

**SERIES 66 "CHEAT" SHEET**

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	<b>Investment Co. Act (1940)</b>	<b>Federal Acts (1933 &amp; 34)</b>	<b>Investment Advisors Act (1940)</b>	<b>Uniform Securities Act (State)</b>
<b>Definitions</b>	<p>Affil. Dir. = employee, family, &gt;5% S/H, IA no mrgn, jt accts, sell short, own &gt;3% other IC, lend/buy fr. port.</p> <p>BoD = &gt;40% non-affil. not B/D or U/W &gt; 2/3 elected by S/H</p> <p>UIT: no BoD sh. can be redeemed</p>	<p>Broker: <i>not</i> bank</p> <p>Dealer: <i>not</i> bank, insur. co, inv.co</p> <p>B/D: <i>not</i> clerical reg'd acptd @ 45D <b>fid. bond</b> (\$25K min)</p> <p>SIP: <i>not</i> newspaper, SRO, bank, B/D, commn. carrier</p> <p>Trnsfr Agt: <i>not</i> VA, OCC, clearing agency</p> <p>Exchange: must reg w/i 90D &amp; have &gt;1 public &amp; &gt;1 listg co. @ BoD</p> <p>Secrity: insur. (xmpt. fr. reg) <i>not</i> agreement btw. issuer &amp; U/W, gift, warrant or bonus, crncy, bank. acpt, comm. ppr, fxd ann [must be reg'd w/i 30D]</p>	<p>IA: <i>not</i> bank, atty, acct, tchr, engr, B/D (w/o comp), publshr (if not 1<sup>o</sup> advice), govt. sec dlr (<b>xclsv</b>) (incl. fncl planner, pensn constnt, sports rep, or s.o. who discusses pros/cons of sec vs. alt.s)</p> <p>-engages @ bus <i>regularly</i> -holds himself out as -receives <i>separate</i> comp (= any econ benefit) -provides <i>specific</i> advice (not asset allocation) -frequency irrelevant</p> <p>must have <b>fidelity</b> bond</p> <p>Inv. Counsel: principal &amp; substntl bus</p> <p>Dealer: <i>not</i> bank, insur. co, inv. co., not engaged @ reg bus</p> <p>Person: indiv. or co.</p>	<p>IA: <i>not</i> bank, atty, acct, tchr, engr, B/D (if incidntl), publshr (if no <b>specific</b> adv), IA Rep. [<b>MUST reg even if sec is xmpt</b>, i.e. govt. sec] must hv <b>surety</b> bd if NC &lt; \$25K</p> <p>IA Rep: <i>not</i> officer, clerical, give qots w/o comsn (incl. s.o. who gives advice, manages accts, solicits for IA, or supervises) [<i>firm</i> must notify re term]</p> <p>Agent = indiv (empl of B/D) <i>not</i> bank, B/D officer clerical, if no cmmsns earned, if transactg w/ issuer of xmpt sec or U/W of any sec, if xmpt sec. (can be mult. reg'd if discl'd) -no NC req (vs. B/D) [<i>firm</i> &amp; <i>agt</i> must notify re term]</p> <p>B/D: <i>not</i> agent, issuer, bank, no place of bus in state (can be thru other B/D or &lt;15offer/yr) <b>surety bond if NC &lt; \$25K</b></p> <p>Person: indiv, co, or <b>govt.</b></p> <p>Security: <i>not</i> insurance, retiremnt plan, commdty, pers. resid, currncy, collectble [must have commn enterprise, 3<sup>rd</sup> party mngt, expctn of prof]</p> <p>Offer to Sell = bonus, gift of assessable stk, warnt, rts-- <i>not</i> collateral, stk div, reorg, or ad @ out-of-state publctn (2/3 elsewhere)</p>

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<b>Exclusions</b>	B/D, U/W, bank, S & L, insur. Co., holding co., issuer w/ <100 prsns.	<p><u>REG:</u> govt., muni, comm. ppr*, charity, bank, S&amp;L, common carrier, ESOP</p> <p>* &lt;270D &amp; current op.</p> <p>also: insur. <b>products</b>, Rule 147, split, stk, div, SBIC, Reg A, advice re xmpt. sec</p> <p><u>TRNSACT:</u> Reg D (506: &lt;non-acc &amp; 501: DEF=institution*, non-prof, NW&gt;\$1M, NI&gt;\$200K)</p> <p>* no min. assets</p>	<p><u>IA REG:</u> in-state unlstcd sec all clients = ins. co. &lt; 15 clients/ yr</p> <p><b>[must reg. even if client = bank]</b></p> <p>de Minimus: &lt;15 clients not holding out clint <i>not</i> inv. co.</p>	<p><u>REG:</u> govt., muni, (comm. ppr)*, (charity), bank, S&amp;L, common carrier, (ESOP), pre-org cert (&lt;10prsns &amp; no pay)</p> <p>*&lt;270D, &gt;\$50K, inv. grade</p> <p>also: foreign govt (not corp), Blue Chip (<i>all</i> @ xchg), insur. <b>company</b>, isolated non-issuer [Admin can revoke specific but not entire class of xmptn]</p> <p><u>TRNSACT:</u> isolated non-issur, btw. U/W &amp; issur, real est, fiduciary, &lt;10 prsn/yr AND no commsn, offer (<i>not</i> sale)</p> <p>[also xmpt fr advrtsg req]</p> <p><u>IA REP REG:</u> no place of bus &amp; soph.* clients only, or &lt;5clients/yr</p> <p>*soph. = institutional (&gt;\$1M)</p>

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<b>Registration</b>	Form NA-1 (update annually) min. NW > \$100K		<p>IA must have &gt;\$30M under mgt now or w/i 120D or do bus &gt; 30 states [do @ state if &lt; \$25M]</p> <p>can reg. if natl statst. org, pension consl &gt; \$50M, IA affiliate</p> <p>no educ or solvency req</p> <p>Frm ADV-I &amp; II:appr @ 45D Renewal @ Sched. I (90D after yr) Withdraw @ ADV-W (60D) Re-reg. by 7/8/97 @ ADV-T</p> <p>prompt amend @ ADV if chng name, locatn, contact, org struct, discipl. actions &gt;42500, custody, material</p>	<p><u>IA</u>: incl. prttrs &amp; offcrs effective 30D after filing xprs 12/31 <b>no</b> brochure req'd <b>no</b> feefor succssr (until renwl) Cnsnt to Svc. of Procss w/d eff after 30D or less (Admin. can take action 1yr after w/d)</p> <p><u>REG OF SECURITIES</u>: (can be filed by issuer, U/W, B/D, S/H)</p> <p>Coord: 3 latest propspcti eff. after 10D prefrrd for multi-state</p> <p>Notfctn: aka "Filing" <b>3yrs operatns</b> NW &gt; \$4M or NW &gt; \$2M AND pre-tax inc. in 2/3 yrs &gt;4 mkt.mkrs &gt;\$5/sh spread &lt; 10% effc. cncrrtly or later</p> <p>Qual: send prosp bfore sale</p>

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<b>Recordkeeping &amp; Paperwork</b>	<p>ann. audited to SEC semi an. to SEC &amp; S/H (set not "filed")—no prompt. rpt. port. change</p>	<p><u>SEC</u> 5 comm. (apptd by Pres w/ Senate apprvl)--5 yr term staggered--3/5 same part--blind trust--no other job</p> <p><b>-suspnd stk (&lt;10D)</b> -close xchg (&lt;90D)—must notify Pres</p> <p><b>-suspend prsn &lt;1yr</b> -impose fraud fines (no civil penalties)</p> <p><u>S.13(d)</u>: &gt;5% owner (file @ 10D &amp; amnd prompt)</p> <p><u>S.13(f)</u>: instit.* inv. mngr if discretion @ MV &gt;\$100M</p> <p>*NO min. size @ state</p> <p>file 45D after quarter</p>	<p>5 yrs/ 2 @ office</p> <p>cash journal, genl., ledger, memo of orders, internal fncl stmts, written commun, distrtns to &gt; 9 people</p> <p><u>Brochure Rule</u> delivr at contract (or subst. change) if rt. to rescind w/i 5D or 48 hrs. before (invoked by <i>client</i> only)</p> <p>not req'd if client is inv. co. or impers. advice w/ fees &lt; \$200</p> <p><u>Disclosure</u> (custmr signs for disclsr) -capacity <b>before</b> settlemt -disc. actions w/i 10 yr or fines &gt; \$2500 -svcs outside scope of emplyment -compnstn (even RE commssn) -proprietary products -inconsistent personal trasnactns -quarterly stmts to cstmr -B/S req'd only if custody (<i>not</i> discrtn) -lmtns/difficults re formulas</p> <p><u>Contract</u> -<i>not</i> req'd @ writing by Act (but see IA-1092) -no assignment -notfy cust of chg of <b>minority</b> interst -no perf fees <u>unless</u> inv. co, clients w/ &gt;\$1M mgd. assts, &gt;\$750K acct. or NW &gt;\$1.5M -fulcrum fees can be chgd to instit (&gt;\$1M) <b>[no discl. nor 1yr periodreq'd form perf. fees]</b></p>	<p>5 yrs</p> <p>Admin. can delegate powers, act re admin &amp; criminal issues (not civil), prohibit custody</p> <p>Client Consent for: -assgmt of contract (incl collateral) -chng of <b>majority</b> interst, <b>-since discretion &amp; prepymts are not considrd custody, no notifctn is reqd</b></p>

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<b>Enforcement &amp; Penalties</b>	\$10K/5 yrs	<p>3yrs Trade/1 yr. Discovery (soonest)</p> <p><u>Stat. DQ</u> if SRO suspnsn, SEC order &lt; 1yr, conviction &lt; 10yrs, court injuctn, false or mildsg stmt (<i>not</i> civil suit)</p> <p><u>Insider Trdg</u> \$1M/10yrs + trbl damges</p> <p><u>Stat. U/W</u> = violation</p> <p><u>Prelim. Prosp</u> contains misstmts &amp;/or ommsns</p> <p><u>Agt's Lic.</u> cancelled if dealer's lic. cancelled</p>	<p>anti-fraud applies even to non-sec. transactions</p> <p>gives SEC power to <b>fine</b></p> <p>cannot put "RIA" @ bus card</p> <p>cannot receive "soft dollars" as compnstn (e.g. travel)</p>	<p>\$5K/3 yrs</p> <p><u>Revoke</u> IA reg if: -<i>after</i> hearing -in public interest -out of state injunction -NASD revoctn -<b>loss of civil suit</b> -felony w/i 10 yrs -sec misdemnor w/i 10yrs -<b>insolvency</b> -even if xmpt transaction (<i>not</i> sec)</p> <p>IA has rt to notice of suspnsn &amp; hearing* (w/i 15D), written findings, &amp; appeal—must be <i>prior</i> if revoctn *public unless <i>all</i> parties request private</p> <p><b>jurisdictn</b> @ state of trade</p> <p><i>no</i> injunction necessary for discipl. action</p> <p>appeal w/i 60D to proper court of jurisdiction</p> <p><b>FRAUD:</b> must be willful (not just "common law deceit") does <i>not</i> incl. ommissns can sue for 5 yrs</p> <p><b>STAT. OF LMTNS:</b> civil*: 3yrs trde/2yrs discvry unless did not accept offer for refund w/i 30D</p> <p>*instgtd by custmr, not Admin</p>

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<b>Misc. Rules</b>	<p><u>12(b)1</u> approve annual by BoD AND S/H term. by BoD (40% disinterested) OR S/H</p> <p><u>IA Contract</u> approved annually by BoD OR S/H, term. @ 60D, no assignment</p>	<p>cannot acpt U/W subscrptn pymts prior to effect. date</p> <p>can make offer, not sale before effect. date (<i>no</i> discl. expt red herring)</p> <p>no margin @ new issues (pay w/i 35D)</p> <p><u>Reg D:</u> &lt;35 non-accred</p> <p><u>Rule 144:</u> inclds spouse</p> <p><u>Manipulative Practices</u> Wash Sale (same B/D) Matched Order (diff B/D)</p> <p><u>S.10(b)5:</u> Chinese Wall</p> <p><u>NMS</u> created for efficiency, info availability, elim. dealer</p> <p><u>Amendment Act of 1975</u> -negotiated commssns -NMS (created for efficiency &amp; info availability) -req'd reg for Sepc., Flr Brkr, Muni deals</p>	<p><u>Coordination Act of 1996</u> no fees reg w/i 90D after &gt; \$30M</p> <p><u>Custody</u> (NOT discretion!) -surprise audit filed w/ SEC -auditd B/S to SEC &amp; custmr -B/S not of affil. RIA (acct. opinion of procdures) -notfy clint re manner of cust -prompt discl precarious fncl condtn, discret. acct, prepaid fees* (if &gt; \$500 or &gt; 6 mo.s)</p> <p>*prepay is <i>not</i> custody if: wrttn auth to pay direct &amp; invoice to custmr/custdn &amp; qrtly stmts to custmr</p> <p><u>Referral Fees:</u> okay if -IA reg'd, not DQ'd -written agreement -pd to solicitor for imprsl adv OR affild w/ RIA OR 3<sup>rd</sup> party (2<sup>nd</sup> broch) -commssns cannot be rebated</p> <p><u>Advertising</u> -NO testmls, spec recom, charts -must state <i>all</i> recom for 1 yr (w/ details) -no SEC filing req'd</p>	<p><u>IA-1092: Unethical Practices</u> -unsuitable recomm -discret. trdg w/ prior written consent (oral okay w/ 1<sup>st</sup> 10B) -no churning - wrttn auth for 3<sup>rd</sup> party trdg -no borw/lend w/. cstmr -no misrepresentation - discl source of 3<sup>rd</sup> party rsrch -cannot chg unreas. fees -discl pot. conflict of interest -cannot guar. profit/loss -cannot use unauth ads -cannot breach confidntlity -no comingling -written contract (no renewal period req'd)</p> <p><u>Pvt. Placemt:</u> <i>no</i> "accredited" &lt;10 offers in-state/yr</p> <p><b>Advertising must be filed w/ Admin. unless xmpt. sec or xmpt. transaction</b></p>

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### Deadlines

5D	offer rt. of rcssn if Broch. @ delivery
10D	discretionary (oral) reg. by Coord. effective stock suspension
15D	hearing re revocation
30D	securities registered IA withdrawal (S) right of rescission acceptance
35D	payment for IPO
45D	B/D registration 13(f) filing due (qtrly) IA registration (F)
60D	IA withdrawal (F) notice to term. contract appeals (S)
90D	registration of Xchg. IA renewal (annually) SEC can close Xchg.
120D	must have >\$30M to reg. fed.
Qtrly.	Customer statements
6mo.s	prepayments B/S to SEC & Client
1yr.	audited B/S to SEC approval for 12(b)1 fees can suspend person
3yrs.	in operations for Notification civil: from Trade (F) Statute of Limitations (S)
5yrs	Statute of Limitations (F) recordkeeping (F & S) file re fraud
10yrs.	felony or security misdemeanor disciplinary actions penalty for insider trading

### Important #'s

5	clients for IA Rep (S)
10:	offers in-state for Pvt. Placment (S) persons for xmpt. transactions (S)
15:	offers/yr for B/D (S) clients/yr for IA registration (F)
35:	non-accredited investors
100:	persons for Inv. Co.
\$ 500:	pre-payments
\$ 2,500:	disciplinary action @ ADV
\$ 5,000:	penalty (S)
\$10,000:	penalty (F)
\$25,000:	surety bond (S) fidelity bond (F)
\$50,000:	commercial paper (S)
\$100,000:	Net Worth of Inv. Co.
\$750,000:	per account to charge performance fees
\$1M:	fulcrum fees avail. to institutional investor (F) managed assets to charge perf. fees criminal penalty for insiders
\$25M:	IA registration (S)
\$30M:	IA registration (F)
\$50M:	can reg. as IA if pension consltnt. (F)
\$100M:	file 13(f) if instit. & <u>discretion &gt; MV</u>