

Illinois Securities Department  
Lincoln Tower, Suite 200  
520 South Second Street  
Springfield, Illinois 62701-1722  
(217) 785-4938

**INSTRUCTIONS FOR REGISTRATION AS AN INVESTMENT ADVISER**

This enclosure contains information that outlines the process for registering as an investment adviser with the Illinois Securities Department under the provisions of the Illinois Securities Law of 1953. Applying for registration as an investment adviser requires the filing of certain required forms electronically on the Investment Adviser Registration Depository (IARD) system, and filing certain other required forms and documents directly with the Illinois Securities Department in hardcopy form. Please read these instructions completely prior to making any filing.

**Documents Filed on IARD**

Investment adviser forms which are required to be filed electronically on the Investment Adviser Registration Depository (IARD) system include the following:

- **Form ADV Part 1A, Part 1B**, all required **Schedules** and **Disclosure Reporting Pages** (DRP's);
- **Form U-4, the Uniform Application for Securities Industry Registration or Transfer**, for each person being registered as an investment adviser representative (*please refer to Section 2.12b of the Illinois Securities Law of 1953 and Sections 130.839 and 130.843 of the administrative rules that set forth the definition of an investment adviser representative (IAR) and the procedures for registering IARs and their related examination and educational program requirements*).
- **Payment** of the investment adviser registration filing fee of \$400, plus payment of \$150 for each investment adviser representative being registered and NASD system fees (see p. 3).

**Documents Filed in Hardcopy with the Illinois Securities Department**

Forms, documents and payments filed directly with the Illinois Securities Department include:

- Copy of **Schedule D of Form ADV** listing each branch office in Illinois together with payment of a \$20 fee for each and one copy of **Part II of Form ADV**;
- Illinois forms related to “**designated principals**” and “**dual registration of advisers and salespersons**” ;
- Unaudited **balance sheet** as of a date not more than 60 days prior to the date of filing the application ;
- **Articles of Incorporation and by-laws or Partnership Agreement.**

## **Getting Started – Filing on the IARD System**

### ***STEP 1. ENTITLEMENT APPROVAL***

To begin the process of filing on the IARD system, you must first obtain entitlement approval from the NASD, the administrator of the IARD system.

State registrant entitlement forms can be obtained by accessing the following website:

[http://www.iard.com/state\\_packet.asp](http://www.iard.com/state_packet.asp)

For the convenience of new applicants, this Illinois Securities Department registration and information packet includes an enclosure entitled “State Registered Invest Adviser – IARD Entitlement Forms” which provides you with the four forms necessary for submission to the NASD in order to obtain entitlement approval.

By submitting these completed entitlement forms, your firm is requesting NASD to entitle your firm with access to the IARD System for electronic filing. Once your firm has completed and submitted your Entitlement Forms, NASD will send your firm a Confirmation Packet via regular mail delivery.

#### **The enclosed IARD Entitlement Forms packet includes:**

- An introduction letter from the North American Securities Administrators Association (NASAA);
- General information and instructions from NASD ;
- IARD User Account Acknowledgment Form (**IARD UAAF**);
- IARD and Web CRD Terms and Conditions;
- IARD Account Administrator Entitlement Form (**IARD AAEF**);
- CRD Participant Account Administrator Entitlement Form (**CRD Participant AAEF**); and
- Participant Acknowledgment Form (**PA**)

For additional assistance regarding how to get started on the IARD system, please refer to the website above for other helpful links.

### ***STEP 2. FUND YOUR IARD ACCOUNT WITH THE NASD***

After you have received your confirmation packet back from the NASD in the mail, you must fund your DAILY ACCOUNT in order to be able to process filings on the IARD system.

The NASD and state registration fees for use of the IARD system include:

- \$150 NASD initial set-up fee for state registered investment advisers;
- \$45 NASD initial set-up fee for **each** Investment Adviser Representative (RA).
- \$400 Illinois investment adviser registration fee.
- \$150 Illinois registration fee for **each** investment adviser representative.

Please note: Your firm's financial account (Daily Account) must have an Account Status of Sufficient in order to submit filings on the IARD system.

Checks are to be made payable to the NASD Regulation, Inc. and sent to:

**NASD Regulation, Inc., CRD/IARD  
PO Box 7777-W9995  
Philadelphia, PA 19175-9995**

Please write your firm's CRD number on the check to ensure proper deposit.

You may also submit funds via wire transfer to fund you account. To initiate this process, instruct your firm's bank to contact: The Riggs National Bank in Washington, DC and provide your bank with the following information:

ABA number: **054-000030**  
Beneficiary: **NASD REGULATION, INC.**  
NASD Regulation Account Number: **086-761-52**  
Reference Number: **FIRM IA NUMBER**

Inform your bank that the funds are to be credited to the NASD REGULATION BANK ACCOUNT and to use the firm's IA NUMBER as a reference number only. If you wish to call back later and confirm the transfer, you must have the **confirmation number**, which is given to you by your bank.

### **STEP 3. FILE A COMPLETE FORM ADV**

The next step in the filing process is to submit an **electronic Form ADV filing**. Complete instructions for making a Form ADV filing are available on the IARD online manual located at:

[http://www.iard.com/pdf/firm\\_users\\_man\\_mod5.pdf](http://www.iard.com/pdf/firm_users_man_mod5.pdf)

Please refer to pages 60 thru 64 of the IARD online user's manual referenced above for exact instructions regarding the filing of a complete Form ADV. To become familiar with the contents of Form ADV prior to making an electronic submission of the form, you can access the document and print a copy at:

<http://www.sec.gov/pdf/fadvpaper.pdf>

#### **STEP 4. FILE A FORM U-4 FOR EACH REGISTERED IAR**

The final step in the electronic filing process is to submit an electronic Form U-4 for each registered investment adviser representative. Complete instructions for filing Form U-4 are available at the IARD online user's manual located at:

[http://www.iard.com/pdf/firm\\_users\\_man\\_mod9.pdf](http://www.iard.com/pdf/firm_users_man_mod9.pdf)

When making the filing of Form U-4 for each IAR, the filing is considered an "Initial" filing.

#### **Getting Started – Filings Sent to the Illinois Securities Department**

After you have made the necessary filings on the IARD system, the remaining documents and forms described below should be mailed directly to the Illinois Securities Department (see the address at the top of the first page of these instructions).

1. Copy of **Schedule D of Form ADV** listing each branch office in Illinois together with payment of a \$20 fee for each (payable to the Secretary of State);
2. An unaudited **balance sheet** as of a date not more than 60 days prior to the date of filing the application with the Securities Department. The balance sheet must contain an affirmation that the information is true and correct together with a statement disclosing whether the investment adviser retains or during the term of registration will retain custody of any advisory client's cash or securities or accepts prepayment of fees in excess of \$500 per client and six (6) or more months in advance. The statement must be signed by an officer, general partner or the sole proprietor;
3. One copy of the applicant's **Articles of Incorporation and By-Laws or Partnership Agreement**, or other documents which evidence the legal formation of the applicant if other than a corporation or partnership and a copy of any amendments thereto;
4. **INFORMATION REQUIRED BY SECTION 130.840(a)(4, 6 & 7) OF THE ADMINISTRATIVE RULES FOR REGISTRATION AS AN INVESTMENT ADVISER** (refer to enclosed yellow form), providing the following information and attestations.
  - a. **Designated Principal(s) to be Responsible for the Rendering of Investment Advice in Illinois.**

Proof of passing the qualifying examination(s) and/or certification evidencing completion of an educational program as set forth in Section 130.842 of the Rules for each designated principal who is responsible for rendering investment advice and supervision of each investment adviser representative in the State of Illinois.
  - b. **Affidavit of Prior Investment Adviser Activities in Illinois.**
  - c. **Investment Adviser Representations Under the Illinois Securities Law of 1953;**

5. **DUAL REGISTRATION OF INVESTMENT ADVISER AND SALESPERSON** (refer to enclosed yellow form). This form must be filed when a person is a registered salesperson of a dealer and is an officer, partner, or sole proprietor of an investment adviser and will be the designated principal of the applicant.

**NOTICE TO FOREIGN CORPORATIONS, LIMITED PARTNERSHIPS  
AND LIMITED LIABILITY COMPANIES**

- Foreign Corporations (a corporation not incorporated in the State of Illinois) with a physical presence in the State of Illinois, must be in compliance with the Business Corporation Act of 1983.  
(<http://www.legis.state.il.us/ilcs/ch805/ch805act5articles/ch805act5Sub1.htm>)
- Limited Partnerships doing business in the State of Illinois must be in compliance with the Revised Uniform Limited Partnership Act ("RULPA").  
(<http://www.legis.state.il.us/ilcs/ch805/ch805act210articles/ch805act210sub1.htm>)
- Limited Liability Companies must be in compliance with the Illinois Limited Liability Act.  
(<http://www.legis.state.il.us/ilcs/ch805/ch805act180articles/ch805act180Sub1.htm>)

These Acts are administered by the Illinois Secretary of State - Department of Business Services. Questions concerning these Acts should be directed to the following respective offices:

Business Services: (217) 782-7880

RULPA: (217) 785-8960

Limited Liability Companies: (217) 524-8008

**(continued)**

## OTHER HELPFUL TIPS AND RESOURCES

### Examination Requirements

Sections 130.842 and 130.843 of the enclosed administrative rules for the Illinois Securities Law of 1953 outline the specific examination requirements for investment adviser principals and investment adviser representatives. There are a number of private organizations which offer classroom or self-study courses for these exams. The following are some that are known, but are not endorsed, recommended or rated by the Illinois Securities Department.

- Pictorial (*Series 65 exam material ONLY*)  
8081 Zionsville Road  
Indianapolis, IN 46268-0520  
1-800-428-1324 ext. 711  
(317) 872-7220
- Dearborn Financial Institute, Inc. (*All NASD and non-NASD exams*)  
155 North Wacker Drive  
Chicago, IL 60606-1719  
1-800-824-8742  
(312) 836-4400
- Securities Training Corporation  
309 West Washington Street, Suite 4500  
Chicago, IL 60606  
1-800-782-8505  
(312) 407-0242
- Securities Exam Preparation, Inc. (*All NASD and non-NASD exams*)  
1421 South Virginia Road  
Spokane, WA 99216  
1-800-648-7277 or (406) 678-4224
- Investment Training Institute (*All NASD and non-NASD exams*)  
3569 Habersham at Northlake  
Tucker, GA 30084  
1-800-241-9095

### NASD Examination Sites In Illinois

The following locations are the designated sites where individuals may register in advance to take the requisite NASD examinations. Please refer to the NASD website (located at <http://www.nasdr.com/2630.htm>) for complete information regarding registration requirements.

Sylvan Technology Center #5327  
University Place Shopping Center 1348 E. Main Street  
**Carbondale, IL 62901 Telephone: 618-529-4664**  
Hours: 8:30-7:30 (M-S)

Sylvan Technology Center #5470  
20 N. Clark Street  
**Chicago, IL 60602 Telephone: 312-641-7301**  
Hours: 9 a.m. - 6 p.m. (M-S)

Sylvan Technology Center #5259  
Park Place Plaza 17936 S. Halsted  
**Homewood, IL 60430 Telephone: 708-798-0238**  
Hours: 10:00-4:00 (M,W); 8:30-4:30 (T,TH)

Sylvan Technology Center #5257  
900 Skokie Boulevard, Suite 109 West  
**Northbrook, IL 60062 Telephone: 847-559-2461**  
Hours: 8:30-9:00 Monday-Friday and 9:00-6:00 Saturday

Sylvan Technology Center #5287  
4001 N. War Memorial Drive  
**Peoria IL 61614 Telephone: 309-682-0825**  
Hours: 9:00-6:00 (M-TH); 9:00-2:00 (F,S)

Sylvan Technology Center #5225  
319 Chatham Road  
**Springfield IL 62704 Telephone: 217-546-0381**  
Hours: 8:00-4:00 (T,TH); 8:00-3:00 (M,W,F,S)

Sylvan Technology Center #5512  
1950 DeKalb Avenue #E  
**Sycamore IL 60178 Telephone: 815-748-0074**  
Hours: 12:30-5:00 (M); 8:00-5:00 (T,TH,F,S)

## **OTHER RESOURCES**

- An on-line guide to the IARD system (called the Firm User's Manual) has been created specifically for investment adviser firms to guide their users through the IARD system and its functionality. The User's Manual is designed to allow you to view information online or print all, or part of the manual as necessary. The manual can be accessed at:

[http://www.iard.com/firm\\_users\\_man.asp](http://www.iard.com/firm_users_man.asp)

- The NASD has compiled a listing of Questions & Answers concerning the use of the IARD system by investment advisers. This series of explanatory comments can be accessed at:

[http://www.iard.com/system\\_faqs.asp](http://www.iard.com/system_faqs.asp)

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**DUAL REGISTRATION OF INVESTMENT ADVISER AND SALESPERSON**

Applicant understands that this form must be completed and filed by the applicant when a person is a registered salesperson of a dealer and applies for registration as an investment adviser under Section 8.D of The Illinois Securities Law of 1953.

List (type or print) the name of each registered salesperson of the dealer named below who is also the designated principal of the applicant.

NAME OF SALESPERSON

CRD NUMBER

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Name of Adviser Applicant)

\_\_\_\_\_  
(Signature of Officer, Partner, or Sole Proprietor)

\_\_\_\_\_  
(Type or Print Name and Title)

**DEALER ACKNOWLEDGEMENT**

The undersigned dealer acknowledges that it is aware of the intention of the above-named person(s) affiliated with the applicant named above to become registered in the State of Illinois as an investment adviser and that the dealer consents to and is aware of its supervisory responsibilities and potential conflict(s) of interest inherent in such a situation.

\_\_\_\_\_  
(Name of Dealer)

\_\_\_\_\_  
(Signature of Officer, Partner,  
or Sole Proprietor)

\_\_\_\_\_  
(Type of Print Name and Title)

**NOTICE TO DEALER: This form must be returned to the applicant named above to be filed with the Application for Registration as an Investment Adviser.**



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**INFORMATION REQUIRED BY SECTION 130.840(a)(4, 6 & 7) OF THE  
 ADMINISTRATIVE RULES FOR REGISTRATION AS AN INVESTMENT ADVISER**

**1. Designated Principal(s) to be Responsible for the Rendering of Investment Advice in Illinois**

- A. Applicant understands that each investment adviser registered in the State of Illinois must have at least one examination qualified principal who is responsible for the rendering of investment advice and the supervision of each investment adviser representative servicing Illinois customer accounts. Each designated principal must have passed the qualifying examination(s) or educational program designation as set forth in Section 130.842 of the Rules.
  
- B. List (type or print) the name of each designated principal together with Social Security Number ("SS") or CRD number and qualifying examination(s) and/or educational program for each person who will be responsible for the rendering of investment advice and the supervision of investment adviser representatives in the State of Illinois.

<u>NAME OF DESIGNATED PRINCIPAL</u>	<u>SS # OR CRD NUMBER</u>	<u>QUALIFYING EXAMS OR DESIGNATIONS</u>

- C. Applicant undertakes to amend this list and file the amendment with the Illinois Securities Department no later than 10 business days after any change of any designated principal.

**2. Affidavit of Prior Investment Adviser Activities in Illinois**

- A. Applicant hereby applies for registration as an investment adviser to engage in rendering investment advice in the State of Illinois and certifies: **(Check a or b)**
  
- ( ) a. (i) that neither applicant nor any of its representatives has rendered any investment advice for a fee or entered into any agreement to render investment advice for a fee to any Illinois residents; and
  
- (ii) that neither applicant nor any of its representatives will engage in the business of rendering investment advice for a fee to Illinois residents until said firm is registered to do so with the Illinois Securities Department.

**(continued)**

- ( ) b. that applicant has rendered investment advice for a fee to Illinois residents. All information relating to said advice is attached, including the exemption or exclusion under which Illinois residents' accounts have been or are being serviced, if applicable.
- B. On behalf of the applicant, I acknowledge the foregoing to be truthful with full knowledge that misrepresentation of such facts to the Illinois Securities Department may result in enforcement action.

**3. Investment Adviser Representations Under the Illinois Securities Law of 1953**

Applicant makes the following representations as a condition to registration as an investment adviser under the provisions of Section 8.D of the Illinois Securities Law of 1953 (the "Act") and the relevant Administrative Rules thereunder:

- A. Applicant will not charge or receive compensation in connection with the rendering of investment advice unless such compensation is fair and reasonable, is determined on an equitable basis and adequately disclosed in writing to each Illinois advisory client. Negotiable fees will not be based upon capital gains or performance unless in conformance with the provisions of Rule 205-3 under the Investment Advisers Act of 1940; and
- B. Applicant, when selecting the services of a dealer to effectuate securities transactions for Illinois advisory clients, will utilize dealers registered in the State of Illinois unless such transactions are otherwise exempt pursuant to Section 4 of the Act; and
- C. Applicant will ensure that each designated principal and each investment adviser representative who offers for sale or sells securities in the State of Illinois will be registered as a salesperson under Section 8.C of the Act; and
- D. Applicant will furnish each Illinois advisory client and prospective advisory client with a written disclosure statement (brochure) as required by Section 130.846 of the Rules under the Act and Rule 204-3 under the Investment Advisers Act of 1940. Adverse financial and disciplinary information will be disclosed in accordance with the provisions of Section 130.847 of the Rules under the Act.

Applicant understands that failure to comply with any of the foregoing representations may result in administrative action to suspend or revoke the Investment Adviser registration.

\_\_\_\_\_  
*(Name of Applicant)*

\_\_\_\_\_  
*(Signature of Officer, Partner, or Sole Proprietor)*

\_\_\_\_\_ \_\_\_\_\_  
*(Type or Print Name and Title) (Date)*

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## INVESTMENT ADVISER REGISTRATION AMOUNT PAYABLE FORM

(complete Items 1 & 2 below and return this form, other required registration forms and the branch office fees to the Illinois Securities Department )

1. INVESTMENT ADVISER NAME \_\_\_\_\_

2. BRANCH OFFICE FEE (\$20.00 EACH)

# of Branch Offices \_\_\_\_\_ x \$20 ea..... = \$ \_\_\_\_\_

TOTAL AMOUNT DUE ..... = \$ \_\_\_\_\_

**- Please Make Checks Payable to the Secretary of State -**