

§16404. Investment adviser representative licensing requirement and exemptions

1. Licensing requirement. It is unlawful for an individual to transact business in this State as an investment adviser representative unless the individual is licensed under this chapter as an investment adviser representative or is exempt from licensing as an investment adviser representative under subsection 2.

[PL 2005, c. 65, Pt. A, §2 (NEW).]

2. Exemptions from licensing. The following individuals are exempt from the licensing requirement of subsection 1:

A. An individual who is employed by or associated with an investment adviser that is exempt from licensing under section 16403, subsection 2 or a federal covered investment adviser that is excluded from the notice filing requirements of section 16405; and [PL 2005, c. 65, Pt. A, §2 (NEW).]

B. Any other individual exempted by rule adopted or order issued under this chapter. [PL 2005, c. 65, Pt. A, §2 (NEW).]

[PL 2005, c. 65, Pt. A, §2 (NEW).]

3. License effective only while employed or associated. The license of an investment adviser representative is effective only while the investment adviser representative is employed by or associated with an investment adviser licensed under this chapter or a federal covered investment adviser that has made or is required to make a notice filing under section 16405 and is effective only with respect to conduct engaged in as an employee or otherwise on behalf of said investment adviser.

[PL 2005, c. 65, Pt. A, §2 (NEW).]

4. Limit on affiliations. An individual may transact business as an investment adviser representative for more than one investment adviser or federal covered investment adviser unless a rule adopted or order issued under this chapter prohibits or limits an individual from acting as an investment adviser representative for more than one investment adviser or federal covered investment adviser.

[PL 2005, c. 65, Pt. A, §2 (NEW).]

5. Limits on employment or association. It is unlawful for an individual acting as an investment adviser representative, directly or indirectly, to conduct business in this State on behalf of an investment adviser or a federal covered investment adviser if the license of the individual as an investment adviser representative is suspended or revoked or the individual is barred from employment or association with an investment adviser or a federal covered investment adviser by an order under this chapter, the Securities and Exchange Commission or a self-regulatory organization. Upon request from a federal covered investment adviser and for good cause, the administrator, by order issued, may waive, in whole or in part, the application of the requirements of this subsection to the federal covered investment adviser.

[PL 2005, c. 65, Pt. A, §2 (NEW).]

6. Referral fees. An investment adviser licensed under this chapter, a federal covered investment adviser that has filed a notice under section 16405 or a broker-dealer licensed under this chapter is not required to employ or associate with an individual as an investment adviser representative if the only compensation paid to the individual for a referral of investment advisory clients is paid to an investment adviser licensed under this chapter, a federal covered investment adviser who has filed a notice under section 16405 or a broker-dealer licensed under this chapter with which the individual is employed or associated as an investment adviser representative.

[PL 2005, c. 65, Pt. A, §2 (NEW).]

7. Rulemaking. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

[PL 2005, c. 65, Pt. A, §2 (NEW).]

SECTION HISTORY

PL 2005, c. 65, §A2 (NEW).

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