant.
 - b. A sample or copy of all solicitor agreements the applicant intends to utilize if the applicant intends to use a solicitor(s) arrangement or act as a solicitor.
 - c. Private Placement Memorandum(s), Limited Partnership Agreement(s), Subscription Agreement(s), and Gatekeeper Arrangement(s) if a Pooled Investment Vehicle or Hedge Fund is to be involved, or any agreements similar to the above, if the applicant intends to utilize any of the above agreements.

ADDITIONAL ITEMS OF INTEREST

- **Examination Waiver Requests:** An applicant for investment adviser representative registration may not be required to comply with the examination requirements if the applicant qualifies for a waiver as described in 15 CSR 30-51.030(4). This regulation can be obtained from the "Code of State Regulations" link on the Missouri Secretary of State's website at www.sos.mo.gov under the Administrative Rules heading.
- **Renewal:** All registrations expire on December 31 of each year, unless renewed. It is the responsibility of each registrant to renew its registration if advisory business will be conducted the following year in Missouri.

- Section 409.4-412(d), RSMo. (Cum. Supp. 2013), provides that the Commissioner of Securities may, by order, deny, suspend, or revoke any registration if he finds that the order is in the public interest and that the applicant or registrant has filed an application for registration, which as of its effective date was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact.
- If an investment adviser or its representative commits fraud in connection with providing investment advice in Missouri, then that investment adviser or its representative is subject to many potential penalties, such as monetary penalties, actions on their registration, and even criminal convictions.
- 15 CSR 30-51.160(1)(D) provides that any application, the filing of which is not considered to be complete within a period of one year following the original filing thereof, shall be presumed subject to the entry of an order of cancellation.
- An investment adviser is exempt from the registration requirements in Missouri if the investment adviser has no place of business in Missouri *and* has fewer than five clients that are Missouri residents.
- Investment advisers do not need to file year-end audited financial statements with the Missouri Securities Division.
- Applicants submitting a Form U-4 on the CRD system are not approved to conduct securities business in Missouri until that application receives an “APPROVED” status in the CRD system. It is the responsibility of the applicant to notify the Missouri Securities Division if a “DEFICIENT” status is received upon filing.
- Questions regarding examinations and the location of testing sites should be directed to FINRA at (240) 386-4848.

If you have any questions regarding these requirements, you may contact the Registration Section at:

Missouri Securities Division
ATTN: Registration Section
600 W. Main St., Room 229
P.O. Box 1276
Jefferson City, MO 65102
(573) 751-2061

INITIAL FEDERAL COVERED INVESTMENT ADVISER FILING PROCEDURES

Federal covered advisers transacting business in Missouri shall make a notice filing that includes the following:

To the IARD System:

1. The initial notice filing fee of \$200.
2. A completed Part 1 and 2 of Form ADV along with any applicable schedules.
 - a. Item 2(B) of Part 1A should reflect a check in the “MO” jurisdiction box.

To the CRD System:

1. Form U-4 for each investment adviser representative domiciled in Missouri.
 - a. The RA “MO” jurisdiction box in Section 5 should be marked.
 - b. Individuals must have passed the appropriate examinations: the Series 65 or both the Series 66 and 7.
2. Filing fee of \$50 for each investment adviser representative.

ADDITIONAL ITEMS OF INTEREST

- **Examination Waiver Requests:** An applicant for investment adviser representative registration will not be required to comply with the examination requirements if the applicant qualifies for a waiver as described in 15 CSR 30-51.030(4). This regulation can be obtained from “Code of State Regulations” link on the Missouri Secretary of State’s website at www.sos.mo.gov under the Administrative Rules heading.
- **Renewal:** All registrations expire on December 31 of each year, unless renewed. It is the responsibility of each registrant to renew their registration if advisory business will be conducted the following year in Missouri.
- Section 409.4-412(b) and (d)(1), RSMo. (Cum. Supp. 2013), provides that the Commissioner of Securities may, by order, deny, suspend, or revoke any registration if he finds that the order is in the public interest and that the applicant or registrant has filed an application for registration, which as of its effective date was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact.
- If an investment adviser or its representative commits fraud in connection with providing investment advice in Missouri, then that investment adviser or its representative is subject

to many potential penalties, such as monetary penalties, actions on their registration, and even criminal convictions.

- An investment adviser is exempt from the registration requirements in Missouri if the investment adviser has no place of business in Missouri *and* has fewer than five clients that are Missouri residents.
- Investment advisers do *not* need to file year-end audited financial statements with the Missouri Securities Division.
- Applicants submitting a Form U-4 on the CRD system are not approved to conduct securities business in Missouri until that application receives an “APPROVED” status in the CRD system. It is the responsibility of the applicant to notify the Missouri Securities Division if a “DEFICIENT” status is received upon filing.
- Questions regarding examinations and the location of testing sites should be directed to FINRA at (240) 386-4848.

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POST-EFFECTIVE REQUIREMENTS **FOR INVESTMENT ADVISERS**

The following outline discusses the most frequently asked questions about Missouri's post-effective registration requirements.

NET CAPITAL REQUIREMENTS

Missouri-based investment advisers required to register with the state shall have and maintain a net worth of at least five thousand dollars (\$5,000). See Section 409.4-411(a), RSMo. (Cum. Supp. 2013) and 15 CSR 30-51.070(1).

AMENDMENTS

Every investment adviser and investment adviser representative must file amendments online through the WebIARD and WebCRD systems within thirty (30) days of such change. See 15 CSR 30-51.160(3).

TERMINATION

The following forms must be filed to terminate registration in Missouri:

1. State-Covered Investment Advisers and Federal Covered Investment Advisers: Form ADV-W.
2. Investment Adviser Representatives: Form U-5 (must be filed within thirty days of termination – see 15 CSR 51.160(3)(B)).

EXPIRATION

1. Every registration of an investment adviser or investment adviser representative expires on December 31 of each year, unless renewed or unless sooner revoked, canceled, or withdrawn. See 15 CSR 30-51.160(2)(A).
2. Upon expiration of registration, any subsequent application for registration shall be considered and treated as an application for initial registration. See 15 CSR 30-51.160(2)(B).
3. It is the duty of each investment adviser and investment adviser representative to renew any registration if intending to conduct business in Missouri the following year.

CANCELLATION

If a registrant is no longer in existence or has ceased to do business as an investment adviser or investment adviser representative, the Commissioner may by order cancel the registration. See Section 409.4-408(e), RSMo. (Cum. Supp. 2013).

ADDITIONAL ITEMS OF INTEREST

- Grounds for revocation of registration may be found in Sections 409.4-412, RSMo. (Cum. Supp. 2013), and 15 CSR 30-51.170.
- Section 409.4-412(d), RSMo. (Cum. Supp. 2013), provides that the Commissioner may by order deny, suspend, or revoke any registration or bar or censure any registrant or any officer, director, partner, or person occupying a similar status or performing similar functions for a registrant, from employment with a registered broker-dealer or investment adviser, or restrict or limit a registrant as to any function or activity of the business for which registration is required in this state, if he finds that the order is in the public interest and that the applicant or registrant has filed an application for registration, which, as of its effective date was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact.

If you have questions regarding these requirements, you may contact the Registration Section at:

Missouri Securities Division
ATTN: Registration Section
600 W. Main St., Room 229
P.O. Box 1276
Jefferson City, MO 65102
(573) 751-2061

Note: This outline does not contain all of the post-effective requirements under the Missouri Securities Act and regulations. For further reference, you can view all of the Missouri securities laws and regulations at the Missouri Secretary of State's website:

www.sos.mo.gov/securities/statutes

INVESTMENT ADVISER RENEWAL FILING PROCEDURES

Submit the following via the WebIARD system:

- The investment adviser's renewal fee of \$100 and any renewal fees for investment adviser representatives (\$50 per representative) should be sent to the address provided to you by FINRA. If payment is made by check, the check should be payable to "FINRA." Write the investment adviser's CRD Number and the word "Renewals" on the face of the check. This is important to ensure that your funds are properly credited to your Renewal Account.
- Any amendments to Part 1 and 2 of Form ADV that have not previously been filed should be submitted through WebIARD.

Note: Investment advisers are required to maintain the registration of at least one investment adviser representative. Failure to do so may result in the cancellation of the investment adviser's Missouri registration.

ADDITIONAL ITEMS OF INTEREST

- Section 409.4-406(b), RSMo. (Cum. Supp. 2013), provides that if the information contained in any document filed with the Commissioner is or becomes inaccurate or incomplete in any material respect, the registrant or federal covered adviser shall file a correcting amendment promptly if the document is filed with respect to a registrant, or when such amendment is required to be filed with the Securities and Exchange Commission if the document is filed with respect to a federal covered adviser.
- Section 409.4-412(d), RSMo. (Cum. Supp. 2013), provides that the Commissioner may by order deny, suspend, or revoke any registration or bar or censure any registrant or any officer, director, partner, or person occupying a similar status or performing similar functions for a registrant, from employment with a registered broker-dealer or investment adviser, or restrict or limit a registrant as to any function or activity of the business for which registration is required in this state, if he finds that the order is in the public interest and that the applicant or registrant has filed an application for registration, which, as of its effective date was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact.

- If an investment adviser or its representative commits fraud in connection with providing investment advice in Missouri, then that investment adviser or its representative is subject to many potential penalties, such as monetary penalties, actions on their registration, and even criminal convictions.

Investment Adviser **Registration Depository**

The Investment Adviser Registration Depository (IARD) is an electronic filing system that collects and maintains the registration and disclosure information of investment advisers and their associated persons.

All investment advisers applying for registration in Missouri must first set up their IARD account and submit the required information to the IARD System.

- For more information concerning the IARD System, please refer to their website at www.iard.com.
- For information on setting up your IARD account, click on “How to Get Started on IARD” from the IARD home page.
- To speak to someone about IARD, you may contact the Gateway Call Center at (240) 386-4848.

FREQUENTLY ASKED QUESTIONS

Q: What is your address?

A: Missouri Securities Division
600 W. Main St., Room 229
P.O. Box 1276
Jefferson City, MO 65102

Q: What is your phone number?

A: (573) 751-2061

Q: What is your fax number?

A: (573) 526-3124

Q: What exams does Missouri require for investment adviser representatives?

A: Series 65 OR Series 66 and Series 7
15 CSR 30-51.030(2)(C)

Q: Can I request a waiver of the exam requirements?

A: Yes. You will need to send a letter to the Commissioner requesting a waiver of the exam requirements. Indicate in your letter your education background, employment history, and details of your years in the securities industry. Waivers are granted at the discretion of the Commissioner.
15 CSR 30-51.030(4)

Q: Does Missouri sponsor an applicant for the exams?

A: The Series 63, 65, and 66 exams do not require sponsorship as they are State Exams. Missouri no longer sponsors applicants for the Series 7 exam.

Q: Where can I get more information on exam testing?

A: Visit www.finra.org/EducationPrograms.

Q: What exams does Missouri require for a chief compliance officer of an investment adviser firm?

A: The chief compliance officer is subject to the same exam requirements as investment adviser representatives: the Series 65 *or* Series 66 and Series 7.
15 CSR 30-51.030(2)(C)

Q: How do we change our chief compliance officer?

A: Send a letter notifying us of the change with proof of the individual passing the required exams and update Form ADV Parts 1 and 2 on the IARD system.

Q: What are the registration and notice filing fees for investment advisers and investment adviser representatives?

A: \$200 – Initial fee for State-Covered Investment Adviser
\$200 – Initial notice filing fee for Federal Covered Advisers
\$100 – Renewal Fee for Investment Advisers (State and Federal)
\$50 – Initial fee for Investment Adviser Representatives
\$50 – Renewal fee for Investment Adviser Representatives
15 CSR 30-50.030(4) and (5) and (6)

Q: Is an investment adviser required to have a representative registered in Missouri?

A: Yes, an investment adviser shall have at least one registered representative at all times.
15 CSR 30-51.010(2)

Q: Does Missouri allow dual registration?

A: Yes, a letter must be submitted on a company letterhead signed by a principal of each investment adviser, stating the following three items:

1. Acknowledgment of the proposed dual agency;
2. Affirmation that there will be no conflict of interest; and
3. Assurance to the Commissioner that the dual agency will be disclosed to all prospective customers.

15 CSR 30-50.010(3)

Q: Does Missouri have a de minimus exemption?

A: Yes. Investment advisers who have no place of business in Missouri and during the preceding 12 months have had no more than five clients who are residents of the state do not need to register under the Missouri Securities Act of 2003.
Section 409.4-403(b)(2), RSMo. (Cum. Supp. 2013)

Q: When does an investment adviser's registration expire?

A: Every registration expires on December 31 of each year, unless renewed or unless sooner revoked, canceled, or withdrawn.
15 CSR 30-51.160(2)(A)

Q: What do I do if I want to withdraw my registration?

A: Investment advisers must file a Form ADV-W through WebIARD and investment adviser representatives must file a Form U-5 through WebCRD.

Q: What is IARD?

A: The Investment Adviser Registration Depository (IARD) is an electronic filing system for investment advisers sponsored by the Securities and Exchange Commission (SEC or Commission) and the North American Securities Administrators Association (NASAA), with the Financial Industry Regulatory Authority (FINRA, formerly NASD) serving as the developer and operator of the system. The IARD system collects and maintains the registration and disclosure information for investment advisers and their associated persons. The IARD system supports electronic filing of the revised Forms ADV and ADV-W, centralized fee and form processing, regulatory review, the annual registration renewal

process, and public disclosures of investment adviser information. See www.iard.com for more information.

Q: Do solicitors for investment advisers have to be registered?

A: Not necessarily. A solicitor need not be registered as an investment adviser representative under the Missouri Securities Act of 2003 if the solicitor:

1. only refers business to the investment adviser and does not render any investment advice;
2. is not subject to disqualification under Section 409.4-412(d), and
3. receives from the investment adviser a cash fee paid pursuant to the requirements set out in 17 CFR Section 275.506(4)-3.

Q: Does Missouri require fingerprints?

A: No.

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