

Memorandum

STATE OF DELAWARE DIVISION OF SECURITIES

FILING REQUIREMENTS FOR INVESTMENT ADVISERS AND INVESTMENT ADVISER REPRESENTATIVES

INITIAL FILINGS BY INVESTMENT ADVISORS AND FEDERAL COVERED

Generally, investment advisers doing business in Delaware who are not registered with the Securities & Exchange Commission ("SEC") must register with the State Securities Commissioner. Except as provided in paragraph III below, any investment adviser (whether federal covered or not) which has a place of business¹ in Delaware or which had more than 5 Delaware residents as clients in the past 12 months must file with the Securities Commissioner² a Form ADV³, a Form U-2⁴, and a filing fee of \$250⁵. Additionally, any such investment adviser which is not registered with the SEC must, in order to complete its application for registration in Delaware, file with the Securities Commissioner an alphabetical list of its investment adviser representatives and a balance sheet setting forth its current financial condition.

I. INITIAL FILINGS BY INVESTMENT ADVISOR REPRESENTATIVES

Except as provided in paragraph III below, any investment adviser representative who has a place of business in Delaware or who had more than 5 Delaware residents as clients in the past 12 months must register with the Securities Commissioner by filling a form U-4⁶, a qualifying score for the Series 65 or Series 66 examination⁷, and a filing fee of \$50.

II. EXEMPTION FROM FILING

- A. If an investment adviser's or an investment adviser representative's only clients are either (1) investment companies as defined in the Investment Company Act of 1940, (2) other investment advisers (whether federal covered or not), (3) broker-dealers, (4) banks, (5) trust companies, (6) savings and loan associations, (7) insurance companies, (8) employee benefit plans with assets of \$1 million or more, (9) government agencies whether acting for themselves or as trustees with investment control, or (10) other institutional investors designated by the Securities Commissioner, the investment adviser and the investment adviser representative need not file anything with the Securities Commissioner.

B. An investment adviser representative with no place of business in Delaware who is employed by a federal covered adviser need not file anything with the Securities Commissioner.

C. **RENEWAL FILINGS**

The registration and notice filings of investment adviser and investment adviser representatives expire at the end of the calendar year. Any investment adviser (whether federal covered or not) may renew a registration or notice filing by filing with the Securities Commissioner an updated Form ADV and a filing fee of \$250. Additionally, any investment adviser which is not registered with the SEC must file with the Securities Commissioner an alphabetical list of its investment adviser representatives. Investment adviser representatives may renew their registration by filing with the Securities Commissioner a letter of intent to renew and a filing fee of \$50. At least one investment adviser representative must be registered with any Delaware investment adviser to obtain or to maintain its Delaware registration status.

D. **WITHDRAWALS**

Any investment adviser wishing to withdraw from Delaware must file a letter of withdrawal with the Commissioner. Any investment adviser representative wishing to withdraw from Delaware must file a letter of withdrawal or a U-5⁸ with the Commissioner.

E. **ANNUAL FINANCIAL STATEMENTS**

The State of Delaware does NOT require end of year B/D or I/A audited financials. Financials are required at initial registration only.

¹"Place of business" means a location at which one regularly provides investment advisory services, solicits, meets with, or otherwise communicates with clients and any other location that is held out to the general public as a location at which one provides investment advisory services, solicits, meets with, or otherwise communicates with clients. If an investment adviser representative has a place of business in Delaware, his firm thereby has a place of business in Delaware.

²Department of Justice, Division of Securities, State Office Bldg., 5th floor, 820 N. French Street, Wilmington, Delaware, 19801. Phone No.: 302-577-8424.

³The form ADV ("Uniform Application for Investment Adviser Registration") may be obtained from the Securities and Exchange Commission (202-942-4040). It must be manually executed, notarized, and dated within 180 days of filing. Exception: in the case of a federal covered adviser, where an original Form ADV is submitted to the SEC, a copy of same is sufficient for filing in the State of Delaware.

⁴The Form U-2 ("Uniform Consent to Service of Process") is set forth on the reverse side of this document and may be photocopied for filing with the Commissioner. It must be manually executed and notarized.

⁵All fees may be paid by filing with the Commissioner a check in the appropriate amount made payable to the "State of Delaware". Pro rata fees are not accepted. Registration expires each year on December 31.

⁶The Form U-4 ("Uniform Application for Securities Industry Registration or Transfer") may be obtained from the National Association of Securities Dealers, Inc. (301-590-6500). It must be manually executed and dated within 180 days of filing. Any "yes" response to page 3 questions must be clarified by submitting a current "Disclosure Reporting Page."

7The Series 65 and Series 66 examinations are administered by the National Association of Securities Dealers, Inc.

⁸The Form U-5 ("Uniform Termination Notice for Securities Industry Registration") may be obtained from the National Association of Securities Dealers, Inc. (301-590-6500)