

**Title 02 OFFICE OF THE ATTORNEY GENERAL**

**Subtitle 02 DIVISION OF SECURITIES**

**02.02.05 Investment Adviser Regulations**

Authority: Corporations and Associations Article, §§11-101, 11-203, and 11-302,  
Annotated Code of Maryland

*02.02.05.11*

**.11 Applications for Investment Advisers and Notice Filings for Federal Covered Advisers.**

A. Application Form for Investment Adviser Registration.

(1) Initial Application. An application for initial registration as an investment adviser shall be made by completing Form ADV (Uniform Application for Investment Adviser Registration) in accordance with the form instructions and by filing the form with the IARD. The application for initial registration shall also include the following:

- (a) Evidence of compliance by the applicant with or exemption from the examination requirements of Regulation .14 of this chapter;
- (b) For those applicants subject to Regulation .15 of this chapter, a balance sheet prepared in accordance with the instructions to the Form ADV, and, if such balance sheet is as of a date more than 45 days from the date of filing of the application, an unaudited balance sheet prepared in accordance with the instructions to the Form ADV;
- (c) A sample copy of each investment advisory contract used by the applicant;
- (d) The fee required by the Maryland Securities Act, Corporations and Associations Article, §11-407, Annotated Code of Maryland; and
- (e) Any other information the Commissioner may reasonably require.

(2) Renewal Application. An application for renewal registration as an investment adviser shall be made by filing with the IARD the fee required by the Maryland Securities Act, Corporations and Associations Article, §11-407, Annotated Code of Maryland.

(3) Updates and Amendments.

- (a) An investment adviser shall file with the IARD, in accordance with the instructions in the Form ADV, any amendments to the investment adviser's Form ADV;
- (b) An amendment shall be considered to be filed promptly if the amendment is filed within 30 days of the event that requires the filing of the amendment; and
- (c) Within 90 days of the end of the investment adviser's fiscal year, an investment adviser shall file with the IARD an updated Form ADV.

(4) Investment Adviser Representative Registration. Each investment adviser registered or required to be registered in this State shall register at least one investment adviser representative with the Commissioner.

(5) Completion of Filing. An application for initial or renewal registration as an investment adviser will not be considered filed until the required fee and all required submissions have been received by the Commissioner.

B. Notice Filing Requirements for Federal Covered Advisers.

(1) Initial Notice Filing. An initial notice filing for a federal covered adviser shall be made by filing with the IARD a completed Form ADV (Uniform Application for Investment Adviser Registration) and the fee required by the Maryland Securities Act, Corporations and Associations Article, §11-407, Annotated Code of Maryland. An initial notice filing shall be considered filed when the fee required by Maryland Securities Act, Corporations and Associations Article, §11-407, Annotated Code of Maryland, and the Form ADV are filed with and accepted by the IARD on behalf of this State.

(2) Renewal Notice Filing. A renewal notice for a federal covered adviser shall be made by filing with the IARD the fee required by Maryland Securities Act, Corporations and Associations Article, §11-407, Annotated Code of Maryland. The renewal notice filing shall be considered filed when the fee required by Maryland Securities Act, Corporations and Associations Article, §11-407, Annotated Code of Maryland, is filed with and accepted by the IARD on behalf of this State.

(3) Updates and Amendments. A federal covered adviser shall file with the IARD, in accordance with the instructions in the Form ADV, any amendments to the federal covered adviser's Form ADV.

02.02.05.14

**.14 Examination Requirements for Investment Advisers and Investment Adviser Representatives.**

A. Definitions. As used in this regulation, the following terms have the meanings indicated:

(1) "Approved IAR continuing education credit" means the materials, written, oral, or otherwise, that have been approved by NASAA or its designee and that make up the educational program provided to an investment adviser representative (IAR) under this regulation.

(2) "Authorized provider" means a person that NASAA or its designee has authorized to provide continuing education content required by this regulation.

(3) "Credit" means a unit that has been designated by NASAA or its designee as at least 50 minutes of educational instruction.

(4) "Home state" means the state in which the investment adviser representative has its principal office and place of business.

(5) "IAR ethics and professional responsibility content" means approved IAR continuing education content that addresses an investment adviser representative's ethical and regulatory obligations.

(6) "IAR products and practice content" means approved IAR continuing education content that addresses an investment adviser representative's continuing skills and knowledge regarding financial products, investment features, and practices in the investment advisory industry.

(7) "NASAA" means the North American Securities Administrators Association or a committee designated by its Board of Directors.

(8) "Reporting period" means one 12-month period as determined by NASAA. An investment adviser representative's initial reporting period with this State commences the first day of the first full reporting period after the individual is registered or required to be registered with this State.

**B. General Examination Requirements.**

(1) An investment adviser or investment adviser representative registered or required to be registered in this State shall:

(a) Successfully pass the examination or examinations designated by the Commissioner;

(b) Qualify for an exemption from the examination requirement under §D or E of this regulation; or

(c) Receive a waiver of the examination requirement under §G of this regulation.

(2) The person who is designated a principal under Regulation .13B of this chapter shall fulfill the investment adviser's examination requirement.

**C. Designated principals and applicants for initial registration as investment adviser representative shall pass the following examinations administered by the FINRA:**

(1) Series 65 examination as adopted by the Commissioner on January 1, 2000; or

(2) Series 7 examination and the Series 66 examination as adopted by the Commissioner on January 1, 2000.

**D. The provisions of §C of this regulation do not apply to a designated principal or an applicant for initial registration as an investment adviser representative, if the individual has earned a credential designated by the Commissioner including, but not limited to, the following, and at the time of application is in good standing with the organization that issued the credential:**

(1) Certified Financial Planner (CFP) awarded by the Certified Financial Planner Board of Standards, Inc.;

(2) Chartered Financial Consultant (ChFC) awarded by the American College, Bryn Mawr, Pennsylvania;

(3) Personal Financial Specialist (PFS) awarded by the American Institute of Certified Public Accountants;

(4) Chartered Financial Analyst (CFA) awarded by the Institute of Chartered Financial Analysts; or

(5) Chartered Investment Counselor (CIC) awarded by the Investment Counsel Association of America, Inc.

**E. Grandfathering Provisions.**

(1) The provisions of §C of this regulation do not apply to a designated principal or an applicant for initial registration as an investment adviser representative, if the:

(a) Individual was approved by the Commissioner as the designated principal for a registered investment adviser as of January 1, 2000; or

(b) Individual was registered in any jurisdiction in the United States as an investment adviser representative or investment adviser as of January 1, 2000.

(2) Notwithstanding §E(1) of this regulation, the Commissioner may require additional examinations for an individual found to have violated any state or federal law.

**F. Two Year Requirement.**

(1) An individual who has not been registered in any jurisdiction for a period of 2 years shall be required to comply with the provisions of §C of this regulation.

(2) Notwithstanding §F(1) of this regulation, the Commissioner, by order or otherwise, may modify the two-year requirement of this subsection.

G. Based on a demonstration by an individual of relevant factors including, but not limited to, education and experience, the Commissioner shall consider an individual's request for a waiver of the examination requirements in accordance with the Maryland Securities Act, Corporations and Associations Article, §11-412(c)(6), Annotated Code of Maryland.

H. Continuing Education Requirements.

(1) An investment adviser representative registered in this State shall complete the following continuing education requirements each reporting period:

(a) 6 credits of IAR ethics and professional responsibility content approved by NASAA and offered by an authorized provider, with at least three hours covering the topic of ethics; and

(b) 6 credits of IAR products and practice content approved by NASAA and offered by an authorized provider.

(2) An investment adviser representative who is registered as an agent of a FINRA member broker-dealer and is in compliance with FINRA's continuing education requirements is considered to be in compliance with the provisions of §H(1)(b) of this regulation for each applicable reporting period if, as determined by NASAA:

(a) FINRA's continuing education content focuses on compliance, regulatory, ethical, and sales practices standards;

(b) FINRA's continuing education content is derived from state and federal investment advisory statutes, rules and regulations, securities industry rules and regulations, and accepted standards and practices in the financial services industry; and

(c) FINRA's continuing education content requires that its participants demonstrate proficiency in the subject matter of the educational materials.

(3) Credentialing Organization Continuing Education Compliance. Credits of continuing education completed by an investment adviser representative who was awarded and currently holds a credential that qualifies for an examination waiver under §D of this regulation shall satisfy the requirements of §H(1) of this regulation provided:

(a) The investment adviser representative completes the credits of continuing education as a condition of maintaining the credential for the relevant reporting period;

(b) The credits of continuing education completed during the relevant reporting period by the investment adviser representative are mandatory to maintain the credential; and

(c) The continuing education content provided by the credentialing organization during the relevant reporting period is approved IAR continuing education content.

(4) Continuing Education Reporting. An investment adviser representative registered in this State shall be responsible for ensuring that the authorized provider reports the investment adviser representative's completion of the applicable IAR continuing education requirements.

(5) No Carry-Forward. An investment adviser representative who completes credits of continuing education in excess of the amount required for a reporting period may not carry forward excess credits to a subsequent reporting period.

(6) Failure to Complete or Report Continuing Education.

(a) An investment adviser representative who fails to comply with §H(1) or §H(4) of this regulation by the end of a reporting period shall be considered “CE inactive.”

(b) The registration of an investment adviser representative who is “CE inactive”, but otherwise qualifies for renewal, shall be renewed in this State at the end of the calendar year in which the investment adviser representative becomes “CE inactive.”

(c) An investment adviser representative shall remain “CE inactive” until the investment adviser representative completes and reports all required IAR continuing education credits for all reporting periods as required by this regulation.

(d) An investment adviser representative who is “CE inactive” at the close of the next calendar year is not eligible for investment adviser representative registration or renewal of an investment adviser representative registration.

(7) The Commissioner may, in the Commissioner’s discretion, waive any requirements of this regulation.

(8) Home State. An investment adviser representative registered or required to be registered in this State who is registered as an investment adviser representative in the individual’s home state is considered to be in compliance with §H of this regulation provided:

(a) The investment adviser representative’s home state has continuing education requirements that are at least as stringent as §H of this regulation; and

(b) The investment adviser representative is in compliance with the home state’s investment adviser representative continuing education requirements.

(9) Unregistered Periods. An individual applying for investment adviser representative registration who was previously registered as an investment adviser representative in this State must complete IAR continuing education for all reporting periods that occurred during the period the individual was not registered in this State as an investment adviser representative unless the individual takes and passes the examination required under §C of this regulation or receives an examination waiver under §G of this regulation.