



# INVESTMENT COMPANY INSTITUTE

May 9, 2000

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MAY 12 2000  
PA SECURITIES COMM.  
CORP. FINANCE DIV.

Mr. G. Philip Rutledge  
Deputy Chief Counsel  
Pennsylvania Securities Commission  
1010 North Seventh Street  
Harrisburg, PA 17102-1410

Re: Proposed Investment Adviser Regulations

Dear Phil:

The Investment Company Institute<sup>1</sup> appreciates being provided a copy of the revisions proposed by the Pennsylvania Securities Commission (the "Commission") to the investment adviser regulations under the Pennsylvania Securities Act (the "Act"). The Institute was pleased to see the Commission moving forward so promptly with rules to implement the recent revisions made to the Act in response to the National Securities Markets Improvement Act of 1996 ("NSMIA"). We were particularly pleased to see that the revisions will accommodate the new Investment Adviser Registration Depository ("IARD") when it becomes operational, hopefully later this year. You and your staff are to be commended for the thoroughness of your proposal as well as with ensuring its consistency with both the Act and NSMIA. The Institute supports the adoption of these proposed regulations. We do, however, suggest a few revisions to them, most of which are technical. These are detailed below.

## **I. Rule 303.012, Investment Adviser Registration Procedure**

Paragraph (b)(1) of this rule would require an investment adviser applicant that has custody of client funds or securities or that requires prepayment of advisory fees to file specified reports with the Commission. As proposed, if an adviser charges advisory fees in advance of \$500 or more, it must file such financial reports. While current Form ADV has a similar requirement, the Securities and Exchange Commission ("SEC") has proposed to increase this threshold amount from \$500 to \$1200 to reflect the effects of inflation since Form ADV was

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<sup>1</sup> The Investment Company Institute is the national association of the American investment company industry. Its membership includes 8,036 open-end investment companies ("mutual funds"), 496 closed-end investment companies and 8 sponsors of unit investment trusts. Its mutual fund members have assets of about \$7.264 trillion, accounting for approximately 95% of total industry assets, and over 78.7 million individual shareholders. The Institute also represents the interests of investment advisers. Many of the Institute's investment adviser members render investment advice to both investment companies and other clients. In addition, the Institute's membership includes 381 associate members which render investment management services exclusively to non-investment company clients. A substantial portion of the total assets managed by registered investment advisers are managed by these Institute members and associate members.

adopted in 1985.<sup>2</sup> Accordingly, to ensure consistency between the Commission's proposal and the requirements under Form ADV, the Institute recommends that the Commission increase the threshold amount in Rule 303.012(b)(1) from \$500 to \$1200.<sup>3</sup>

In addition to increasing the threshold amount, the Institute recommends that this rule be revised as it would apply to certain out-of-state investment advisers. In particular, the Institute recommends that, in lieu of applying this rule to those out-of-state investment advisers that are registered in their home state and in compliance with such state's financial reporting requirements, if any, the Commission permit such advisers to file with the Commission a copy of whatever report the adviser is required to file with its home state. Such a provision would obviate the need for these out-of-state advisers to produce several financial reports to accommodate the needs of each of the states in which they are registered. While such a provision is not required by NSMIA, we believe it is consistent with the provisions in NSMIA that defer to an adviser's home state for the regulation of the adviser's recordkeeping, net capital, and bonding requirements.

## **II. Rule 303.014, Investment Adviser Representative Registration Procedures**

The Institute notes that this rule would seemingly apply to those representatives of both investment advisers and federal covered advisers who are required to register under the Act. And yet, as currently proposed, its provisions are expressly limited to representatives of investment advisers. To ensure that this rule applies to all investment adviser representatives who are required by the Act to register, the Institute recommends that the phrase "or federally covered adviser" be added following the term "investment adviser" in subsection (a) on lines 2 and 4-5 and in new subsection (c) on line 4.

In addition, new subsection (c) would require an investment adviser representative *and* the investment adviser [or, as proposed to be amended by the Institute, the federally covered adviser] to file an amendment to Form U-4 as necessary to keep the information reported on such form current. The Institute recommends that this "and" be revised to "or." This change will ensure that (1) duplicative copies of the same amendment not be filed with the Commission and (2) the Commission is not imposing on federally registered advisers a filing requirement that is inconsistent with NSMIA.<sup>4</sup>

## **III. Rule 303.015, Notice Filing for Federally Covered Advisers**

The Institute recommends that subsection (b) of this provision, which would govern the notice filing renewal requirements for federally covered advisers, be revised to distinguish renewal filings made with the Commission directly from those filed through a central registration

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<sup>2</sup> See SEC Release No. IA-1862 (April 5, 2000) at footnote 196.

<sup>3</sup> In recognition of the fact that advisers may transition from state to federal registration or vice-versa, the Institute believes that it is important, to the extent possible, to have consistency between the state and federal regulations governing investment advisers.

<sup>4</sup> As you know, under NSMIA, states may not impose filing requirements on federally registered investment advisers that are in addition to those under federal law. Our recommended amendment will ensure that this provision in NSMIA is not violated while, at the same time ensuring the Commission receives all necessary amendments to Form U-4.

depository. As proposed by subsection (b), a federally covered adviser would renew its notice filing annually by filing "one executed Form ADV" with the Commission, either directly or indirectly through the IARD, together with the renewal fee. With the IARD, however, federally covered advisers will not be required to file a complete Form ADV annually with the system. Instead, ninety days after its fiscal year end, a federally covered adviser will be required to complete Items 2(A) and 5(F) of Part 1A of Form ADV, indicating their continued eligibility for SEC registration and their assets under management, and correct any other material in the form that needs updating. Accordingly, for those advisers that file their annual notice filing renewal with the Commission through the IARD, there will be no "executed Form ADV" that is annually filed. To address this, and to ensure that Pennsylvania's procedure is consistent with the IARD, the Institute recommends that subsection (b) of Rule 303.015 be replaced with the following:

(b) To renew a notice filing, a federally covered adviser shall annually:

(1) File an executed Form ADV with the Commission no later than December 31st of each year together with the filing fee required by Section 602(d.1) of the act (70 P.S. §602(d.1)) or

(2) File with the Commission through a central registration depository designated by order of the Commission the filing fee required by Section 602(d.1) of the act (70 P.S. §602(d.1)).

#### **IV. Rule 303.021, Successor Registrations/Notice Filings**

As proposed, this rule would govern the procedures to be followed when a person succeeds to the registration or notice filing of an adviser. In view of the fact that a federally covered adviser may succeed to the business of an investment adviser, the Institute recommends that the new language proposed to be added to subsection (c) be revised to read:

. . . Where a federally covered adviser is formed or proposed to be formed for the purpose of succeeding to, and continuing the business of, a registered investment adviser or of another federally covered adviser . . .

#### **V. Rule 303.032, Examination Requirements for Investment Adviser Representatives**

As proposed by the Commission, subsection (a) of this rule would require investment advisers and investment adviser representatives to pass specified examinations. Paragraph (a)(1) would require a registrant to have passed the Series 65 or Series 66 and 7 examinations, "on or after January 1, 2000 *and within 2 years prior to the date of filing an application with the Commission.*" (Emphasis added.) Accordingly, as proposed it would seem that an applicant, for example, who resides in Maryland, who passed Series 65 in January 2000, who remains continuously registered with Maryland, and who, in January 2003 files an application for registration with Pennsylvania, *would again be required to pass Series 65.* This seems wholly inappropriate and inconsistent with the NASAA Model Rule in this area. To address this, and to ensure that such person not be required to again pass the examination, the Institute recommends that paragraphs (a)(1) and (2) be revised as follows:

(1) Received, on or after January 1, 2000, ~~and within 2 years prior to the date of filing an application with the Commission,~~ a passing grade on The Uniform Investment

Adviser Law Examination, or successor examination and, since passing such examination, the person has either (i) been registered as an investment adviser or investment adviser representative in one or more states without a lapse in registration exceeding two years; or (ii) filed an application with the Commission within 2 years of taking such examination; or

(2) Received, on or after January 1, 2000, ~~and within 2 years prior to the date of filing an application with the Commission,~~ a passing grade on the General Securities Representative Non-Member Examination (Series 7) administered by the National Association of Securities Dealers, Inc. and the Uniform Combined State Law Examination (Series 66) or successor examinations and, since passing such examinations, the person has either (i) been registered as an investment adviser or investment adviser representative in one or more states without a lapse in registration exceeding two years; or (ii) filed an application with the Commission within 2 years of taking such examinations.

In addition, the Institute notes that, as proposed, subsection (c) of this rule would not be consistent with the NASAA Model Rule in this area. In particular, the NASAA Model Rule provides a waiver from the examination requirement for any person with any of the following professional designations: CFP, ChFC, CFA, PFS, or CIC. By contrast, however, the Commission proposes to condition such waiver on the applicant having "no disciplinary history which requires an affirmative response to the Disclosure Information section of The Uniform Application for Securities Industry Registration or Transfer (Form U-4)." For the sake of national uniformity in the examination requirements imposed on investment advisers and their representatives, the Institute strongly recommends that the Commission conform its waiver provision to be entirely consistent with the NASAA Model Rule by eliminating the condition relating to disciplinary history.<sup>5</sup>

#### **VI. Rule 303.042, Investment Adviser Capital Requirements**

As proposed, paragraph (a)(5) would require an investment adviser to maintain a positive net worth if its principal place of business is in Pennsylvania and it accepts prepayment of advisory fees of more than six months in advance and more than \$500 per client. As discussed above under I, in recognition of the SEC having proposed to increase the \$500 threshold under federal law to \$1200 to reflect inflation since this threshold was first adopted, the Institute recommends that the Commission similarly revise its threshold to be consistent with that of the SEC.

#### **VII. Rule 304.012, Investment Adviser Required Records**

This rule would set forth in detail the recordkeeping requirements of state-registered advisers. The Institute recommends that the Commission revise subsection (a), in relevant part, as follows:

(a) Except as otherwise provided in subsection (j), every ~~Every~~ investment adviser . . .

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<sup>5</sup> With this one exception that would change the substance of the NASAA Model Rule, the Institute commends the staff of the Commission for revising the NASAA Model Rule to put it into "plain-English."

This revision, which is consistent with the introduction to Rule 304.022(a) relating to financial reports required of investment advisers, would alert persons to the fact that subsection (j) provides some relief from the requirements of this lengthy rule.

#### **VIII. Rule 304.022, Investment Adviser Required Financial Reports**

As with our previous comments to Rules 303.012 and 303.042 (discussed under Items I and VI, above), we recommend that the \$500 threshold in Paragraph (a)(1) of this proposed rule be increased to \$1200 to be consistent with amendments proposed by the SEC to similar provisions under federal law. Also, consistent with our comments relating to the treatment of out-of-state advisers under Rule 303.012, the Institute recommends that subsection (b) of this rule be revised to provide an exemption for out-of-state advisers that are registered in their home state and in compliance with such state's financial reporting requirements, if any. In particular, we recommend that Paragraph (b)(3) be eliminated as an additional condition to an adviser claiming such exemption.

#### **IX. Rule 305.011, Supervision of Agents, Investment Adviser Representatives, and Employees**

As proposed, subsection (c) would impose very specific requirements on the written procedures that every broker-dealer and investment adviser must implement. The Institute is concerned that this rule may be violative of NSMIA as applied to (1) federally registered broker-dealers and (2) out-of-state investment advisers. In particular, under NSMIA, no state may impose on any federally registered broker-dealer any recordkeeping or reporting requirement that differs from or is in addition to the requirements under federal law. With respect to investment advisers, NSMIA prohibits any state from imposing on an out-of-state investment adviser any recordkeeping requirement if such out-of-state investment adviser is registered in its home state and in compliance with such state's recordkeeping requirements. Pennsylvania's proposed rule would seem to go beyond these limitations of NSMIA. To address this, the Institute recommends that a new subsection (d) be added as follows:

(d) The provisions of subsection (c) shall not apply to:

(1) a broker-dealer that is registered under the Securities Exchange Act of 1934; or

(2) an investment adviser whose principal place of business is located outside of the the Commonwealth provided such adviser is registered in the state where it maintains its principal place of business and in compliance with such state's recordkeeping requirements, if any.

#### **X. Rule 305.019, Dishonest and Unethical Practices**

The Institute notes that the word "employee" is misspelled in three places in subparagraphs (c)(3)(xi) (on p. 49) and (c)(3)(xi)(B) (on p. 50).

**XI. Rule 404.010, Advertisements by Investment Advisers and Investment Adviser Representatives**

The Institute is concerned that the application of this rule to representatives of a federally covered adviser may be violative of NSMIA inasmuch as such application would constitute indirect regulation of the federally covered adviser. To address this concern and make sure that this rule does not inappropriately impact federally covered advisers or the representatives that transact business on their behalf, the Institute recommends that the term "investment adviser representative" in line 3 of subsection (a) instead read "investment adviser representative of an investment adviser."

**XII. Rule 404.011, Investment Adviser Brochure Disclosure;  
Rule 404.012, Wrap Fee Brochure Disclosure**

As proposed, these two rules would be consistent with current rules under the Investment Advisers Act of 1940 governing the disclosure that investment advisers must provide to their clients. As previously discussed, however, the SEC has proposed substantial revisions to the federal rule (*i.e.*, Rule 204-3) governing an adviser's disclosure obligations and such revisions, when adopted, would result in this proposed provision no longer being consistent with federal law.<sup>6</sup> Because we believe it important that, to the extent possible, requirements under state and federal law be consistent,<sup>7</sup> we strongly recommend that the Commission conform these rules to the SEC's proposed revisions to Rule 204-3, the federal "brochure rule." While exact consistency between the two may be difficult until such time as the SEC formally adopts its proposed revisions, the Commission could accommodate the changes to the federal rule by adding at the end of each of these rules a provision along the lines of the following:

(#) In lieu of complying with the above provisions of this rule, an investment may, instead, comply with the requirements of the brochure rule under the Investment Advisers Act of 1940, Rule 204-3.

Such a provision would enable the Commission to proceed with final adoption of its proposed rules while the SEC continues to consider proposed revisions to its brochure rule.

\* \* \*

The Institute appreciates the opportunity to provide these comments on the Commission's proposed rule revisions. We again commend the staff for ensuring that, to the extent possible, its proposed rules are consistent with similar provisions under federal law and for ensuring consistency with NSMIA. If you have any questions concerning these comments or would like any additional information concerning them, please contact me by phone (202/326-5825) or e-mail (tamara@ici.org).

With regards,



Tamara K. Reed  
Associate Counsel

<sup>6</sup> See SEC Release IA-1862 (April 5, 2000).

<sup>7</sup> See footnote 3, above.

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**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA SECURITIES COMMISSION  
June 29, 2000****BY FACSIMILE****SUBJECT:** Subsequent Comments Letter Received from Investment Company Institute  
SECURITIES COMMISSION  
64 Pa. Code, Chs. 202, 203, 205, 206, 301, 302, 303, 304, 305, 404, 602, 603  
General Revisions  
PROPOSED FORM  
#50-114**TO:** James M. Smith  
Independent Regulatory Review Commission**FROM:** G. Philip Rutledge  
Deputy Chief Counsel

GPR

In response to the above-reference Notice of Proposed Rulemaking published at 30 Pa.B. 2237 (May 6, 2000), the Securities Commission received substantive comment letters from the Investment Company Institute (ICI), the Investment Counsel Association of America (ICAA) and the Financial Planning Association (FPA).

Preparatory to making recommendations to the Commission concerning Final Form Rules, Commission staff proposed various revisions to the Proposed Form Rules in response to the comments received. Commission staff, by letter dated June 26, 2000, shared these proposals, including drafts of the revised text of the regulations, with the commenters.

By letter dated June 28, 2000, a copy of which is attached, ICI expressed support for adoption of Final Form Rules that include the revisions proposed by Commission staff contained in its letter of June 26, 2000. On June 28, 2000, Robert H. Neill, Legislative Counsel for FPA, telephoned to indicate that his organization also would support adoption of Final Form Rules which included the staff's revisions.

I would note that the staff's proposed revisions include insertion of a time limitation for retention of certain books and records in 64 Pa. Code §305.011(d) in response to a comment raised by IRRC staff during our conference call of June 21, 2000.

If you have any questions, please do not hesitate to contact me at 783-5130.

GPR:val

Attachment

cc: Melissa Gizzi, Executive Director, Senate Banking and Insurance Committee  
Joe Miller, Executive Director, House Commerce and Economic Development Committee



INVESTMENT COMPANY INSTITUTE

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2000 JUN 29 PM 12:59

PENNSYLVANIA SECURITIES  
REVIEW COMMISSION

June 28, 2000

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JUN 29 2000

PA SECURITIES COMM.  
CORP. FINANCE DIV.

Mr. G. Philip Rutledge  
Deputy Chief Counsel  
Pennsylvania Securities Commission  
1010 North Seventh Street  
Harrisburg, PA 17102-1410

Re: Proposed Investment Adviser Regulations

Dear Phil:

The Investment Company Institute appreciates being provided a revised version of the investment adviser regulations proposed by the Pennsylvania Securities Commission (the "Commission") in April of this year. The Institute was pleased to see that the Commission thoughtfully considered each of the comments it received on the proposal and revised it to address those concerns with which the Commission agreed.

The Institute is writing this letter to express our support for the adoption of the rules as revised by the Commission. We believe they will enhance the ability of the Commission to protect investors in Pennsylvania. In addition, they will harmonize Pennsylvania's regulatory treatment with that of Pennsylvania's sister states and the Securities and Exchange Commission, which is important due to the fact that investment advisers quite often conduct business in more than one state.

The Institute commends you and your staff for your diligence in ensuring that Pennsylvania's rules remain current and, to the extent possible, consistent with those of other regulators.

With regards,

Tamara K. Reed  
Associate Counsel





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Robert M. Lam, Chairman  
A. Richard Gerber, Esq., Commissioner  
John A. Macer, Commissioner  
M. Joanna Cummings, Secretary  
Elliot Klein, Chief Counsel  
G. Philip Rulledge, Deputy Chief Counsel

COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA SECURITIES COMMISSION

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Send check or money order made payable to the Commonwealth of Pennsylvania with a copy of this sheet to the attention of Jay Cawley, Budget Analyst, at the above address. See Commission Regulation 603.040(3).

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TO: Jim Smith

COMPANY: TRRC

ADDRESS: \_\_\_\_\_

PHONE NO.: \_\_\_\_\_ FAX NO.: 3-2664

SPECIAL INSTRUCTIONS: Updated Memo

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Original: 2107



June 5, 2000

By Facsimile and U.S. Mail

G. Philip Rutledge  
 Deputy Chief Counsel  
 Pennsylvania Securities Commission  
 Eastgate Building  
 1010 N. Seventh Street  
 2<sup>nd</sup> Floor  
 Harrisburg, PA 17102-1410

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JUN 05 2000

 PA SECURITIES COMM.  
 CORP. FINANCE DIV.

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 2000 JUN -9 AM 8:36  
 REVIEW COMMISSION
Re: Proposed Investment Adviser Regulations

Dear Phil:

This letter responds to your request for comments on the Pennsylvania Securities Commission's (PSC) proposed rules to conform the Pennsylvania Securities Act with the provisions of the Investment Adviser Supervision Coordination Act and Pennsylvania Act 109 of 1998. Because the members of the Investment Counsel Association of America are federally registered investment advisers, our comments are limited to the proposed rules affecting federally registered investment advisers and their supervised persons.<sup>1</sup>

We commend the PSC for proposing rules to update its regulations in the wake of the Coordination Act and the amendments to the Pennsylvania Securities Act enacted by Pennsylvania. We are pleased that the proposed notice filing provision for federally registered advisers appears to be consistent with the federal law and other states' regulations. We do have comments, however, with respect to several of the other proposed rules.

**Section 303.032. Examination Requirements**

The ICAA supported the adoption of the Series 65 examination and worked with NASAA on its development. After extensively studying and consulting with industry, the NASAA Project Group charged with developing the examination issued a sample rule for the states to adopt to implement the examination. We have strongly advocated that

<sup>1</sup> The ICAA is a national not-for-profit association that exclusively represents federally registered investment advisory firms. Founded in 1937, the ICAA's membership today is comprised of more than 250 firms that collectively manage in excess of \$2 trillion for a wide variety of institutional and individual clients. For more information, please see the ICAA's web site at [www.icaa.org](http://www.icaa.org).

INVESTMENT COUNSEL ASSOCIATION OF AMERICA, INC.  
 1050 17TH STREET, N.W., SUITE 725 WASHINGTON, DC 20036-5503  
 (202) 293-ICAA FAX (202) 293-4223 INTERNET: [www.icaa.org](http://www.icaa.org)

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the states adopt uniform regulations to implement the competency examination and believe that the PSC should fully adopt the policies the NASAA project group included in the sample rule.

We are pleased to see that the PSC has followed the sample rule and included the ICAA's Chartered Investment Counselor (CIC) designation as a waiver for the examination. The PSC's proposed rule, however, has material differences from the NASAA sample rule. For example, the PSC conditions examination waivers upon a clean disciplinary history on the Form U-4. NASAA's sample rule does not. In addition to not being uniform with most other states, we believe that this provision is too broad in its application and will result in disallowing waivers for applicants unnecessarily. The Form U-4 has several questions for which a "yes" answer should not disqualify a person from receiving a waiver for the examination.<sup>2</sup> If the PSC does not follow the sample rule regarding waivers, we suggest that 303.032(c)(1)(i) be rephrased to disallow waivers only for those individuals that have been found to have violated a state or federal securities law and not bring in the non-adjudicated and tangential items that are classified as disciplinary history on the Form U-4.

#### **Section 305.019. Dishonest or unethical practices of investment adviser representatives**

We commend the PSC for applying its dishonest or unethical practice provision to investment advisers and not federal covered advisers consistent with the Coordination Act. We note, however, that these provisions apply to investment adviser representatives of federal covered advisers. We believe that applying this provision to supervised persons of federal covered advisers goes beyond Pennsylvania's authority to bring actions for fraud or deceit preserved in the Coordination Act and may result in the back door regulation of federal covered advisers. Therefore, the PSC should amend the provision to state that it only applies to investment adviser representatives of state-registered investment advisers.

#### **Section 404.010. Advertisements by investment adviser representatives**

Proposed Section 404.10 would define fraudulent, deceptive or manipulative acts in advertisements by investment adviser representatives. Generally, investment adviser *firms*, not investment adviser representatives, advertise. As with the dishonest or unethical practices regulation, this section appears to be effectively regulating federal covered advisers and not their investment adviser representatives. By listing practices which the PSC deems to be deceptive, the effect of the regulation is to regulate advertisements of federal covered advisers – albeit under the auspices of regulating

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<sup>2</sup> Specifically, we believe that reportable *pending* actions should not impede an IAR from receiving an examination waiver. The Form U-4 requires applicants to report pending criminal charges, regulatory actions that are still being litigated, and arbitrations that are still being heard. We also believe that several of the non-pending reportable actions should not result in the loss of the examination waiver because they do not implicate the veracity or competence of an applicant. For example a personal bankruptcy, customer complaints, or unsatisfied judgments or liens would trigger the regulation.

investment adviser representatives. The regulation of advertising by federal covered investment advisers was left to the exclusive responsibility of the SEC; thus it would appear that federal law preempts this regulation as it relates to investment adviser representatives of federal covered advisers.

### **Sections 303.012-015, 306.061. Investment Adviser Registration Depository**

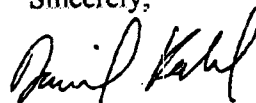
We commend the PSC for including a mechanism to designate by order the Investment Adviser Registration Depository (IARD) currently under development by NASAA and the SEC. The IARD is a separate, distinct system from the Central Registration Depository (CRD). To avoid confusion, we believe that when referring to an investment adviser registration system the PSC should not use the term "central registration depository."

### **Section 305.061. Withdrawal of registration or notice filing**

It is our understanding that federal covered advisers will not file Form ADV-W to withdraw state notice filings on the IARD. The Form ADV recently proposed by the SEC, but developed in conjunction with NASAA, states that notice filers will amend Part 1A, Item 2b to add or delete states that the federal covered adviser firm submits notice filings with through the IARD.<sup>3</sup> When used by a federal covered adviser, the Form ADV-W will be used only to withdraw its SEC registration. The PSC should amend the language of this proposed regulation to account for this new method for federal covered advisers to stop notice filings.

We appreciate your consideration of our comments and hope they are helpful in your deliberations. Please do not hesitate to contact me or Karen Barr, General Counsel, if you would like to discuss these comments further or if we can provide any additional assistance.

Sincerely,



Daniel Kahl  
Counsel

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<sup>3</sup> "Under state laws, SEC-registered advisers may be required to provide to state securities authorities a copy of the Form ADV and any amendments they file with the SEC... If this is an amendment to your registration to stop your notice filings from going to state(s) that currently receive them, circle the unchecked box(es) next to those state(s)." Proposed Form ADV Part 1A, Item 2B. *Electronic Filings by Investment Advisers; Proposed Amendments to Form ADV*, SEC Rel. Nos. IA-1862, 34-42620 (April 5, 2000). (Note, the instruction above is to the paper version of Form ADV. In the electronic version on the IARD, we would expect the checking and unchecking of boxes to take the place of circling boxes.)



# ICAA FAX

Date	June 5, 2000	Number of pages including cover sheet	4
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<b>TO:</b>	
G. Philip Rutledge	
Deputy Chief Counsel	
Pennsylvania Securities Commission	
Phone	
Fax Phone	717/783-5122
CC:	

<b>FROM:</b>	
Dan Kahl, Counsel	
Investment Counsel Association of America, Inc.	
1050 17th Street NW, Suite 725	
Washington, DC 20036-5503	
Phone	(202) 293-ICAA
Fax Phone	(202) 293-4223

**REMARKS:**

- Urgent    
 For your review    
 Reply ASAP    
 Please comment

Good Afternoon Mr. Rutledge.

Following is the ICAA's comment letter on your proposed rules with the hardcopy to follow in the mail. The rules are very well done as we have come to expect from the PSC.

Please call with questions or comments.

Regards,

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JUN 05 2000

PA SECURITIES COMM  
CORP. FINANCE DIV.

REGULATORY  
REVIEW COMMISSION

2000 JUN -9 AM 8:36

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Mr. G. Philip Rutledge  
Deputy Chief Counsel  
Pennsylvania Securities Commission  
1010 North Seventh Street  
Harrisburg, PA 17102-1410

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2000 JUN -9 AM 8:36  
REVIEW COMMISSION

Re: Proposed Investment Adviser Regulations, Document No. 50-114

Dear Mr. Rutledge:

The Financial Planning Association ("FPA")<sup>1</sup> provides the following comments on the Securities Commission's proposed revisions to the Pennsylvania Securities Act. FPA appreciates being notified and sent a copy of the proposed revisions. We are also pleased that the proposed language facilitates the incorporation of the Investment Adviser Registration Depository when it begins accepting filings and registration online. FPA has reviewed the proposed regulations in detail and supports their adoption; however, FPA would like to offer a few minor revisions, as detailed below.

1. § Rule 303.012, Investment Adviser Registration Procedure

Proposed paragraph (b)(1) would require an investment adviser applicant having custody of client funds or securities or an applicant that requires payment of advisory fees six months or more in advance to file an audited balance sheet and report with the Commission. The proposal would require an adviser charging advance advisory fees of \$500 or more to file these financial documents. Form ADV currently has a similar requirement; however, the Securities and Exchange Commission ("SEC") is proposing to increase this figure from \$500 to \$1,200<sup>2</sup> for federally registered advisers. In the interest of uniform reporting requirements and to minimize confusion FPA recommends that the

<sup>1</sup> The Financial Planning Association is the largest organization in the United States representing financial planners and affiliated firms. FPA was formed on January 1, 2000 as a result of the combination of two existing non-profit financial planning associations, the Institute of Certified Financial Planners (ICFP) and the International Association for Financial Planning (IAFP). FPA is domiciled in Washington, D.C., with administrative offices in Atlanta and Denver. The FPA represents approximately 29,000 financial planners in the United States. FPA also represents 120 broker-dealers that are members of the Broker-Dealer Division of FPA.

<sup>2</sup> See SEC Release No. 1A-1862 (April 5, 2000).

Commission increase the threshold amount in Rule 303.012(b)(1) from \$500 to \$1,200. Consistency between state and federal regulations in this area will help to avoid confusion and the \$1,200 figure is more reasonable in light of inflation<sup>3</sup>.

FPA also recommends a technical change to this rule's financial reporting requirements for certain out-of-state investment advisers. To maintain consistency with the proposed language in Rule 304.022(b), out-of-state investment advisers that are registered in their home state and comply with their home state's financial reporting requirements, if any, should be permitted to file with the Commission whatever report the home state requires the adviser to file. Revising the rule in this way would simplify the reporting burden on investment advisers registered in more than one state and would be consistent with NSMIA provisions that defer to an adviser's home state for regulations concerning an adviser's record keeping requirements.

## 2. § Rule 303.032, Examination Requirements for Investment Adviser Representatives

FPA has concerns about two components of the proposed language governing examination requirements. FPA requests that the following changes be made in the grandfathering provisions and in the provisions for waivers from examination requirements:

### *Grandfathering Provisions:*

Certain proposed language within this section would create a very undesirable situation for applicants that the Commission probably did not intend. The burdensome language is found in paragraph (a)(1) and (2) and would require a registrant to have passed the Series 65 or Series 66 and 7 examinations, "on or after January 1, 2000 and within 2 years prior to the date of filing an application with the Commission..." This requirement would mean that an applicant who passed one of the appropriate exam combinations and is duly registered in a state other than Pennsylvania, who remains continuously registered with that state for two or more years from January 1, 2000, and who then, after January 1, 2003, files an application for registration with Pennsylvania, would be required to pass the requisite examination(s) again. FPA feels sure that this was not the intent of the Pennsylvania Securities Commission in amending this section. This language would be inconsistent with the NASAA Model Rule in this area and would also be extremely burdensome to a qualified individual desiring to register in Pennsylvania without the delay and inconvenience or retaking the same exam unnecessarily.

To address this problem, and to ensure that such person not be required to again pass the examination, the Institute recommends that paragraphs (a)(1) and (2) be revised as follows:

(1) Received, on or after January 1, 2000, ~~and within 2 years prior to the date of filing an application with the Commission,~~ a passing grade on The Uniform Investment Adviser Law Examination, or successor examination and, since passing such examination, the person has either (i) been registered as an investment adviser or investment adviser representative in one or more states without a lapse in registration exceeding two years; or (ii) filed an application with the Commission within 2 years of taking such examination; or

(2) Received, on or after January 1, 2000, ~~and within 2 years prior to the date of filing an application with the Commission,~~ a passing grade on the General Securities Representative

<sup>3</sup> Proposed § 303.0423 and § 304.022 also include the same \$500 threshold which should be increased to \$1,200 for the same reasons.

Non-Member Examination (Series 7) administered by the National Association of Securities Dealers, Inc. and the Uniform Combined State Law Examination (Series 66) or successor examinations and, since passing such examinations, the person has either (i) been registered as an investment adviser or investment adviser representative in one or more states without a lapse in registration exceeding two years; or (ii) filed an application with the Commission within 2 years of taking such examinations.

FPA also notes a technical correction in proposed subsection (a). In the first sentence, the phrase "may not be registered" should be substituted for "may be not registered".

#### *Waiver Provisions:*

FPA also notes that proposed subsection (c) of this rule is inconsistent with the NASAA Model Rule on waivers of exam requirements. The NASAA Model Rule provides a waiver from the examination requirement for any person with any of the following professional designations: CFP, ChFC, CFA, PFS, or CIC. FPA is pleased to see the inclusion of the waiver proposed by NASAA for the CFP designation. FPA is also pleased to see the consideration of other professional designations that meet or exceed the requirements of the specified examinations; however, the Commission's proposed language conditions such waivers on the applicant having "no disciplinary history which requires an affirmative response to the Disclosure Information section of The Uniform Application for Securities Industry Registration or Transfer (Form U-4)." This additional condition undermines the national uniformity of the NASAA Model Rule examination requirements and is unnecessary.

Proposed subsection (c) also conflicts with the NASAA Model Rule by providing for waivers from examination requirements for licensed CPAs and attorneys. FPA is not aware of any other state that provides a similar waiver for CPAs and attorneys. Although the Bar exam and the CPA exam are certainly difficult exams, FPA does not feel that these exams test the same information as the Series 65 exam. The CPA and Bar exams certainly do not meet or exceed the requirements of the Series 65 exam in terms of the specific subject matter tested. FPA respectfully suggests that the Commission review the Pennsylvania Bar examination and the CPA examination to determine whether these examinations meet or exceed the Series 65 in the relevant subject matter areas. NASAA did not include waivers from exam requirements for these professionals in their model rules, and we agree that their inclusion is unwarranted at this time. FPA recommends that the Commission conform its waiver provision to be entirely consistent with the NASAA Model Rule by eliminating the condition relating to disciplinary history and by eliminating waivers from examination requirements for CPAs and attorneys.

### **3. § 303.042, Investment Adviser Capital Requirements**

Proposed paragraph (a) (4) requires an investment adviser with discretionary authority, but without custody, over client funds or securities to maintain at all times a minimum net worth of \$10,000. FPA questions the need for a minimum net worth even in this relatively small amount for investment advisers with discretionary authority. A mandatory, standing net worth requirement creates a potential barrier for investment advisers attempting to enter business for the first time, as well as for investment advisers expanding their practices. Furthermore, only a handful of states currently require a minimum net worth for all investment advisers.<sup>4</sup> As an alternative, FPA suggests exemptions for

<sup>4</sup> States requiring a minimum net worth for investment advisers as of September 1997 were: Idaho, North Carolina, Pennsylvania, Rhode Island, and Virginia.



advisers in the following situations where there is little risk to the investor, or if alternative insurance coverage is available to cover losses:

- Provide the state securities administrator with the authority to waive the minimum net worth requirement for advisers with discretion if the adviser has a certain amount of experience and a satisfactory disciplinary history;
- Waive the requirement for advisers with discretion if the adviser provides evidence of errors and omissions insurance sufficient to cover investor losses, such as \$100,000 per occurrence with an aggregate amount of coverage based on experience; and
- Waive the bonding requirement for advisers with discretion if the adviser's compensation is a fee based solely on the amount of assets under management, is a retainer or other flat fee, an administrative fee for services rendered under the Employee Retirement Income Security Act of 1974, and the adviser does not receive any other compensation or pecuniary benefit, directly or indirectly, as a result of any purchase or sale in the account

**4. § 303.042, Surety Bonds**

FPA strongly supports proposed paragraph (1)(a) language that provides for a surety bond for an investment adviser that does not meet the minimum net worth requirements. This provision would provide some flexibility for investment advisers and mitigate some of FPA's concerns expressed in section 3 of this letter.

**5. § 603.031 Public Inspection of Records**

FPA appreciates and strongly supports the Commission's decision to respect the privacy of applicants and registrants by proposing language to require confidential treatment of social security numbers, dates of birth, and home addresses of investment adviser representatives and agents.

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FPA supports the Division in its proposed rulemaking and we believe that incorporating the minor changes FPA has offered will facilitate the goals of efficiency and uniformity. FPA greatly appreciates the opportunity to submit comments on the proposed rules, and I would be more than happy to address any questions or comments in connection with FPA's recommendations.

Sincerely,

Robert H. Neill, Jr.  
Legislative Counsel

ATLANTA \* DENVER \* WASHINGTON, D.C.



FPA Government Relations Office  
1615 L Street, N.W., Suite 650  
Washington, D.C. 20036  
Voice: 202.626.8770  
Fax: 202.626.8577

E-mail: [fpa@fpanet.org](mailto:fpa@fpanet.org)  
Web site: [www.fpanet.org](http://www.fpanet.org)

## FAX COVER PAGE

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TO: Philip Rutledge  
FROM: Robert Neill  
DATE: June 5, 2000  
SUBJECT: Proposed Investment Adviser Regulations, Document No. 50-114

RECEIVED  
2000 JUN -9 AM 8:36  
REVIEW COMMISSION

Original: 2107

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA SECURITIES COMMISSION  
May 17, 2000**

**SUBJECT:** Comment Letter Received from Certified Financial Planners  
SECURITIES COMMISSION  
64 Pa. Code, Chs. 202, 203, 205, 206, 301, 302, 303, 304, 305, 404, 602, 603  
General Revisions  
PROPOSED FORM  
#50-114

**TO:** James M. Smith  
Independent Regulatory Review Commission

**FROM:** G. Philip Rutledge  
Deputy Chief Counsel



Pursuant to Section 5(c) of the Independent Regulatory Review Act, attached is a comment letter filed with the Commission on May 16, 2000 by the Certified Financial Planners concerning the above-referenced Proposed Form Rule.

If you have any questions, please do not hesitate to contact me at 783-5130.

GPR:val

Attachment

cc: Melissa Gizzi, Executive Director, Senate Banking and Insurance Committee  
Joe Miller, Executive Director, House Commerce and Economic Development Committee

RECEIVED  
2000 MAY 18 PM 1:20  
INDEPENDENT REGULATORY  
REVIEW COMMISSION

**CERTIFIED  
FINANCIAL  
PLANNER**  
BOARD OF STANDARDS

RECEIVED

2000 MAY 18 PM 1:27

REGULATORY  
REVIEW COMMISSION May 12, 2000

1235 Jefferson Davis Highway  
Crystal Gateway One, Suite 602  
Arlington, Virginia 22202  
703-414-5811  
Fax 703-414-5815  
<http://www.CFP-Board.org>  
[mail@CFP-Board.org](mailto:mail@CFP-Board.org)

A. Richard Gerber  
Commissioner  
Securities Commission  
Eastgate Office Building  
1010 North 7th Street - 2nd Floor  
Harrisburg, Pennsylvania 17102-1410

RECEIVED

MAY 16 2000

PA SECURITIES COMM.  
CORP. FINANCE DIV.

Dear Mr. Gerber:

I am writing to comment on the Pennsylvania Securities Division's, (the Division) proposed rulemaking regarding registration of securities and investment adviser representatives. I am also providing information on the manner in which the Division staff can verify the status of Certified Financial Planner (CFP) licensee applicants who are claiming an examination exemption.

The Division is proposing changes to 64 PA Code 303.032, Section (c)(A) which allow examination waivers for investment adviser or investment adviser representative applicants currently holding various professional designations. Among those designations is the Certified Financial Planner and CFP marks issued by the CFP Board.<sup>1</sup> The CFP Board is pleased the Division has entrusted CFP licensees with the competence and knowledge necessary to afford an examination waiver. However, as a point of clarification, we recommend the language in Section (c)(A) be amended as follows:

(A) Certified Financial Planner (CFP) awarded by the ~~International Board of Standards and Practices for Certified Financial Planners, Inc.~~ **Certified Financial Planner Board of Standards, Inc.;**

The old language was found in the North American Securities Administrators Association (NASAA) Sample Rule concerning the Series-65 examination. We notified NASAA of this

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<sup>1</sup> Founded in 1985, the Certified Financial Planner Board of Standards, Inc. (CFP Board) is a Denver based nonprofit professional regulatory organization whose mission it is to benefit the public by fostering professional standards in personal financial planning. The CFP Board owns the marks CFP and CERTIFIED FINANCIAL PLANNER, and the CFP flame logo design mark and licenses individuals who meet its certification standards to use them. There are currently over 35,000 CFP professionals nationwide and 10 international affiliates that license additional thousands of qualified persons outside the U.S. The CFP Board also serves as an educational resource to federal and state lawmakers and regulators on personal financial planning issues.

incorrect language and they have updated their Sample Rule. If you have any questions of NASAA, please contact Katy Dave at (202) 737-0900.

The CFP Board believes giving an examination waiver for those applicants holding a CFP license is beneficial to the public and the financial planning profession. Individuals holding a CFP license must meet the CFP Board's rigorous experience, ethics, education, and examination standards. By promoting standards of the highest quality, the CFP Board can assure the public that CFP licensees are qualified financial planning professionals. An examination waiver for CFP licensee applicants allows both government agencies and financial planning professionals to lower their administrative costs. This is a benefit to taxpayers, consumers, and financial planning professionals.

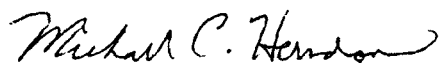
The Division can verify the status of any CFP licensee applying for an examination waiver by going to the CFP Board's web site at [www.cfp-board.org](http://www.cfp-board.org). The information provided via the web site is accurate as of 7:00 AM Mountain Standard Time of the most recent business day. To aid your staff in using the web site, I have enclosed a copied and highlighted printout of the web site using the below instructions. Here are steps to verify a CFP licensee's status:

- 1) Go to the CFP Board web site
- 2) Click on the 'Go' button next to 'Check the Status of a CFP Licensee'
- 3) Type in the name and location of the applicant (*The CFP Board lists licensees by their work address. If the CFP licensee does not provide us with a work address, we do not list an address for the licensee at all. This means your staff may find a match by name, but will be unable to verify if the applicant is the licensee listed on the web site. If this situation arises, please contact the CFP Board's Certification Services at 800-433-4292.*)
- 4) Click 'Search'
- 5) The web site will return a line of information on the CFP licensee providing a quick reference to the status including;
  - a) Licensee Name
  - b) City
  - c) State
  - d) CFP Practitioner (*this indicates if the licensee is a practicing financial planner or another professional who maintains the license, such as a professor*)
  - e) Licensee Status: (*there are three possibilities here*)
    - (i) Licensed
    - (ii) Pending Renewal
    - (iii) More Info (*If this appears, click on 'More Info' and the following page will give more detailed information about the licensee's status*)
- 6) To view more detailed information about the licensee, click on the licensee's name under 'Licensee Name.' In addition to the information on the quick reference, this page will list the licensee's company name, company address, phone number, and initial certification date.

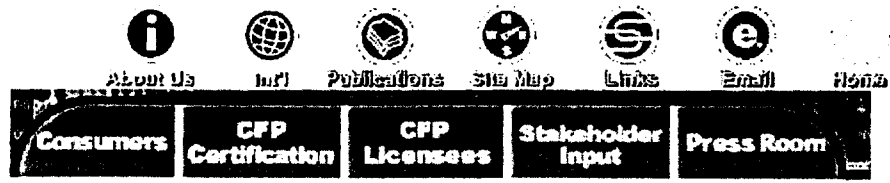
- 7) If a search has been performed and more than one licensee name is returned, click on the correct name or on each name until the correct licensee is listed.
- 8) If the Division has any questions regarding a CFP licensee after a search or how to conduct a search, please contact the CFP Board's Certification Services at 800-433-4292.

If you should have any questions regarding the CFP Board, CFP licensees, or the CFP certification marks, please contact me at 703-414-5814.

Sincerely,

  
Michael C. Herndon  
Manager, Government Relations

Enclosures



- May 12, 2000 -

Check the Status of a CFP Licensee



Search this Site

What's NEW

Fees Changed

At its January Board meeting, the Board of Governors voted to change selected CFP Board fees.

Get Financially Fit

- Check out the Labor Department's latest tool in its national Retirement Savings Education Campaign, "Savings Fitness: A Guide to Your Money and Your Financial Future".

Review Board Meeting Minutes.

Licensees: Visit our new licensee-only section to check on your CE status.

Welcome to the CFP Board Web site.



Your online resource for information about CFP licensees and the financial planning profession.

The CFP Board is a nonprofit professional regulatory organization founded in 1985 to benefit the public by fostering professional standards in personal financial planning.

Individuals who meet rigorous certification requirements are licensed by the CFP Board to use its federally registered trademarks CFP® and Certified Financial Planner®.

CFP Board
1700 Broadway, Suite 2100
Denver, Colorado 80290-2101
Phone: (303) 830-7500
Fax: (303) 860-7388
Email: mail@CFP-Board.org

The best way to view this site is with the latest version of Netscape Navigator or Internet Explorer.

All Rights Reserved. Certified Financial Board of Standards, Inc.



The CFP Board is the owner and licensor of the CFP certification mark shown above, as well as the marks CFP® and Certified Financial Planner®.

Financial professionals who use these marks are recognized as having met the highest standards for the practice of financial planning.

With CFP certification now available in 11 countries, the CFP marks have become recognized as the global symbol for competent and ethical financial planning advice.

Created by Vermilion Design



- May 12, 2000 -

Check the Status of a CFP Licensee



Search this Site



Financial planning organizations from the countries shown below have come together to form the International CFP Council. Each member of the Council has been authorized by the CFP Board to award the CFP designation in its own country. Click on the active links to the below for a list of current CFP licensees in each country.

- [Australia](#)
- [Canada](#)
- [France](#)
- [Germany](#)
- [Japan](#)
- [New Zealand](#)
- [Singapore](#)
- [South Africa](#)
- [Switzerland](#)
- [United Kingdom](#)
- [United States](#)

## Listing of Current CFP Licensees

This listing contains the names of individuals throughout the world currently licensed by the U.S.-based CFP Board to use the federally registered trademarks CFP®, Certified Financial Planner® and the CFP certification mark.

The list also contains the names of individuals whose right to use the CFP marks is **currently** revoked or suspended by the CFP Board. A **PENDING RENEWAL** status signifies that an individual is currently in the process of renewing his or her license with the CFP Board.

To check on the current status of a CFP licensee enter any or all of the following information. All rights regarding this information are reserved to the CFP Board.

First Name:	Last Name:	Suffix:
<input type="text" value="Michael"/>	<input type="text" value="Anderson"/>	<input type="text" value=""/>
Business City:	Business State:	Business Country:
<input type="text" value=""/>	<input type="text" value="PA"/>	<input type="text" value="N/A"/>

### Search Options:

Literal search, provides exact matches beginning with the information you provided. (Example: searching for Smith will return Smith and Smithhouse)

Sounds like search, provides matches that sound close to the information you provided. (Example: searching for Smith will return Smith and Smythe)

This will clear all of your search values.

Attention: Information is accurate as of 7 AM Mountain Standard Time on the most recent business day. For more up-to-date information or to learn of any past public disciplinary actions against CFP licensees, contact the CFP Board directly at 303-830-7500.

This is not a referral service. The following membership group offers referral services to CFP Practitioners:

**Financial Planning Association (FPA)**





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[Consumers](#)  
 [CFP Certification](#)  
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 [Press Room](#)

Check the Status of a CFP Licensee



Search this Site



Attention: Information is accurate as of 7 AM Mountain Standard Time of the most recent business day. For more up-to-date information or to learn of any past public disciplinary actions against CFP Licensees, contact the CFP Board directly at 303-830-7500.

This is not a referral service. The following membership group offers referral services to CFP Practitioners:

**Financial Planning Association (FPA)**

Total number of records found: 1

Click on CFP Licensee Name for business informati

Licensee Name	City	State	CFP Practitioner	Licensee Status	Date License Expires
Anderson, Michael N.	Greenville	PA	Yes	LICENSED	03/31/2002



Check the Status of a CFP Licensee



Search this Site



Attention: Information is accurate as of 7 AM Mountain Standard Time of the most recent business day. For more up-to-date information or to learn of any past public disciplinary actions against CFP Licensees, contact the CFP Board directly at 303-830-7500.

This is not a referral service. The following membership group offers referral services to CFP Practitioners:

**Financial Planning Association (FPA)**

**Use of this information by business organizations wishing to solicit CFP Practitioners is expressly prohibited by the Certified Financial Planner Board of Standards.**

**Not every CFP licensee is in the practice of financial planning; those showing a "Yes" status in the CFP Practitioner category have indicated to the CFP Board that they are practicing financial planners."**

Total number of records found: 1

---

**CFP Licensee Name:** Michael N. Anderson, CFP  
**CFP Practitioner:** Yes  
**Company Name:** Henegan Anderson Finl Advisors  
 33 Hadley Rd  
**Business Address:** Greenville PA 16125-1238  
 United States  
**Phone Number:** (724) 588-8777  
**CFP Licensee Status:** LICENSED  
**Certification Date:** 07/17/1990  
**Licensed Through:** 03/31/2002

FORM ADV

RECEIVED  
2000 MAY 18 PM 1:20  
SECURITIES AND EXCHANGE COMMISSION  
STOCK EXCHANGE REVIEW COMMISSION

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	April 30, 2000
Estimated average burden hours per response.....	9.01

**FORM ADV INSTRUCTIONS**

**1. This is a Uniform Form for use by investment advisers to:**

- register with the Securities and Exchange Commission and the jurisdictions that require advisers to register.
- update those registrations. When updating, complete all amended pages in full and circle the number of the item being changed. Each amendment must include the execution page.
- comply with their obligation under SEC Rule 206(4)-4 to disclose material financial and disciplinary information to clients. When using Part II of this form to disclose this information to clients, advisers must satisfy the timing of disclosure requirements described in paragraph (c) of SEC Rule 206(4)-4. Note that SEC Rule 206(4)-4(c) requires an adviser to disclose this information promptly to clients, while SEC Rule 204-3(b) only requires an adviser to annually offer to deliver its brochure to existing clients.

**2. Organization**

This Form contains two parts. Parts I and II are filed with the SEC and the jurisdictions; Part II generally can be given to clients to satisfy the brochure rule. The Form also contains the following schedules:

- Schedule A - for corporations;
- Schedule B - for partnerships;
- Schedule C - for entities that are not sole proprietorships, partnerships or corporations (e.g., limited liability companies and limited liability partnerships);
- Schedule D - for reporting information about individuals under Part I Item 12;
- Schedule E - for continuing responses to Part I items;
- Schedule F - for continuing responses to Part II items;
- Schedule G - for the balance sheet required by Part II Item 14;
- Schedule H - for satisfaction of the brochure rule by sponsors of wrap fee programs; and
- Schedule I - for reporting information related to eligibility for SEC registration.

**3. Format**

- Type all information.
- Give all individual names in full, including full middle names.
- Use only Form ADV and its Schedules or a reproduction of them.

**4. Signature**

- All filings and amendments must be filed with a signed execution page (page 1).

- Each copy filed with the Securities and Exchange Commission and any jurisdiction must be manually signed.

If applicant is	Form ADV should be signed by
• a sole proprietor.....	the proprietor
• a partnership.....	a general partner for the partnership
• a corporation.....	an authorized principal officer for the corporation
• any other organization.....	the managing agent (an authorized person that participates in managing or directing applicant's affairs)

**5. General Definitions (Additional definitions appear in Part I Item 11 and Part II.)**

- Applicant -- The investment adviser applying on or amending this Form.
- Client -- An investment advisory client of the applicant.
- Control -- The power to direct or cause the direction of the management or policies of a company, whether through ownership of securities, by contract, or otherwise. Any individual or firm that is a director, partner or officer exercising executive responsibility (or having similar status or functions) or that directly or indirectly has the right to vote 25 percent or more of the voting securities or is entitled to 25 percent or more of the profits is presumed to control that company. (This definition is used solely for the purpose of Form ADV.)
- Custody -- A person has custody if it directly or indirectly holds client funds or securities, has any authority to obtain possession of them, or has the ability to appropriate them. An adviser has custody, for example, if it has a general power of attorney over a client's account or has signatory power over a client's checking account. (The definition and examples are for the convenience of registrants. Depending on the facts and circumstances, other situations also may involve custody.)
- Jurisdiction -- Any non-Federal government or regulatory body in the United States, or Puerto Rico.
- Person -- An individual, partnership, corporation or other organization.
- Related person -- Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by or under common control with the applicant, including any non-clerical, non-ministerial employee.
- Self-regulatory organizations -- Any national securities or commodities exchange or registered association, or registered clearing agency.

**6. Continuation Sheets -- Schedules E and F provide additional space for continuing Form ADV items (Schedule E for Part I; Schedule F for Part II) but not for continuing Schedules A, B, C, D, G or H. To continue Schedules A, B, C, D and G, use copies of the schedule being continued. The response to Schedule H should be included as a separate document attached to the Schedule.**

**7. SEC Filings**

- Submit filings in triplicate to the Securities and Exchange Commission, Washington D.C. 20549. There is no fee for registration or amendments.
- Non-residents -- Rule 0-2 under the Investment Advisers Act of 1940 [17 CFR 275.0-2] covers those non-resident persons named anywhere in Form ADV that must file a consent to service of process and a power of attorney. Rule 204-2(j) under the Investment Advisers Act of 1940 [17 CFR 275.204-2(j)] covers the notice of undertaking on books and records non-residents must file with Form ADV.

- **Federal Information Law and Requirements** – Investment Advisers Act of 1940 Sections 203(c), 204, 206, and 211(a) authorize the SEC to collect the information on this Form from applicants for investment adviser registration. The information is used for regulatory purposes, including deciding whether to grant registration. The SEC maintains files of the information on this Form and makes it publicly available. Only the Social Security Number, which aids in identifying the applicant, is voluntary. The SEC may return as unacceptable Forms that do not include all other information. By accepting this Form, however, the SEC does not make a finding that it has been filled out or submitted correctly. Intentional misstatements or omissions constitute Federal criminal violations under 18 U.S.C. 1001 and 15 U.S.C. 80b-17.

**8. Filings in Jurisdictions** – Consult the requirements of each jurisdiction in which you are filing to determine its requirements for, among other things:

- filings
- updates
- financial statements
- bonding
- examinations and qualifications
- photographs and fingerprints
- limitations on advisory fees

Information on a jurisdiction's requirements is available from its Securities Administrator. For the address and telephone number of the Securities Administrator in a jurisdiction, contact the North American Securities Administrators Association, Inc., One Massachusetts Ave., N.W., Suite 310, Washington, D.C. 20001, (202) 737-0900.

**9. Sponsors of Wrap Fee Programs** – Sponsors of wrap fee programs must provide clients and prospective clients of wrap fee programs with a document containing the information required by Schedule H.

- **Wrap Fee Programs** -- A wrap fee program is any program under which any client is charged a specified fee or fees not based directly upon transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.
- **Sponsors** -- A sponsor of a wrap fee program is any applicant that is compensated under a wrap fee program for sponsoring, organizing, or administering the program, or for selecting, or providing advice to clients regarding the selection of, other investment advisers in the program.

The document prepared in response to Schedule H must be provided to clients of the wrap fee program in lieu of Part II (or the document containing the information required by Part II), which the sponsor is required to provide to other advisory clients. Part II and Schedule F need only contain an abbreviated narrative discussion of a sponsor's wrap fee programs, although responses to check-the-box questions in Part I and Part II should reflect the applicant's wrap fee programs.

**10. Updating**

Amendments to this form should be filed:

– promptly for *any* changes in:

Part I – Items 1, 2, 3, 4, 5, 8, 11, 13A, 13B, 14A, and 14B;

-- promptly for *material* changes in:

Part I - Items 9, 10, all items of Part II except Item 14, and all Items of Schedule H;

-- within 90 days of the end of the fiscal year for the filing of Schedule I and any other changes.

Note: Every investment adviser is required to file Schedule I no later than 90 days after the end of its fiscal year.

**FORM ADV**  
**Part I - Page 1**      **Uniform Application for Investment Adviser Registration**

<b>OMB APPROVAL</b>	
OMB Number:	3235-0049
Expires:	April 30, 2000
Estimated average burden hours per response.....	9.01

This filing is an: <input type="checkbox"/> Initial Application or an: <input type="checkbox"/> Amendment	If this filing is an Amendment: • Give the Applicant's SEC File Number 801- _____ • Is Applicant now active in business as an Investment Adviser?	Yes    No <input type="checkbox"/> <input type="checkbox"/>
--	---	--

**WARNING:** Failure to complete this Form accurately and keep it current subjects applicant to administrative, civil and criminal penalties.

1. A. Applicant's full name (If sole proprietor, state last, first and middle name):			
B. Name under which business is conducted, if different:			
C. If business name is being amended, give previous name:			
2. A. Principal place of business: (Number and Street — Do not use P.O. Box Number)		(City)	(State) (Zip Code)
B. Hours business is conducted at this location:		C. Telephone Number (Area Code) (Telephone Number)	
from _____ to _____		at this location: _____	
D. Mailing address, if different from address given in 2A:		(City)	(State) (Zip Code)
(Number and Street or P.O. Box Number)			
E. Is the address in Item 2A or 2D being amended in this filing?.....		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
F. On Schedule E give the addresses and telephone numbers of all offices at which applicant's investment advisory business is conducted, other than the one given in Item 2A.			
3. A. If books and records required by Section 204 of the Investment Advisers Act of 1940 are kept somewhere other than at the principal place of business given in Item 2A, give the following information (if kept in more than one place, give additional names, addresses and hours of business on Schedule E):			
Name and address of entity where books and records are kept:			
(Number and Street)		(City)	(State) (Zip Code)
B. Hours business is conducted at this location:		C. Telephone Number (Area Code) (Telephone Number)	
from _____ to _____		at this location: _____	

**EXECUTION**

For the purpose of complying with the laws of the State(s) I have marked in Item 7 relating to the giving of investment advice, I hereby certify that the applicant is in compliance with applicable state surety bonding requirements and irrevocably appoint the administrator of each of those State(s), or such other person designated by law, and the successors in such office, my attorney in said State(s) upon whom may be served any notice, process or pleading in any action or proceeding against me arising out of or in connection with the offer or sale of securities or commodities, or out of the violation or alleged violation of the laws of those State(s) and I do hereby consent that any such action or proceeding against me may be commenced in any court of competent jurisdiction and proper venue within said State(s) by service of process upon said appointee with the same effect as if I were a resident in said State(s) and had lawfully been served with process in said State(s).

The undersigned, being first duly sworn, deposes and says that he has executed this Form on behalf of, and with the authority of, said applicant. The undersigned and applicant represent that the information and statements contained herein, including exhibits attached hereto and other information filed herewith, all of which are made a part hereof, are current, true and complete. The undersigned and applicant further represent that to the extent any information previously submitted is not amended, such information is currently accurate and complete.

Date:	Name of Applicant:	By (Signature):
Typed Name and Title:		
Subscribed and sworn before me this _____ day of _____ 19____		
By:		
My commission expires	County of	State of

Answer all items.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1707 (7/97)

**FORM ADV**  
**Part I - Page 2**

Applicant:	SEC File Number: 801-	Date:												
<p>4. A. Persons to contact for further information about this Form: _____ (Name) _____ (Title)</p> <p>B. Mailing Address (Number and Street, City, State, Zip Code): _____ Area Code and Telephone Number: _____</p>														
<p>5. A. Applicant consents that notice of any proceeding before the Securities and Exchange Commission or a jurisdiction in connection with its investment adviser registration may be given by registered or certified mail or confirmed telegram to: (Last Name) (First Name) (Middle Name)</p> <p>B. (Number and Street) (City) (State) (Zip Code) 6. Applicant's fiscal year ends: (Month) (Day)</p>														
<p>7. In the box below, give status of applicant's investment adviser registration by indicating:          "1" for pending "3" for withdrawn before registration within the last 10 years          "2" for registered "4" for previously registered within the last 10 years</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <p><b>Securities and Exchange Commission _____</b></p> <p>AL ___ AK ___ AZ ___ AR ___ CA ___ CO ___ CT ___ DE ___ DC ___ FL ___ GA ___ HI ___ ID ___          IL ___ IN ___ IA ___ KS ___ KY ___ LA ___ ME ___ MD ___ MA ___ MI ___ MN ___ MS ___ MO ___          MT ___ NE ___ NV ___ NH ___ NJ ___ NM ___ NY ___ NC ___ ND ___ OH ___ OK ___ OR ___ PA ___          RI ___ SC ___ SD ___ TN ___ TX ___ UT ___ VT ___ VA ___ WA ___ WV ___ WI ___ WY ___ Puerto Rico ___</p> <p>Other (Specify): _____</p> </div>														
<p>8. Applicant is a (check box that applies and complete those items):</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%; vertical-align: top;"> <p>A. <input type="checkbox"/> CORPORATION - Complete Schedule A.</p> </td> <td style="width:35%; vertical-align: top;"> <p>(1) Date of incorporation (Month, Day, Year):</p> </td> <td style="width:35%; vertical-align: top;"> <p>(2) Jurisdiction where incorporated:</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>B. <input type="checkbox"/> PARTNERSHIP - Complete Schedule B.</p> </td> <td style="vertical-align: top;"> <p>(1) Date of establishment (Month, Day, Year):</p> </td> <td style="vertical-align: top;"> <p>(2) Current legal address (Number, Street, City, State, Zip Code):</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>C. <input type="checkbox"/> SOLE PROPRIETORSHIP</p> </td> <td style="vertical-align: top;"> <p>(1) Date business began (Month, Day, Year):</p> </td> <td style="vertical-align: top;"> <p>(2) Current residence address of proprietor: (Number, Street, City, State, Zip Code) (3) Social Security No.</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>D. <input type="checkbox"/> Other - Specify _____ Complete Schedule C</p> </td> <td style="vertical-align: top;"> <p>(1) Date of establishment (Month, Day, Year):</p> </td> <td style="vertical-align: top;"> <p>(2) Current legal address (Number, Street, City, State, Zip Code):</p> </td> </tr> </table>			<p>A. <input type="checkbox"/> CORPORATION - Complete Schedule A.</p>	<p>(1) Date of incorporation (Month, Day, Year):</p>	<p>(2) Jurisdiction where incorporated:</p>	<p>B. <input type="checkbox"/> PARTNERSHIP - Complete Schedule B.</p>	<p>(1) Date of establishment (Month, Day, Year):</p>	<p>(2) Current legal address (Number, Street, City, State, Zip Code):</p>	<p>C. <input type="checkbox"/> SOLE PROPRIETORSHIP</p>	<p>(1) Date business began (Month, Day, Year):</p>	<p>(2) Current residence address of proprietor: (Number, Street, City, State, Zip Code) (3) Social Security No.</p>	<p>D. <input type="checkbox"/> Other - Specify _____ Complete Schedule C</p>	<p>(1) Date of establishment (Month, Day, Year):</p>	<p>(2) Current legal address (Number, Street, City, State, Zip Code):</p>
<p>A. <input type="checkbox"/> CORPORATION - Complete Schedule A.</p>	<p>(1) Date of incorporation (Month, Day, Year):</p>	<p>(2) Jurisdiction where incorporated:</p>												
<p>B. <input type="checkbox"/> PARTNERSHIP - Complete Schedule B.</p>	<p>(1) Date of establishment (Month, Day, Year):</p>	<p>(2) Current legal address (Number, Street, City, State, Zip Code):</p>												
<p>C. <input type="checkbox"/> SOLE PROPRIETORSHIP</p>	<p>(1) Date business began (Month, Day, Year):</p>	<p>(2) Current residence address of proprietor: (Number, Street, City, State, Zip Code) (3) Social Security No.</p>												
<p>D. <input type="checkbox"/> Other - Specify _____ Complete Schedule C</p>	<p>(1) Date of establishment (Month, Day, Year):</p>	<p>(2) Current legal address (Number, Street, City, State, Zip Code):</p>												
<p>9. Is the applicant taking over the business of a registered investment adviser? (If yes, describe the transfer on Schedule E, including the transfer date, and predecessor's full name, IRS employer number and SEC file number)..... Yes <input type="checkbox"/> No <input type="checkbox"/></p>														
<p>10. A. Does any person not named in Item 1A or Schedules A, B, or C, through agreement or otherwise, control the management or policies of applicant?..... Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, state on Schedule E the exact name of each person and describe the basis for the person's control.)</p> <p>B. Is the applicant financed by a person not named in Items 1A or Schedule A, B, or C other than by: (1) a public offering under the Securities Act of 1933; (2) credit given in the ordinary course of business by banks, suppliers or others; or (3) a satisfactory subordination agreement under Securities Exchange Act of 1934 Rule 15c3-1 (17 CFR 240.15c3-1)?..... Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, state on Schedule E the exact name of each person and describe the arrangement through which financing is made available, including the amount.)</p>														

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).



Applicant:	SEC File Number:	Date:
	801-	

**11. Disciplinary questions. Definitions:**

- **Advisory affiliate** — A person named in Items 1A, 10A or Schedules A, B or C; or an individual or firm that directly or indirectly controls or is controlled by the applicant, including any current employee except one performing only clerical, administrative, support or similar functions.
- **Investment or investment-related** — Pertaining to securities, commodities, banking, insurance, or real estate (including, but not limited to, acting as or being associated with a broker-dealer, investment company, investment adviser, futures sponsor, bank or savings and loan association).
- **Involved** — Doing an act or aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act.

**A. In the past ten years has the applicant or an advisory affiliate been convicted of or pleaded guilty or nolo contendere ("no contest") to:**

- (1) a felony or misdemeanor involving:
- investment or an investment-related business
  - fraud, false statements, or omissions
  - wrongful taking of property or
  - bribery, forgery, counterfeiting, or extortion? .....  Yes  No
- (2) any other felony? .....  Yes  No

**B. Has any court:**

- (1) in the past ten years, enjoined the applicant or an advisory affiliate in connection with any investment-related activity? .....  Yes  No
- (2) ever found that the applicant or an advisory affiliate was involved in a violation of investment-related statutes or regulations? .....  Yes  No

**C. Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:**

- (1) found the applicant or an advisory affiliate to have made a false statement or omission? .....  Yes  No
- (2) found the applicant or an advisory affiliate to have been involved in a violation of its regulations or statutes? .....  Yes  No
- (3) found the applicant or an advisory affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted? .....  Yes  No
- (4) entered an order denying, suspending or revoking the applicant's or an advisory affiliate's registration or otherwise disciplined it by restricting its activities? .....  Yes  No

**D. Has any other federal regulatory agency or any state regulatory agency:**

- (1) ever found the applicant or an advisory affiliate to have made a false statement or omission or been dishonest, unfair, or unethical? .....  Yes  No
- (2) ever found the applicant or an advisory affiliate to have been involved in a violation of investment regulations or statutes? .....  Yes  No
- (3) ever found the applicant or an advisory affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted? .....  Yes  No
- (4) in the past ten years, entered an order against the applicant or an advisory affiliate in connection with an investment-related activity? .....  Yes  No
- (5) ever denied, suspended, or revoked the applicant's or an advisory affiliate's registration or license, prevented it from associating with an investment-related business, or otherwise disciplined it by restricting its activities? .....  Yes  No
- (6) ever revoked or suspended the applicant's or an advisory affiliate's license as an attorney or accountant? ...  Yes  No

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**FORM ADV**  
**Part I - Page 4**

Applicant:	SEC File Number:	Date:
	801-	

E. Has any self-regulatory organization or commodities exchange ever:		Yes	No
(1)	found the applicant or an advisory affiliate to have made a false statement or omission? .....	<input type="checkbox"/>	<input type="checkbox"/>
(2)	found the applicant or an advisory affiliate to have been involved in a violation of its rules? .....	<input type="checkbox"/>	<input type="checkbox"/>
(3)	found the applicant or an advisory affiliate to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted? .....	<input type="checkbox"/>	<input type="checkbox"/>
(4)	disciplined the applicant or an advisory affiliate by expelling or suspending it from membership, by barring or suspending its association with other members, or by otherwise restricting its activities? .....	<input type="checkbox"/>	<input type="checkbox"/>
F. Has any foreign government, court, regulatory agency, or exchange ever entered an order against the applicant or an advisory affiliate related to investments or fraud? .....		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
G. Is the applicant or an advisory affiliate now the subject of any proceeding that could result in a 'yes' answer to parts A-F of this item? .....		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
H. Has a bonding company denied, paid out on, or revoked a bond for the applicant? .....		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
I. Does the applicant have any unsatisfied judgments or liens against it? .....		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
J. Has the applicant or an advisory affiliate of the applicant ever been a securities firm or an advisory affiliate of a securities firm that has been declared bankrupt, had a trustee appointed under the Securities Investor Protection Act, or had a direct payment procedure begun? .....		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
K. Has the applicant, or an officer, director or person owning 10% or more of the applicant's securities failed in business, made a compromise with creditors, filed a bankruptcy petition or been declared bankrupt? .....		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
If a 'yes' answer on Item 11 involves:			
<ul style="list-style-type: none"> <li>• an individual, complete a Schedule D for the individual</li> <li>• a partnership, corporation or other organization, on Schedule E give the following details of any court or regulatory action: <ul style="list-style-type: none"> <li>• the organization and individuals named</li> <li>• the title and date of the action</li> <li>• the court or body taking the action</li> <li>• a description of the action.</li> </ul> </li> </ul>			
<b>12. Individual's Education, Business and Disciplinary Background. Complete a Schedule D for each individual who is:</b>			
A. The applicant, named in Part I Item 1A			
B. A control person named in Part I Item 10			
C. An owner of at least 10% of a class of applicant's equity securities			
D. An officer, director, partner, or individual with similar status of applicant, described in Schedule A Item 2a, Schedule B Item 2, or Schedule C Item 2			
E. A member of the applicant's investment committee that determines general investment advice to be given to clients			
F. If applicant has no investment committee, an individual who determines general investment advice (if more than five, complete for their supervisors only)			
G. An individual giving investment advice on behalf of the applicant in the jurisdiction in which this application is filed			
H. An individual reporting a 'yes' answer to the disciplinary question, Part I Item 11			

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**FORM ADV**

**Part I - Page 5**

Applicant:	SEC File Number:	Date:
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13. Does applicant have custody (see definition in instructions) of any advisory client:

A. funds .....	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
B. securities .....	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>

C. If either answer is yes, the value of those funds and securities at the end of applicant's last fiscal year was:

(1) <input type="checkbox"/> under \$100,000	(3) <input type="checkbox"/> \$1,000,000 to \$5,000,000
(2) <input type="checkbox"/> \$100,000 to \$1,000,000	(4) <input type="checkbox"/> Over \$5,000,000

14. Do any of applicant's related persons have custody (see definition in instructions) of any advisory client:

A. funds .....	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
B. securities .....	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>

If either is yes:

C. is that person a registered broker-dealer qualified to take custody under Section 15 of the Securities Exchange Act of 1934? .....

	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>

D. the value of those funds and securities at the end of applicant's last fiscal year was:

(1) <input type="checkbox"/> under \$100,000	(3) <input type="checkbox"/> \$1,000,001 to \$5,000,000
(2) <input type="checkbox"/> \$100,000 to \$1,000,000	(4) <input type="checkbox"/> Over \$5,000,000

15. Does applicant require prepayment of fees of more than \$500 per client and more than 6 months in advance? .....

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

16. With a few exceptions, the "brochure rule" (Advisers Act Rule 204-3) requires that clients must be given information about the investment adviser. Will applicant be giving clients (other than wrap fee clients to be given Schedule H):

A. Part II of this Form ADV? .....

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

B. Another document that includes at least the information contained in Form ADV Part II? .....

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

17. A. The number of employees of applicant who perform investment advisory functions (including research, but excluding unrelated functions such as accounting) is: (check only one box)

(1) <input type="checkbox"/> 1 person, part time	(3) <input type="checkbox"/> 2-9 persons
(2) <input type="checkbox"/> 1 person primarily involved in providing investment advisory services	(4) <input type="checkbox"/> 10 or more persons

B. The number of clients to whom applicant provided advisory services during the last fiscal year was:

(1) <input type="checkbox"/> 14 or fewer	(4) <input type="checkbox"/> 101 to 500
(2) <input type="checkbox"/> 15 to 50	(5) <input type="checkbox"/> over 500
(3) <input type="checkbox"/> 51 to 100	

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Form ADV**

**Part I - Page 6**

Applicant:	SEC File Number:	Date:
	801-	

**18. Assets Under Management: Discretionary**

Does applicant manage client securities portfolios that receive continuous and regular supervisory or management services on a discretionary basis? .....  Yes  No

If yes, at the end of applicant's last fiscal year:

A. these securities portfolios numbered \_\_\_\_\_

B. these securities portfolios, in aggregate market value, totaled \$ \_\_\_\_\_ .00 (to nearest dollar)

Determine: (i) whether an account is a "securities portfolio"; (ii) whether a securities portfolio receives "continuous and regular supervisory or management services"; and (iii) the aggregate market value of such a securities portfolio, in accordance with Instruction 7 of Schedule I to Form ADV. Items 18(B) and 19(B) should total the response (if any) to Part II of Schedule I.

---

**19. Assets Under Management: Non-Discretionary**

Does applicant manage or supervise client securities portfolios that receive continuous and regular supervisory or management services on a non-discretionary basis? .....  Yes  No

If yes, at the end of applicant's last fiscal year:

A. these securities portfolios numbered \_\_\_\_\_

B. these securities portfolios, in aggregate market value, totaled \$ \_\_\_\_\_ .00 (to nearest dollar)

Determine: (i) whether an account is a "securities portfolio"; (ii) whether a securities portfolio receives "continuous and regular supervisory or management services"; and (iii) the aggregate market value of such securities portfolio, in accordance with Instruction 7 of Schedule I to Form ADV. Items 18(B) and 19(B) should total the response (if any) to Part II of Schedule I.

---

**20.** Does applicant hold itself out as providing financial planning or some similarly termed services to clients? .....  Yes  No

If yes, during the last fiscal year applicant provided financial planning services to clients:

A. who numbered:

(1)  14 or fewer                      (4)  101 to 500

(2)  15 to 50                                (5)  over 500

(3)  51 to 100

B. whose investments in financial products based on those services totaled:

(1)  under \$100,000                      (3)  \$1,000,001 to \$5,000,000

(2)  \$100,000 to \$1,000,000            (4)  over \$5,000,000

---

**21.** Did applicant recommend securities to clients during its last fiscal year in which the applicant acted (itself or through a related person) as an underwriter, general or managing partner, or offeree representative, or had any ownership or sales interest (other than the receipt of normal and customary sales commissions as a broker or brokers representative)? .....  Yes  No

If yes, the approximate value of securities so recommended during its last fiscal year is:

A.  Under \$50,000                      C.  \$250,001 to \$1,000,000

B.  \$50,000 to \$250,000                D.  over \$1,000,000

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**22.** Attach to this Form any financial statements required by the jurisdiction in which applicant is filing, other than the balance sheet required by Part II Item 14.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**FORM ADV**  
Part II - Page 1

**Uniform Application for Investment Adviser Registration**

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	April 30, 2000
Estimated average burden hours per response.....	9.01

Name of Investment Adviser:						
Address:	(Number and Street)	(City)	State)	(Zip Code)	Area Code:	Telephone Number:
					( )	

This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.

**Table of Contents**

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8	Other Financial Industry Activities or Affiliations .....	4
9	Participation or Interest in Client Transactions .....	5
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13	Additional Compensation .....	6
14	Balance Sheet .....	6
	Continuation Sheet .....	Schedule F
	Balance Sheet, if required .....	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Applicant:	SEC File Number:	Date:
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**Definitions for Part II**

**Related person** — Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

**Investment Supervisory Services** — Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

<p><b>1. A. Advisory Services and Fees.</b> (check the applicable boxes)</p> <p>Applicant:</p> <p><input type="checkbox"/> (1) Provides investment supervisory services .....</p> <p><input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services .....</p> <p><input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above .....</p> <p><input type="checkbox"/> (4) Issues periodicals about securities by subscription .....</p> <p><input type="checkbox"/> (5) Issues special reports about securities not included in any service described above .....</p> <p><input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities .....</p> <p><input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities .....</p> <p><input type="checkbox"/> (8) Provides a timing service .....</p> <p><input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above .....</p>	<p>For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p>								
<p>(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)</p>									
<p><b>B.</b> Does applicant call any of the services it checked above financial planning or some similar term? ..... <span style="float: right;">Yes <input type="checkbox"/> No <input type="checkbox"/></span></p>									
<p><b>C.</b> Applicant offers investment advisory services for: (check all that apply)</p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> (1) A percentage of assets under management</td> <td><input type="checkbox"/> (4) Subscription fees</td> </tr> <tr> <td><input type="checkbox"/> (2) Hourly charges</td> <td><input type="checkbox"/> (5) Commissions</td> </tr> <tr> <td><input type="checkbox"/> (3) Fixed fees (not including subscription fees)</td> <td><input type="checkbox"/> (6) Other</td> </tr> </table>		<input type="checkbox"/> (1) A percentage of assets under management	<input type="checkbox"/> (4) Subscription fees	<input type="checkbox"/> (2) Hourly charges	<input type="checkbox"/> (5) Commissions	<input type="checkbox"/> (3) Fixed fees (not including subscription fees)	<input type="checkbox"/> (6) Other		
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<input type="checkbox"/> (3) Fixed fees (not including subscription fees)	<input type="checkbox"/> (6) Other								
<p><b>D.</b> For each checked box in A above, describe on Schedule F:</p> <ul style="list-style-type: none"> <li>• the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee</li> <li>• applicant's basic fee schedule, how fees are charged and whether its fees are negotiable</li> <li>• when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date</li> </ul>									
<p><b>2. Types of Clients</b> — Applicant generally provides investment advice to: (check those that apply)</p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> A. Individuals</td> <td><input type="checkbox"/> E. Trusts, estates, or charitable organizations</td> </tr> <tr> <td><input type="checkbox"/> B. Banks or thrift institutions</td> <td><input type="checkbox"/> F. Corporations or business entities other than those listed above</td> </tr> <tr> <td><input type="checkbox"/> C. Investment companies</td> <td><input type="checkbox"/> G. Other (describe on Schedule F)</td> </tr> <tr> <td><input type="checkbox"/> D. Pension and profit sharing plans</td> <td></td> </tr> </table>		<input type="checkbox"/> A. Individuals	<input type="checkbox"/> E. Trusts, estates, or charitable organizations	<input type="checkbox"/> B. Banks or thrift institutions	<input type="checkbox"/> F. Corporations or business entities other than those listed above	<input type="checkbox"/> C. Investment companies	<input type="checkbox"/> G. Other (describe on Schedule F)	<input type="checkbox"/> D. Pension and profit sharing plans	
<input type="checkbox"/> A. Individuals	<input type="checkbox"/> E. Trusts, estates, or charitable organizations								
<input type="checkbox"/> B. Banks or thrift institutions	<input type="checkbox"/> F. Corporations or business entities other than those listed above								
<input type="checkbox"/> C. Investment companies	<input type="checkbox"/> G. Other (describe on Schedule F)								
<input type="checkbox"/> D. Pension and profit sharing plans									

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:	SEC File Number: 801-	Date:
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**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

<p><b>A. Equity Securities</b></p> <p><input type="checkbox"/> (1) exchange-listed securities</p> <p><input type="checkbox"/> (2) securities traded over-the-counter</p> <p><input type="checkbox"/> (3) foreign issuers</p> <p><input type="checkbox"/> <b>B. Warrants</b></p> <p><input type="checkbox"/> <b>C. Corporate debt securities</b> (other than commercial paper)</p> <p><input type="checkbox"/> <b>D. Commercial paper</b></p> <p><input type="checkbox"/> <b>E. Certificates of deposit</b></p> <p><input type="checkbox"/> <b>F. Municipal securities</b></p> <p><b>G. Investment company securities:</b></p> <p><input type="checkbox"/> (1) variable life insurance</p> <p><input type="checkbox"/> (2) variable annuities</p> <p><input type="checkbox"/> (3) mutual fund shares</p>	<p><input type="checkbox"/> <b>H. United States government securities</b></p> <p><b>I. Options contracts on:</b></p> <p><input type="checkbox"/> (1) securities</p> <p><input type="checkbox"/> (2) commodities</p> <p><b>J. Futures contracts on:</b></p> <p><input type="checkbox"/> (1) tangibles</p> <p><input type="checkbox"/> (2) intangibles</p> <p><b>K. Interests in partnerships investing in:</b></p> <p><input type="checkbox"/> (1) real estate</p> <p><input type="checkbox"/> (2) oil and gas interests</p> <p><input type="checkbox"/> (3) other (explain on Schedule F)</p> <p><input type="checkbox"/> <b>L. Other (explain on Schedule F)</b></p>
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**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

**A. Applicant's security analysis methods include: (check those that apply)**

(1) <input type="checkbox"/> Charting	(4) <input type="checkbox"/> Cyclical
(2) <input type="checkbox"/> Fundamental	(5) <input type="checkbox"/> Other (explain on Schedule F)
(3) <input type="checkbox"/> Technical	

**B. The main sources of information applicant uses include: (check those that apply)**

(1) <input type="checkbox"/> Financial newspapers and magazines	(5) <input type="checkbox"/> Timing services
(2) <input type="checkbox"/> Inspections of corporate activities	(6) <input type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission
(3) <input type="checkbox"/> Research materials prepared by others	(7) <input type="checkbox"/> Company press releases
(4) <input type="checkbox"/> Corporate rating services	(8) <input type="checkbox"/> Other (explain on Schedule F)

**C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)**

(1) <input type="checkbox"/> Long term purchases (securities held at least a year)	(5) <input type="checkbox"/> Margin transactions
(2) <input type="checkbox"/> Short term purchases (securities sold within a year)	(6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies
(3) <input type="checkbox"/> Trading (securities sold within 30 days)	(7) <input type="checkbox"/> Other (explain on Schedule F)
(4) <input type="checkbox"/> Short sales	

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:	SEC File Number:	Date:
	801-	

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....  Yes  No

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities. (check those that apply)**

A. Applicant is actively engaged in a business other than giving investment advice.

B. Applicant sells products or services other than investment advice to clients.

C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations. (check those that apply)**

A. Applicant is registered (or has an application pending) as a securities broker-dealer.

B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.

C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

<input type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? .....  Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).



Applicant:	SEC File Number:	Date:
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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? .....  Yes  No

(If yes, describe on Schedule F.)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

**FORM ADV**  
**Part II - Page 6**

Applicant:	SEC File Number:	Date:
	801-	

**12. Investment or Brokerage Discretion.**

**A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:**

(1) securities to be bought or sold? .....	Yes No <input type="checkbox"/> <input type="checkbox"/>
(2) amount of the securities to be bought or sold? .....	Yes No <input type="checkbox"/> <input type="checkbox"/>
(3) broker or dealer to be used? .....	Yes No <input type="checkbox"/> <input type="checkbox"/>
(4) commission rates paid? .....	Yes No <input type="checkbox"/> <input type="checkbox"/>

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**B. Does applicant or a related person suggest brokers to clients? .....** Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

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**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

**A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? .....** Yes No

**B. directly or indirectly compensates any person for client referrals? .....** Yes No

(For each yes, describe the arrangements on Schedule F.)

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**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? .....

	Yes No
<input type="checkbox"/>	<input type="checkbox"/>

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule A of  
Form ADV  
FOR CORPORATIONS**

Applicant:	SEC File Number: 801-	Date:	Official Use
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(Answers for Form ADV Part I Item 8.)

- This Schedule requests information on the owners and executive officers of the applicant.
- Please complete for:
  - each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer, director, and individuals with similar status or functions, and
  - every person who is directly, or indirectly through intermediaries, the beneficial owner of 5% or more of any class of equity security of the applicant.
- If a person covered by 2(b) above owns applicant indirectly through intermediaries, list all intermediaries and below them, if they are not subject to Sections 12 or 15(d) of the Securities Exchange Act of 1934 but are:
  - corporations, give their shareholders who own 5% or more of a class of equity security, or
  - partnerships, give their general partners or any limited and special partners who have contributed 5% or more of the partnership's capital.
- If the intermediary's shareholders or partners listed under 3 above are not individuals, continue up the chain of ownership listing their 5% shareholders, general partners, and 5% limited or special partners until individuals are listed.
- Ownership codes are:
 

NA - 0 up to 5%	B - 10% up to 25%	D - 50% up to 75%
A - 5% up to 10%	C - 25% up to 50%	E - 75% up to 100%
- Asterisk (\*) names reporting a change in title, status, stock ownership or partnership interest or control. Double asterisk (\*\*) names new on this filing.
- Check "Control Person" column if person has "control" as defined in the instructions to this Form.

FULL NAME			Beginning Date		Title or Status	Ownership Code	Control Person	CRD No., or, if none Social Security Number	OFFICIAL USE ONLY
Last	First	Middle	Month	Year					

List below names reported on the most recent previous filing under this item that are being DELETED:

FULL NAME			Ending Date		CRD No., or, if none Social Security Number
Last	First	Middle	Month	Year	

Complete amended pages in full, circle amended items and file with execution page (page 1).





**Schedule D of  
Form ADV  
Page 1**

Applicant:	SEC File Number: 801-	Date:
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(Answers for Form ADV Part I Items 11 and 12.)

This Schedule is submitted for an individual who is: (Check all boxes that apply)

- A. the applicant, named in Part I Item 1A
- B. a control person, named in Part I Item 10A
- C. an owner of at least 10% of a class of applicant's equity securities
- D. an officer or director, partner, or individual with similar status of applicant, described in Schedule A Item 2a, Schedule B Item 2, or Schedule C Item 2
- E. a member of the applicant's investment committee that determines general investment advice to be given to clients
- F. if applicant has no investment committee, an individual who determines general client advice (if more than five, complete for their supervisors only)
- G. an individual giving investment advice on behalf of the applicant in the jurisdictions checked below:
 

AL \_\_\_ AK \_\_\_ AZ \_\_\_ AR \_\_\_ CA \_\_\_ CO \_\_\_ CT \_\_\_ DE \_\_\_ DC \_\_\_ FL \_\_\_ GA \_\_\_ HI \_\_\_ ID \_\_\_  
 IL \_\_\_ IN \_\_\_ IA \_\_\_ KS \_\_\_ KY \_\_\_ LA \_\_\_ ME \_\_\_ MD \_\_\_ MA \_\_\_ MI \_\_\_ MN \_\_\_ MS \_\_\_ MO \_\_\_  
 MT \_\_\_ NE \_\_\_ NV \_\_\_ NH \_\_\_ NJ \_\_\_ NM \_\_\_ NY \_\_\_ NC \_\_\_ ND \_\_\_ OH \_\_\_ OK \_\_\_ OR \_\_\_ PA \_\_\_  
 RI \_\_\_ SC \_\_\_ SD \_\_\_ TN \_\_\_ TX \_\_\_ UT \_\_\_ VT \_\_\_ VA \_\_\_ WA \_\_\_ WV \_\_\_ WI \_\_\_ WY \_\_\_ Puerto Rico \_\_\_  
 Other: \_\_\_\_\_  
 (Specify)
- H. involved in any yes answer to the disciplinary question, Part I Item 11.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule D of  
Form ADV  
Page 2**

Applicant:	SEC File Number: 801-	Date:
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(Answers for Form ADV Part I Items 11 and 12.)

1. Applicant investment adviser: (see Part I Item 1A)		IRS Empl. Ident. No.:				
2. Individual's full name for whom this Schedule is being completed:	Social Security Number:	CRD No., if any:	IRS Empl. Ident. No.:			
3. (a) Residence of individual: (Number and Street)	(City)	(State)	(Zip Code)			
(b) Birth Date:	(c) City:	(d) State or Province:	(e) Country:			
4. NAMES USED. List all names other than the one given in Item 2 above that the individual has used, including maiden names. (Last) (First) (Middle)						
5. EDUCATION. Start with last high school attended. If no degree received, state "none."						
School: (Name, City and State)	Years Attended	Year Graduated	For College and above Degree Major			
6. BUSINESS BACKGROUND. Provide complete consecutive statement of all employment for the past ten years, beginning with the most recent position first.						
Name of Firm and Address	Kind of Business	Exact Nature of Connection or Employment	Beginning Date		Ending Date	
			Month	Year	Month	Year
7. EXAMINATIONS/PROFESSIONAL DESIGNATIONS. List all jurisdiction, self-regulatory organization, and professional examinations and designations. Give examination or designation name (include any examination's title and number), body giving it, and date taken or conferred. If examination was waived, give details.						
8. PROCEEDINGS. For each 'yes' answer to Part I Item 11 involving the individual, give the following details of any court or regulatory action: <ul style="list-style-type: none"> <li>• the adviser and individuals named,</li> <li>• the title and date of the action,</li> <li>• the court or body taking the action, and</li> <li>• a description of the action</li> </ul>						

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule E of  
Form ADV  
Continuation Sheet for Form ADV Part I**

<b>Applicant:</b>	<b>SEC File Number:</b>	<b>Date:</b>
	801-	

(Do not use this Schedule as a continuation sheet for Form ADV Part II or any other schedules.)

<b>1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:</b>		<b>IRS Empl. Ident. No.:</b>
<b>Item of Form (identify)</b>	<b>Answer</b>	

Complete amended pages in full, circle amended items and file with execution page (page 1).



**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
	801-	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule G of  
Form ADV  
Balance Sheet**

Applicant:	SEC File Number: 801-	Date:
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(Answers in Response to Item 4 of Form ADV-S, or Form ADV Part II Item 14.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No.:
<b>Instructions</b>	
1. The balance sheet must be: A. Prepared in accordance with generally accepted accounting principles B. Audited by an independent public accountant C. Accompanied by a note stating the principles used to prepare it, the basis of included securities, and any other explanations required for clarity.	
2. Securities included at cost should show their market or fair value parenthetically.	
3. Qualifications and any accompanying independent accountant's report must conform to Article 2 of Regulation S-X (17 CFR 210.2-01 et seq.).	
4. Sole proprietor investment advisers: A. Must show investment advisory business assets and liabilities separate from other business and personal assets and liabilities B. May aggregate other business and personal assets and liabilities unless there is an asset deficiency in the total financial position.	

Complete amended pages in full, circle amended items and file with execution page (page II).

Applicant:	SEC File Number:	DATE:
	801-	MM/DD/YY

(for sponsors of wrap fee programs)

Name of wrap fee program or programs described in attached brochure:	
<p>1. <b>Applicability of Schedule.</b> This schedule must be completed by applicants that are compensated under a wrap fee program for sponsoring, organizing, or administering the program, or for selecting, or providing advice to clients regarding the selection of, other investment advisers in the program ("sponsors"). A wrap fee program is any program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.</p>	
<p>2. <b>Use of Schedule.</b> This Schedule sets forth the information the sponsor must include in the wrap fee brochure it is required to deliver or offer to deliver to clients and prospective clients of its wrap fee programs under Rule 204-3 under the federal Advisers Act and similar rules of the jurisdictions. The wrap fee brochure prepared in response to this Schedule must be filed with the Commission and the jurisdictions as part of Form ADV by completing the identifying information on this Schedule and attaching the brochure. Brochures should be prepared separately, not on copies of this Schedule. Any wrap fee brochure filed with the Commission as part of an amendment to Form ADV shall contain in the upper right hand corner of the cover page the sponsor's registration number (801- ).</p>	
<p>3. <b>General Contents of Brochure.</b> Unlike Parts I and II of this form, this Schedule is not organized in "check-the-box" format. These instructions, including the requests for information in Item 7 below, should not be repeated in the brochure. Rather, this Schedule describes minimum disclosures that must be made in the brochure to satisfy the sponsor's duty to disclose all material facts about the sponsor and its wrap fee programs. Nothing in this Schedule relieves the sponsor from any obligation under any provision of the federal Advisers Act or rules thereunder, or other federal or state law to disclose information to its advisory clients or prospective advisory clients not specifically required by this Schedule.</p>	
<p>4. <b>Multiple Sponsors.</b> If two or more persons fall within the definition of "sponsor" in Item 1 above for a single wrap fee program, only one such sponsor need complete the Schedule. The sponsors may choose among themselves the sponsor that will complete the Schedule.</p>	
<p>5. <b>Omission of Inapplicable Information.</b> Any information not specifically required by this Schedule that is included in the brochure should be applicable to clients and prospective clients of the sponsor's wrap fee programs. If the sponsor is required to complete this Schedule with respect to more than one wrap fee program, the sponsor may omit from the brochure furnished to clients and prospective clients of any wrap fee program or programs information required by this Schedule that is not applicable to clients or prospective clients of that wrap fee program or programs. If a sponsor of more than one wrap fee program prepares separate wrap fee brochures for clients of different programs, each brochure prepared must be filed with the Commission and the jurisdictions attached to a separate copy of this Schedule. Each such brochure must state that the sponsor sponsors other wrap fee programs and state how brochures for those programs may be obtained.</p>	
<p>6. <b>Updating.</b> Sponsors are required to file an amendment to the brochure promptly after any information in the brochure becomes materially inaccurate. Amendments may be made by use of a "sticker," i.e., a supplement affixed to the brochure that indicates what information is being added or updated and states the new or revised information, as long as the resulting brochure is readable. Stickers should be dated and should be incorporated into the text of the brochure when the brochure itself is revised.</p>	
<p>7. <b>Contents of Brochure.</b> Include in the brochure prepared in response to this Schedule:</p> <ul style="list-style-type: none"><li>(a) on the cover page, the sponsor's name, address, telephone number, and the following legend in bold type or some other prominent fashion: <p style="margin-left: 40px;"><b>This brochure provides clients with information about [name of sponsor] and the [name of program or programs] that should be considered before becoming a client of the [name of program or programs]. This information has not been approved or verified by any governmental authority.</b></p></li><li>(b) a table of contents reflecting the subject headings in the sponsor's brochure;</li><li>(c) the amount of the wrap fee charged for each program or, if fees vary according to a schedule established by the sponsor, a table setting forth the fee schedule, whether such fees are negotiable, the portion of the total fee (or the range of such amounts) paid to persons providing advice to clients regarding the purchase or sale of specific securities under the program ("portfolio managers"), and the services provided under each program (including the types of portfolio management services);</li></ul>	

Applicant:	SEC File Number:	DATE:
	801-	MM/DD/YY

- (d) a statement that the program may cost the client more or less than purchasing such services separately and a statement of the factors that bear upon the relative cost of the program (e.g., the cost of the services if provided separately and the trading activity in the client's account);
- (e) if applicable, a statement that the person recommending the program to the client receives compensation as a result of the client's participation in the program, that the amount of this compensation may be more than what the person would receive if the client participated in other programs of the sponsor or paid separately for investment advice, brokerage, and other services, and that the person may therefore have a financial incentive to recommend the wrap fee program over other programs or services;
- (f) a description of the nature of any fees that the client may pay in addition to the wrap fee and the circumstances under which these fees may be paid (including, if applicable, mutual fund expenses and mark-ups, mark-downs or spreads paid to market makers from whom securities were obtained by the wrap fee broker);
- (g) how the program's portfolio managers are selected and reviewed, the basis upon which portfolio managers are recommended or chosen for particular clients, and the circumstances under which the sponsor will replace or recommend the replacement of the portfolio manager;
- (h) (1) if applicable, a statement to the effect that portfolio manager performance information is not reviewed by the sponsor or a third party and/or that performance information is not calculated on a uniform and consistent basis,  
 (2) if performance information is reviewed to determine its accuracy, the name of the party who reviews the information and a brief description of the nature of the review,  
 (3) a reference to any standards (i.e., industry standards or standards used solely by the sponsor) under which performance information may be calculated;
- (i) a description of the information about the client that is communicated by the sponsor to the client's portfolio manager, and how often or under what circumstances the sponsor provides updated information about the client to the portfolio manager;
- (j) any restrictions on the ability of clients to contact and consult with portfolio managers;
- (k) in narrative text, the information required by Items 7 and 8 of Part II of this form and, as applicable to clients of the wrap fee program, the information required by Items 2, 5, 6, 9A and C, 10, 11, 13 and 14 of Part II;
- (l) if any practice or relationship disclosed in response to Item 7, 8, 9A, 9C and 13 of Part II presents a conflict between the interests of the sponsor and those of its clients, explain the nature of any such conflict of interest; and
- (m) if the sponsor or its divisions or employees covered under the same investment adviser registration as the sponsor act as portfolio managers for a wrap fee program described in the brochure, a brief, general description of the investments and investment strategies utilized by those portfolio managers.

**8. Organization and Cross References.** Except for the cover page requirements in Item 7(a) above, information contained in the brochure need not follow the order of the items listed in Item 7. However, the brochure should not be organized in such a manner that important information called for by the form is obscured.

Set forth below the page(s) of the brochure on which the various disclosures required by Item 7 are provided.

	Page(s)		Page(s)		Page(s)
Item 7(a)	cover	Item 7(f)		Item 7(j)	
#7(b)		#7(g)		#7(k)	
#7(c)		#7(h)		#7(l)	
#7(d)		#7(i)		#7(m)	
#7(e)					

OMB APPROVAL	
OMB Number:	3235-0490
Expires:	April 30, 2000
Estimated average burden hours per response. . . . .	0.87

**Schedule I of Form ADV  
for Declaring Eligibility for SEC  
Registration  
Page 1**

Applicant:	SEC File Number:	Date:
	801-	MM/DD/YY

**Part I - Eligibility for SEC Registration**

Section 203(h) of the Investment Advisers Act of 1940 ("Advisers Act") authorizes the Commission to cancel or deny the registration of any investment adviser that does not meet the criteria for SEC registration set forth in section 203A of the Advisers Act. This Part I requires applicant to declare whether it is eligible, or continues to be eligible, for Commission registration.

Check either (a) or (b):

(a)  Applicant is eligible (or will remain eligible) for SEC registration.

In order for an applicant to be eligible (or remain eligible) for SEC registration, applicant must respond affirmatively (by checking the appropriate box or boxes) to at least one of the items (i) through (ix) below:

Applicant:

- (i)  has assets under management of \$25 million (in U.S. dollars) or more;  
*Report assets under management in Part II if "assets under management" is the sole basis of applicant's eligibility for SEC registration (i.e., this item (i) is checked, and none of items (ii) through (ix) below are checked).*
- (ii)  has its principal office and place of business in Colorado, Iowa, Ohio, or Wyoming  
*(See Instruction 3);*
- (iii)  has its principal office and place of business outside the United States *(See Instruction 3);*
- (iv)  is an investment adviser to an investment company registered under the Investment Company Act of 1940 *(See Instruction 4);*
- (v)  is a nationally recognized statistical rating organization;
- (vi)  is a pension consultant that qualifies for the exemption in rule 203A-2(b);
- (vii)  is an investment adviser that controls, is controlled by, or is under common control with, an investment adviser eligible to maintain its registration with the Commission, and whose principal office and place of business is the same as the eligible adviser *(See Instruction 5(a));*
- (viii)  is a newly formed adviser relying on rule 203A-2(d) *(See Instruction 5(b));*
- (ix)  has received an order of the Commission exempting applicant from the prohibition on registration with the Commission.  
Application number: 803- \_\_\_\_\_  
Date of Commission's order: \_\_\_\_\_

(b)  Registrant is no longer eligible for SEC registration. *(See Instruction 6)*

**Applicants are reminded that it is a violation of section 207 of the Advisers Act to make any untrue statement of a material fact in any report filed with the Commission, or willfully to omit to state in any such report any material fact that is required to be stated therein.**

**Complete Schedule I in full, circle amended items, and file with execution page (page 1 of Form ADV) and any other amended pages of Form ADV.**

Schedule I of Form ADV  
for Declaring Eligibility for SEC  
Registration  
Page 2

Applicant:	SEC File Number: 801-	Date: MM/DD/YY
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**Part II - Assets Under Management**

Report assets under management if required by Part I (i.e., if item I(a)(i) is checked yes "(x)" and is the sole basis for applicant's eligibility for SEC registration).

State the amount of applicant's assets under management (in U.S. dollars): (See Instruction 7)

\$ \_\_\_\_\_ .00 as of \_\_\_\_\_ (date)  
(in U.S. dollars)

[Instructions to Schedule I begin on the next page.]

Applicants are reminded that it is a violation of section 207 of the Advisers Act to make any untrue statement of a material fact in any report filed with the Commission, or willfully to omit to state in any such report any material fact that is required to be stated therein.

Complete Schedule I in full, circle amended items, and file with execution page (page 1 of Form ADV) and any other amended pages of Form ADV.

## SCHEDULE I INSTRUCTIONS

### Instruction 1. *General Instructions*

(a) **SEC's Collection of Information.** An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. Sections 203(c)(1) and 204 of the Advisers Act authorize the Commission to collect the information on this Schedule from applicants. See 15 U.S.C. §§ 80b-3(c)(1) and 80b-4. Filing of this Schedule is mandatory. The principal purpose of this collection of information is to enable the Commission to determine which investment advisers are eligible to maintain their registration with the Commission, and to provide for the withdrawal from Commission registration for advisers that are no longer eligible. The Commission will maintain files of the information on this Schedule and will make the information publicly available. Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate on page one of this Schedule, and any suggestions for reducing this burden. This collection of information has been reviewed by the Office of Management and Budget in accordance with the clearance requirements of 44 U.S.C. § 3507. The applicable Privacy Act system of records is SEC-2, and the routine uses of the records are set forth at 40 Federal Register 39255 (Aug. 27, 1975) and 41 Federal Register 5318 (Feb. 5, 1976).

(b) **For Further Information.** Additional information about the rules referred to in this Schedule is found in the Commission's adopting release, *Rules Implementing Amendments to the Investment Advisers Act of 1940*, Investment Advisers Act Rel. No. 1633 (May 15, 1997).

### Instruction 2. *Principal Place of Business*

Applicant's principal place of business reported in Form ADV, Part I, Item 2.A. is the applicant's principal office and place of business, *i.e.*, the executive office from which the officers, partners, or managers of the applicant direct, control, and coordinate applicant's activities. See rule 203A-3(c).

### Instruction 3. *Advisers in Colorado, Iowa, Ohio, or Wyoming: Foreign Advisers*

Under the Advisers Act, an applicant whose principal office and place of business (*see* Instruction 2) is in a State that does not register investment advisers is required to register with the Commission, even if none of the criteria for SEC registration (*e.g.*, \$25 million of assets under management) is met. Currently, these States are Colorado, Iowa, Ohio, and Wyoming. Applicants that have their principal office and place of business in one of these States should check the box in item (a)(ii) of Part I.

An applicant whose principal office and place of business is located in a country other than the United States (*i.e.*, not in the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States) also is required to register with the Commission. Such an applicant should check the box in item (a)(iii) of Part I.

### Instruction 4. *Advisers to Investment Companies*

An applicant should not check item (a)(iv) of Part I unless applicant currently provides advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940. The investment company must be operational, *i.e.*, have assets and shareholders (other than just the organizing shareholders).

### Instruction 5. *Exemptions*

(a) **Affiliated Advisers.** An applicant that controls, is controlled by, or is under common control with, an investment adviser that is eligible to maintain its registration with the Commission after July 8, 1997 (the "eligible adviser") is itself eligible to maintain its registration with the Commission if the principal office and place of business of the applicant is the same as that of the eligible adviser. See rule 203A-2(c).

(b) **Newly Formed Advisers.** A newly formed adviser may register with the Commission at the time of its formation if the adviser has a reasonable expectation that within 120 days of registration it will become eligible for Commission registration. At the end of the 120-day period, the adviser is required to file an amended Schedule I. If the adviser indicates on the amended Schedule I that it has not become eligible to register with the Commission, the adviser is required to file a Form ADV-W concurrently with the Schedule I, thereby withdrawing from registration with the Commission. An applicant registering with the Commission in reliance on this exemption must include on Schedule E of Form ADV an undertaking to withdraw from registration if, at the end of the 120-day period, the adviser would be prohibited from Commission registration. See rule 203A-2(d).

**Instruction 6. Part I, Item (b)**

If item (b) of Part I is checked, registrant's investment adviser registration with the SEC must be withdrawn within 90 days after the date this Schedule I was required by rule 204-1(a) to have been filed with the Commission. Thus, registrant's registration must be withdrawn no later than 180 days after the end of its fiscal year. If registrant's registration is not withdrawn within this time period, registrant will be subject to having its registration cancelled pursuant to section 203(h) of the Advisers Act. See rule 203A-1(c).

**Instruction 7. Determining Assets Under Management**

Not all applicants are required to provide the amount of their assets under management. An applicant must report its assets under management in Part II only if item I(a)(i) is checked yes "(x)" and the amount of assets applicant has under management is the sole basis for applicant's eligibility for SEC registration (i.e., applicant has not checked any of items I(a)(ii) through (ix)).

In determining the amount of assets applicant has under management, include the total value of "securities portfolios" (or portions thereof) for which applicant provides "continuous and regular supervisory or management services" as of the date of filing this Schedule.

(a) **Securities Portfolios.** An account is a securities portfolio if at least 50% of the total value of the account consists of securities. For purpose of this 50% test, applicant may treat cash and cash equivalents (i.e., bank deposits, certificates of deposit, bankers acceptances, and similar bank instruments) as securities.

Applicants may include securities portfolios that are: (i) family or proprietary accounts of the applicant (unless applicant is a sole proprietor, in which case the personal assets of the sole proprietor must be excluded); (ii) accounts for which applicant receives no compensation for its services; and (iii) accounts of clients who are not U.S. residents.

(b) **Value of Portfolio.** Include the entire value of each securities portfolio (or portion thereof) for which applicant provides "continuous and regular supervisory or management services." If applicant provides continuous and regular supervisory or management services for only a portion of a securities portfolio, include as assets under management only the portion of the securities portfolio that receives such services. Exclude, for example, a portion of an account:

- (1) under management by another person; or
- (2) that consists of real estate or businesses the operations of which are "managed" on behalf of a client but not as an investment.

No deduction is required for securities purchased on margin.

(c) **Continuous and Regular Supervisory or Management Services.**

**General Criteria.** An applicant provides continuous and regular supervisory or management services with respect to a securities portfolio if the applicant either —

- (1) has discretionary authority over and provides ongoing supervisory or management services with respect to the account; or
- (2) does not have discretionary authority over the account, but has an ongoing responsibility to select or make recommendations, based upon the needs of the client, as to specific securities or other investments the account may purchase or sell and, if such recommendations are accepted by the client, is responsible for arranging or effecting the purchase or sale.

**Factors.** Applicants should consider the following factors in evaluating whether continuous and regular supervisory or management services are being provided.

- (1) **Terms of the advisory contract.** A provision in an advisory contract by which the applicant agrees to provide ongoing management services suggests that the account receives such services. Other provisions in the contract, or the actual management of the applicant, however, may rebut such a suggestion.



- (2) **Form of compensation.** A form of compensation based on the average value of assets under management over a specified period of time would suggest that the applicant provides continuous and regular supervisory or management services. On the other hand, a form of compensation based upon time the applicant spends with a client during a client visit would suggest otherwise. A retainer based upon a percentage of assets covered by a financial plan would not suggest that the applicant provides continuous and regular supervisory or management services.
- (3) **The management practice of the applicant.** The extent to which the applicant is actively managing the assets or providing advice bears on whether the services are continuous and regular supervisory or management services. However, infrequent trades (e.g., based on a "buy and hold" strategy) should not alone form the basis for a determination that the services are not provided on a continuous and regular basis.

**Examples.** To assist applicants, the Commission is providing examples of accounts that may receive continuous and regular supervisory or management services, based upon the criteria and factors discussed above. These examples are not exclusive.

**Accounts that may receive continuous and regular supervisory or management services:**

- (1) Accounts for which the applicant allocates assets of a client among mutual funds (even if it does so without a grant of discretionary authority, but only if the general criteria for non-discretionary accounts is satisfied and the factors suggest that the account receives continuous and regular supervisory or management services); and
- (2) Accounts for which the applicant allocates assets among other managers — but only under a grant of discretionary authority by which it may hire and fire managers and reallocate assets among them.

**Accounts that do not receive continuous and regular supervisory or management services:**

- (1) Accounts for which the applicant provides market timing recommendations (to buy or sell) but has no ongoing management responsibilities;
- (2) Accounts for which the applicant provides only impersonal advice, e.g., market newsletters;
- (3) Accounts for which the applicant provides an initial asset allocation, without continuous and regular monitoring and reallocation; and
- (4) Accounts for which the applicant provides advice only on an intermittent or periodic basis, upon the request of the client, or in response to some market event, e.g., an account that is reviewed and adjusted on a quarterly basis.

(d) **Value of Assets Under Management.** Determine the total amount of assets under management based on the current market value of the assets as determined within 90 days prior to the date of filing this Schedule. Current market value should be determined using the same method as that used to determine the account value reported to clients or fees for investment advisory services.

(e) **Example.** To assist applicants, the Commission is providing an example of the method of determining whether a client account may be included as "assets under management."

**Example:**

A client's portfolio consists of the following:

\$ 6,000,000	stocks and bonds
\$ 1,000,000	cash and cash equivalents
\$ 3,000,000	non-securities (collectibles, commodities, real estate, etc.)
<u>\$10,000,000</u>	Total Assets

**First, is the account a "securities portfolio?"** The account is a securities portfolio because securities as well as cash and cash equivalents (which the applicant has chosen to include as securities) (\$6,000,000 + \$1,000,000 = \$7,000,000) comprise at least 50% of the value of the account (here, 70%). (See Instruction 7(a))

**Second, does the account receive "continuous and regular supervisory or management services?"** The entire account is managed on a discretionary basis and is provided ongoing supervisory and management services, and therefore receives continuous and regular supervisory or management services. (See Instruction 7(c))

**Third, what is the entire value of the account?** The entire value of the account (\$10,000,000) is included in the calculation of the adviser's total assets under management.

**Instruction 8. Reliance on Non-Discretionary Assets**

If, but for the inclusion of client accounts that applicant manages on a non-discretionary basis, applicant would not have \$25 million of assets under management (and has no other basis of eligibility for Commission registration), applicant must attach to this Schedule I a typed statement describing the nature of the supervisory or management services provided to such non-discretionary accounts. For example, an applicant that has \$30 million of discretionary and \$5 million of non-discretionary assets under management would not be required to attach the statement. An applicant that has \$20 million of discretionary and \$5 million of non-discretionary assets under management would attach a statement, but the statement would only describe the nature of the supervisory or management services provided to the \$5 million of non-discretionary assets. An applicant that has \$20 million of discretionary and \$5 million of non-discretionary assets under management, but that is an adviser to a registered investment company (and therefore has an additional basis of eligibility for SEC registration) would not be required to attach the statement.