

**Chapter SEC 5**

**LICENSING OF INVESTMENT ADVISERS**

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**SEC 5.01 Licensing procedure.** (1) Applications for initial and renewal licenses and qualifications of investment advisers and their representatives shall be filed on forms prescribed by the commissioner in s. SEC 9.01 (1), and shall include all information required by the forms and any other information the commissioner may require.

(2) A licensing "application" for purposes of s. 551.32 (1) (b), Stats., means an application that includes all information required by the commissioner.

(3) Unless waived under sub. (4), each applicant for an initial license as an investment adviser or for qualification as an investment adviser representative is required to pass the Wisconsin Investment Adviser Representative Examination. The commissioner may require an applicant to retake and successfully pass the examination, in whole or in part, if:

(a) The applicant has not passed the written examination prescribed by the commissioner within 2 years prior to the date the application for license is filed; or

(b) The applicant has not passed the written examination prescribed by the commissioner and, within 2 years prior to the date the application is filed, has not been licensed or registered as an investment adviser or investment adviser representative under the securities law of another state.

(4) The commissioner may waive, in whole or in part, the examination requirement for:

(a) Any applicant who has successfully completed one or more of the following:

1. One or more parts of the Chartered Financial Analysts' Examination;

2. The Chartered Investment Counselor Examination;

3. The National Association of Securities Dealers, Inc. Series 1, 6 or 7 Examinations;

4. The Securities Exchange Commission Organization/National Association of Securities Dealers, Inc. Non-Member General Securities Examination; or

5. The New York Stock Exchange Test Series 5;

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(b) Any applicant for qualification as an investment adviser representative, if an undertaking satisfactory to the commissioner is submitted setting forth how the investment adviser representative will be adequately supervised, and the qualification of the representative is appropriately limited;

(c) Any applicant who, within 2 years prior to the date the application is filed, has been licensed as an investment adviser or qualified as an investment adviser representative under ch. 551, Stats.;

(d) Any applicant who has been employed as a portfolio manager or securities analyst in the banking, insurance or securities industry for three years preceding the filing of the application for license or qualification; or

(e) Any person by order of the commissioner under such conditions as the commissioner may prescribe.

(5) Prior to issuance of a license as an investment adviser, at least one employe located at the principal office of the investment adviser must be designated in the license application to act in a supervisory capacity and be qualified as an investment adviser representative for the investment adviser, and must pass the Wisconsin Investment Adviser Representative Examination unless the examination is waived under sub. (4).

(6) Any application for license which is not completed or withdrawn within 6 months from the date it is initially received may be deemed materially incomplete under s. 551.34(1) (a), Stats., and the commissioner may issue an order denying effectiveness to the application.

(7) Every investment adviser whose principal office is located in this state shall have at least one person qualified as an investment adviser representative employed on a full-time basis at its principal office.

**History:** Cr. Register, December, 1977, No. 264, eff. 1-1-78; am. (1), Register, December, 1979, No. 288, eff. 1-1-80; am. (1) and (6), renum. (4) (b) and (c) to be (4) (c) and (d), cr. (4) (b), r. and recr. (5), Register, December, 1980, No. 300, eff. 1-1-81; am. (3) to (5), Register, December, 1982, No. 324, eff. 1-1-83.

**SEC 5.02 Net capital requirement.** (1) Every investment adviser shall maintain net capital of not less than \$5,000, which shall be in the form of cash or securities or other liquid assets as determined by the commissioner.

(2) If an investment adviser is an individual, the person shall segregate from personal capital an amount sufficient to satisfy the net capital requirement, and the amount so segregated shall be utilized solely for the business for which the investment adviser is licensed.

**History:** Cr. Register, December, 1977, No. 264, eff. 1-1-78.

**SEC 5.03 Investment advisers' records.** (1) Every licensed investment adviser shall maintain and keep current the following books and records relating to its business:

(a) All partnership agreements, or all articles of incorporation, by-laws, minute books and stock certificate books of the investment adviser.

(b) A general ledger (or other records in the case of a sole proprietor) reflecting all asset, liability, income, expense, and capital accounts.

Register, December, 1982, No. 324