

STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES



4822 Madison Yards Way
North Tower
P.O. Box 1768
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(608) 266-2139
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Wisconsin Investment Adviser Registration/Notice Filing Procedure

An investment adviser who has less than \$100 million of assets under management must be registered with this Division to provide advisory services to Wisconsin clients (and therefore will not be registered with the Securities and Exchange Commission ("SEC"), unless the adviser:

- 1) transacts business that requires it to be registered in more than 14 states;
- 2) is an Exempt Reporting Adviser to certain private funds under section 3(c)(1) or (7) of the Investment Company Act of 1940;
- 3) is an Exempt Reporting Adviser to a venture capital fund as defined in SEC Rule 203(m)-1;
- 4) is an adviser to investment companies;
- 5) does not have a place of business in this state and during the preceding twelve month period, has had fewer than 6 clients who are residents of this state; or
- 6) qualifies for some other exemption or exclusion.

Investment adviser representatives of registered investment advisers also need to be registered. See below for **WISCONSIN INVESTMENT ADVISER REGISTRATION REQUIREMENTS**.

Those advisers who have over \$100 million in assets under management, currently transact business in 15 or more states that require registration, are Exempt Reporting Advisers with assets under management between \$100 million and \$150 million, or who are advisers to investment companies, will not be registered as investment advisers by the Division. Such advisers must still make a notice filing or, in the case of Exempt Reporting Advisers, file the reports required by the SEC, with the Division and may need to register certain investment adviser representatives. See below for **FEDERAL COVERED INVESTMENT ADVISER NOTICE FILING REQUIREMENTS and ADVISERS TO PRIVATE FUNDS**.

ONLINE INVESTMENT ADVISER GUIDE

The Division's website includes an Investment Adviser Guide with detailed information about applying for registration and the regulation of state investment advisers in Wisconsin. Most of your questions will likely be answered by referring to the Guide.

Go to: <http://www.wdfi.org/fi/securities/registration/iaguide/applic.htm>

If you have additional questions concerning Wisconsin investment adviser registration requirements, feel free to call the Division of Securities Examiner of the Day phone line at (608) 266-2139.

This document can be made available in alternate formats upon request to qualifying individuals with disabilities.

WISCONSIN INVESTMENT ADVISER REGISTRATION REQUIREMENTS

Initial applications for state registration of investment advisers in Wisconsin are accomplished with the following process:

1. First, set up an account with the electronic investment adviser filing system called the Investment Adviser Registration Depository (“IARD”). The forms and instructions to do so can be found at www.iard.com.
2. Once an account is established with the IARD, a copy of the firm’s current Form ADV Parts 1 and 2 and all amendments are filed directly with IARD. Personally identifiable information on this form may be matched with tax information, outstanding child and family support data and law enforcement agencies. The \$400 filing fee for the initial application will be deducted from your IARD account. In subsequent years, the annual registration renewal fee is \$200.
3. **FORM U4** must be filed electronically with the Central Registration Depository (“CRD”), an adjunct of the IARD, for the supervisor and for each representative who, for compensation, will be soliciting clients or rendering investment advice for the applicant. The filing fee of \$80 will be deducted from your CRD account for each application. Each investment adviser representative for the applicant must pass the North American Securities Administrators Association (“NASAA”) Series 65 Uniform Investment Adviser Law Examination or a combination of the FINRA Securities Industry Essentials (“SIE”)/Series 7 General Securities Representative Examination and NASAA Series 66 Uniform Combined State Law Examination unless evidence is presented allowing waiver of the examinations, pursuant to DFI-Sec 5.01(4), Wis. Adm. Code.

The Series 65 examination will be waived for any applicant who:

- a. has been registered as an investment adviser or an investment adviser representative in any jurisdiction in the United States within 2 years prior to the date the application is filed if that jurisdiction required the Series 65 or SIE/Series 7 and Series 66 qualification exams; or
- b. provides proof that the applicant currently holds one of these professional designations: CFP; ChFC; PFS; CFA; or CIC.

These examinations are administered by FINRA. Information regarding the examinations and the enrollment process can be found on FINRA’s website: <https://www.finra.org/registration-exams-ce/qualification-exams/enroll>

A person is exempt from the registration requirements of §551.404, Wis. Stats., if he or she is employed by or associated with a private fund adviser or an exempt reporting adviser that is exempt from registration in this state and does not otherwise act as an investment adviser representative.

4. Each branch must be filed on CRD by filing a Form BR for each branch within 14 days of the opening. The \$80 notice filing fee will be deducted from your CRD account. Thereafter, changes of address or closings must be filed on Form BR within 14 days of the event. If the branch is located on the premises of a financial institution, the institution must be identified. A branch office is a location other than the main office of the adviser that is held out to the public by any means as a place where advisory business is conducted.
5. The following documents must be filed directly with this Division (no application will be considered complete without these additional documents) and should be sent via email or regular mail to the Examiner assigned to review the application:
 - a. A completed **WISCONSIN INVESTMENT ADVISORY ACTIVITY QUESTIONNAIRE**. A blank form is included in this IA Packet.
 - b. A copy of the firm’s **INVESTMENT ADVISORY CONTRACT(S)** complying with all provisions of DFI-Sec 5.05(2), Wis. Adm. Code. The contract must include the fee to be charged by the adviser, the formula for computing the advisory fee, the formula for computing the amount of prepaid fee to be returned in the event of contract termination or nonperformance, and whether the contract grants discretionary power to the adviser. The contract must include that no assignment of the contract may be made without the consent of the customer and provide a 5 business day withdrawal privilege if the disclosure document is not provided 48 hours in advance of signing the contract.
 - c. A **DESIGNATION OF SUPERVISOR** form indicating the name of at least one person located at the firm’s principal or designated office who will be the supervisor responsible for supervising the investment adviser representatives and the firm’s activities and records as they relate to Wisconsin accounts. This Division must be notified **IN WRITING within 10 days** of any change in the designated supervisor as required by DFI-Sec 5.05(7), Wis. Adm. Code. An investment adviser registration cannot be issued to the firm if an application for registration (Form U4) of a supervisory person as an investment adviser representative has not been filed and approved. A blank form is included in this IA Packet.

- d. If the applicant has its principal office located in Wisconsin, it will be subject to the net worth requirements of DFI-Sec 5.02, Wis. Adm. Code. Applicants that will collect advisory fees of \$1,200 or more, six months or more in advance shall maintain a positive net worth at all times which must be in the form of cash, securities or other liquid assets. Advisers that have custody of client funds or securities shall maintain a minimum net worth of \$35,000. In either case, advisers must submit a copy of the applicant's most recent FINANCIAL STATEMENT (including supplementary schedules, if any) or in the case of a sole proprietor, evidence that a sufficient amount of personal capital to satisfy the net worth requirement has been segregated from the individual's personal assets and used solely for the business for which the adviser is registered. Each investment adviser applicant who is required to maintain a minimum net worth must maintain a record to substantiate continuous compliance with the net worth requirement. A completed **FINANCIAL CERTIFICATION** form must be signed by an officer of the applicant (or in the case of a sole proprietor, signed by the applicant). A blank form is included in this IA Packet. If the applicant has its principal office located in a state other than Wisconsin, the applicant must supply a statement that it is in compliance with the net worth requirement of its principal state.
- e. You are required under §551.406(6), Wis. Stats., to include the federal tax identification number of the adviser. In the case of a sole proprietor with no federal tax identification number, submit the social security number of the sole proprietor. Refusal to provide this information may result in denial of the registration.

REVIEW BY STAFF

After an application is received by the Division via IARD and placed in a "Pending" status, it will be assigned to an examiner in the Professional Registration and Compliance Bureau. The examiner will notify the firm in writing within 30 days of any additional information needed to complete the application, however, most letters are sent within 10 days.

The examiner has 45 days from the receipt of additional information requested as part of the review process to take action on the application or request further information. Generally, the examiner's review process is completed in less than the 45 days. The applicant has 180 days from the date the application status was changed to "Pending" to address all deficiencies and complete the application or be subject to the Division changing the application status to "Abandoned".

Upon completion of the examiner's review, the firm's status on IARD will be changed to "Approved" with the effective date of that approval. This is the first date upon which the firm can begin providing advisory services to Wisconsin clients. The examiner will notify the firm when the application has been approved.

LAW AND RULES AVAILABLE

Copies of the Wisconsin Uniform Securities Law and Rules of the Division are available online at the DFI website at: <http://www.wdfi.org/statutes/#SecFran>.



FEDERAL COVERED INVESTMENT ADVISER NOTICE FILING REQUIREMENT

An investment adviser that is only required to be registered with SEC, here after referred to as a federal covered adviser, is still required to make an annual notice filing with the Division if the adviser conducts business with clients who are residents of Wisconsin, unless during the previous twelve month period, the federal covered adviser had no place of business in Wisconsin and had fewer than 6 clients in this state. The notice filing consists of filing an electronic copy of the adviser's Form ADV Parts 1 and 2 and all amendments with the IARD along with the filing fee of \$200.

If a private fund adviser is registered with the SEC, the adviser must comply with the notice filing requirements applicable to federal covered investment advisers in Wisconsin.

INVESTMENT ADVISER REPRESENTATIVES LOCATED IN WISCONSIN MUST BE REGISTERED

Any person who acts as an investment adviser representative for a federal covered adviser that is required to make a notice filing with the Division and who has a place of business in Wisconsin must be registered as an investment adviser representative. An individual becomes registered by submitting the Form U4 via CRD, along with the \$80 application fee and by meeting the examination requirements listed in item 3 above.

BRANCH OFFICES IN WISCONSIN

A federal covered adviser that maintains a place of business in Wisconsin must file directly with the Division a listing of each branch office address (other than principal office, if any) at which the federal covered adviser will regularly conduct advisory business with clients and date of opening along with the filing fee of \$80 per location. Thereafter, any additional branches and each change of address or closing must be filed with the Division within 14 days of the event. If an opening, change of address or closing for a branch office is not filed within the 14 day time period prescribed, there will be a delinquent filing fee of \$100.00 per branch pursuant to DFI-Sec 7.01(6)(d), Wis. Adm. Code. Federal covered advisers cannot utilize Form BR and CRD to make branch office filings. Advisers should utilize the Branch Office Online (“BOO”) filing application available on the DFI website at: <https://www.wdfi.org/apps/BranchOffice>. You can pay the filing fee with a credit card or e-check. There is also a link to tutorials on setting up a BOO account and using the application for opening, closing and amendment filings.

Exempt Reporting Advisers relying on the registration exemptions in the Order are not required to file branch office notices.

ADVISERS TO CERTAIN PRIVATE FUNDS

Investment advisers whose sole clients are private funds with assets under management of less than \$150 million are categorized as Exempt Reporting Advisers under SEC regulations. However, unless those fund clients meet the following criteria, such investment advisers are subject to reporting or registration requirements with the Division.

SEC Exempt Reporting Advisers with assets under management between \$100 million and \$150 million will only need to file with the Division, the same reports required by the SEC. This filing is made using Form ADV via the IARD. There is no fee or other charge for Exempt Reporting Adviser filings.

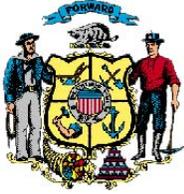
SEC Exempt Reporting Advisers with assets under management up to \$100 million must register with the Division as investment advisers unless they meet all of the following:

- (1) Neither the private fund adviser nor any of its advisory affiliates are subject to a disqualification as described in Rule 262 of SEC Regulation A;
- (2) The private fund adviser files with the Administrator, each report and amendment thereto that an exempt reporting adviser is required to file with the SEC pursuant to SEC Rule 204-4;
- (3) A private fund adviser who advises at least one 3(c)(1) fund that is not a venture capital fund must, in addition to satisfying each of the conditions specified in (1) and (2) above, comply with the following requirements:
 - (a) The private fund adviser shall advise only those 3(c)(1) funds (other than venture capital funds) whose outstanding securities (other than short-term paper) are beneficially owned entirely by persons who, after deducting the value of the primary residence from the person’s net worth, would each meet the definition of an accredited investor in SEC Rule 501(a) at the time the securities are purchased from the issuer;
 - (b) At the time of purchase, the private fund adviser must disclose the following in writing to each beneficial owner of a 3(c)(1) fund that is not a venture capital fund:
 - (i) all services, if any, to be provided to individual beneficial owners;
 - (ii) all duties, if any, the investment adviser owes to the beneficial owners; and
 - (iii) any other material information affecting the rights or responsibilities of the beneficial owners.
- (4) The private fund adviser must obtain on an annual basis, audited financial statements of each 3(c)(1) fund that is not a venture capital fund, and shall deliver a copy of such audited financial statements to each beneficial owner of the fund.

If a private fund adviser is registered with the SEC, the adviser is not eligible for this exemption and must comply with the notice filing requirements applicable to federal covered advisers.

An individual is exempt from the investment adviser representative registration requirements if he or she is employed by or associated with a private fund adviser or an exempt reporting adviser that is exempt from registration in this state and does not otherwise act as an investment adviser representative.

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FINANCIAL CERTIFICATION

Pursuant to DFI-Sec 5.02, Wis. Adm. Code, every investment adviser whose principal office is located in Wisconsin and that collects advisory fees of \$1,200 or more, six months or more in advance shall maintain a positive net worth at all times. If the investment adviser will have custody of client funds or securities and not comply with the safeguards in DFI-Sec 5.035, Wis. Adm. Code, a \$35,000 net worth must be maintained. This shall be in the form of cash, securities or other liquid assets. If the investment adviser is an individual, the capital used to meet the net worth requirement must be segregated from the individual's personal assets and used solely for the business for which the adviser is registered.

FIRM'S NAME: _____

FIRM'S ADDRESS: _____

FIRM'S IARD NUMBER: _____

I, the undersigned, do hereby certify that the above mentioned firm has and will continue to maintain at all times, the net worth sufficient to meet the requirement in DFI-Sec 5.02, Wis. Adm. Code.

I further certify that the accompanying financial statements are true to the best of my belief and knowledge.

Typed Name and Title of an Officer of the Company

Signature

Date

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WISCONSIN INVESTMENT ADVISORY ACTIVITY OF APPLICANT

Pursuant to §551.403(1), Wis. Stats., it is unlawful for any person to transact business in Wisconsin as an investment adviser unless so registered, except that registration is not required under any the following circumstances:

1. The person effects transactions or provides investment advice in this state exclusively for the account of persons specified in § 551.403(2), Wis. Stats. or DFI-Sec 5.13(1), Wis. Adm. Code.
2. The person has no place of business in Wisconsin and in the last twelve months has had fewer than six clients in Wisconsin.
3. The person is now, or was at the time of the transactions in question, a federal covered adviser and not subject to state registration requirements.

The fact that a person may have transacted business as an investment adviser in Wisconsin in violation of § 551.403(1), Wis. Stats., does not mean that a person's Wisconsin application for registration will automatically be denied.

As part of the Wisconsin Investment Adviser Registration Application, the applicant must respond as to whether or not the applicant has engaged in investment advisory business in Wisconsin without being properly registered. To facilitate your response, please complete the questionnaire below and return the completed form to this Division.

NO, this applicant is not now transacting and has never transacted investment advisory business in Wisconsin.

YES, this applicant has transacted investment advisory business in Wisconsin under an exemption described in #1-3 above. Please fill in or select the applicable exemption from the drop down list.

YES, this applicant has transacted non-exempt or unregistered investment advisory business in Wisconsin prior to this application. (Do not include services performed during any period when the applicant was registered as a federal covered adviser.) **If yes, list all transactions effected in Wisconsin:**

<u>Name & Address of Customer</u>	<u>Date of Transaction</u>	<u>Description of Transaction</u>	<u>Date of Client Agreement</u>	<u>Name of IA Rep</u>	<u>Total Advisory Fees Charged</u>
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(Attach additional pages if space provided is insufficient.)

Name of Applicant

Firm's Authorized Signatory

Date

Firm IARD Number

Typed Name and Title of Signatory

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INVESTMENT ADVISER DESIGNATION OF SUPERVISOR

Pursuant to DFI-Sec 5.05(7), Wis. Adm. Code, every registered investment adviser shall employ at its principal office or designated office of supervision in accordance with DFI-Sec 5.03(1), Wis. Adm. Code, at least one person designated in writing to the administrator to act in a supervisory capacity who is registered as an investment adviser representative in this state and has satisfied the examination requirement in DFI-Sec 5.01(5).

FIRM INFORMATION

FIRM'S NAME: _____

FIRM'S ADDRESS: _____

DESIGNATED SUPERVISOR INFORMATION

If the firm wishes to designate more than one supervisor, submit one form for each supervisor designated.

NAME OF DESIGNATED SUPERVISOR: _____

HOME ADDRESS OF DESIGNATED SUPERVISOR: _____

OFFICE OF EMPLOYMENT ADDRESS: _____
(Must be Principal or Designated Office) _____

DATE QUALIFIED/PENDING IN WISCONSIN: _____ SUPERVISOR CRD # _____

THIS FORM IS TO BE SIGNED BY ANY OFFICER OF THE FIRM

TYPED NAME AND TITLE OF SIGNATORY

SIGNATURE

DATE

This Division is to be notified within 10 days of any change in designated supervisor. Failure to do so will be cause for a delinquent filing fee of \$100 pursuant to DFI-Sec 7.01(6)(g), Wis. Adm. Code. (Please refer to DFI Sec 5.04(4), Wis. Adm. Code.)

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