

**Register
Federal**

WEDNESDAY, JULY 27, 1977

PART V



**SECURITIES AND
EXCHANGE
COMMISSION**

■

**INVESTMENT ADVISORS
AND COMPANIES**

Miscellaneous Amendments

**SECURITIES AND EXCHANGE
COMMISSION**

[17 CFR Part 275]

[Release No. IA-601; S7-712]

**INVESTMENT ADVISER DISCLOSURE AND
RECORDKEEPING REQUIREMENTS**

Solicitation of Public Comments

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rules.

SUMMARY: The purpose of this document is to solicit public comments on proposed rules under the Investment Advisers Act of 1940 ("Act") which would require registered investment advisers to furnish their clients and prospective clients with written disclosure statements containing certain specified information, and to maintain a copy of such written statements as part of their books and records. In the absence of such a requirement, clients and prospective clients of registered investment advisers may not receive certain information which would assist them in evaluating and comparing advisory firms.

DATE: Comments must be received on or before September 30, 1977.

ADDRESSES: Interested persons should submit their views and comments in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549. All submissions will be made available for public inspection at the Commission's Public Reference Section, Room 6101, 1100 L Street N.W., Washington, D.C. 20005 and should refer to File No. S7-712.

FOR FURTHER INFORMATION CONTACT:

Michael Berenson, Esq., Office of the Chief Counsel, Division of Investment Management, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549, 202-376-8056.

SUPPLEMENTARY INFORMATION: On March 5, 1975, the Commission issued a notice (Investment Advisers Act Release No. 442) (40 FR 11897, March 14, 1975) that it had under consideration the adoption of new Rule 206(4)-4 (17 CFR 275.206(4)-4) ("brochure rule") and new paragraph (14) of Rule 204-2(a) (17 CFR 275.204-2(a)(14)) under the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 et seq.) ("Act"). The Commission has considered the public comments received in response to that notice, has made certain modifications of the rules and now believes that it is appropriate to resolicit public comments on the brochure rule which is designed to ensure that investment advisers provide certain key information to clients and prospective clients to assist them in evaluating and comparing advisory firms. The proposed rule, which was originally published for comment as Rule 206(4)-4, has been repropoed pursuant to Section 204 (15 U.S.C. 80b-4) and section 206

(15 U.S.C. 80b-6) and is now designated Rule 204-4 (17 CFR 275.204-4).

In general, the rule is similar to that proposed for comment; the significant differences are that the new rule would apply only to those advisers registered or required to be registered, that it would require a current balance sheet to be included in the disclosure and that advisers could satisfy the rule by delivering their Form ADV (17 CFR 279.1) (as amended) rather than a special disclosure statement. This latter change is being proposed in conjunction with proposed revisions of the Form ADV (Investment Advisers Act Release No. 602) intended to make that document more informative. It is primarily because of this change that the "brochure rule" is being repropoed for comment rather than adopted at this time.

The Commission anticipates that the written statements required by the rule may be used by investment advisers as part of their advertising. In fact, the disclosure statements are "advertisements" as that term is used in Rule 206(4)-1 (17 CFR 275.206(4)-1) under the Act and therefore are subject to the provisions of that rule. The rule, as repropoed, does not contain a general antifraud provision of the type in the original rule since it appears to be unnecessary to prohibit in the rule conduct which is already proscribed by Rule 206(4)-1. The rule is intended to set forth those disclosures which all written statements must include. Of course, there will be many cases where special disclosure is required by the antifraud rules, depending on the facts. Compliance with the brochure rule would not necessarily be compliance with the antifraud provisions.

In addition, investment advisers are encouraged to include any additional information which they believe will assist clients and prospective clients in understanding and evaluating the material contained in the written statement. For example, an investment adviser might wish to supplement the maximum accounts per account manager information required by paragraph (e) (2) (i) of Rule 204-4 to indicate, among other things, the amount of computerization in the advisory process or the role individuals other than account managers play in the process. However, if such supplementary information becomes materially inaccurate, Section 206 and Rule 206(4)-1 thereunder would prohibit the investment adviser from continuing to distribute a brochure containing such information. Moreover, the investment adviser may have an obligation under Section 206 to bring such material inaccuracies to the attention of those clients who received a brochure containing such inaccuracies.

GENERAL PROVISION OF THE RULE

Paragraph (a) of Rule 204-4 set forth the general requirement that an investment adviser registered under the Act or required to be registered must furnish each of its clients and prospective clients with a disclosure statement complying with the rule, unless it is entitled to one

of the exemptions in paragraph (g) of the rule. Paragraph (a) also states that an investment adviser, in lieu of a specially prepared written statement, may deliver a copy of the Act's registration form, Form ADV, which complies with Rule 204-1(b) (17 CFR 275.204-1(b)) under the Act. Allowing investment advisers to use their Form ADV as their disclosure statement should afford investment advisers an opportunity to reduce significantly the cost of complying with the rule. Investment advisers would be able to duplicate and distribute an existing document rather than being required to prepare a disclosure statement specifically designed to meet the rule's requirements. Since the Commission's proposed revisions of Form ADV will expand the scope of Form ADV so that it will include all the information which would be required by the rule, clients and prospective clients of investment advisers who elect to furnish a copy of their Form ADV should have the same information at their disposal as clients and prospective clients of investment advisers who prepare a separate document specifically written to comply with the rule. The Commission is particularly interested in public comments on the advisability of permitting investment advisers to use their Form ADV as their written disclosure statement.

TIME OF DELIVERY REQUIREMENTS

Paragraph (b) of the rule requires that investment advisers furnish a written disclosure statement to every client and prospective client not less than 48 hours prior to entering into any investment advisory contract with such person. The 48 hour period is designed to afford clients and prospective clients an opportunity to consider carefully the disclosures contained in the written statements. The requirement of the rule as first proposed that disclosure statements be furnished each time an investment advisory contract is extended or renewed has been eliminated; this should be unnecessary in light of the new requirement to notify clients or prospective clients of material changes in the statement delivered.

In order to provide full disclosure to existing clients at the time the rule becomes effective, paragraph (b) would require all investment advisers to furnish a written statement to all clients with whom an investment advisory contract is in effect on the effective date of the rule.

Paragraph (b) (2) of the rule provides investment advisers with an exemption from the 48 hour prior delivery requirement under certain conditions. This exemption, which does not apply to contracts for investment supervisory services or account management services, is designed for those investment advisers who provide periodic publications or reports on a subscription basis. The 48 hour prior delivery requirement would unnecessarily disrupt the normal marketing procedure for such services. Thus, the adviser may furnish written statements to clients purchasing such services not later than 30 days after the client has entered into the investment advisory contract, pro-

vided that the client is able to rescind the advisory contract without penalty within five business days after the client has received the written statement.

The investment advisory contract which triggers the requirement to furnish a written disclosure statement need not be formal or in writing. Any arrangement or understanding pursuant to which investment advice is to be furnished for compensation by an investment adviser to a client would require compliance with the rule unless an exemption is available. However, the rule would not apply where investment advice is furnished under circumstances in which an adviser has no contractual relationship of any kind with the recipients of the advice, such as an author of a book or an adviser appearing on radio or television.

AMENDED OR REVISED STATEMENTS

The Commission received a number of comments on what procedures the rule should require if information specified by the rule becomes materially false or misleading, or if the written statement omits any material information required by the rule. Paragraph (c) of the proposed rule provides that if any client has received a written statement and any information therein becomes materially inaccurate or incomplete, the adviser must furnish correcting information in writing to such individuals within specified time limits. With respect to existing clients, the adviser must furnish any necessary correcting information within 45 days of the date on which the earlier statement becomes deficient unless the client's advisory contract is due for extension or renewal during the 45 day period. In that case, such client must be treated as though he were a client entering an initial investment advisory contract. Stickers may be used as a means of updating disclosure statements. Alternatively, some investment advisers may wish to furnish their written statements in looseleaf form so that they can amend their disclosures by furnishing new pages to replace old ones.

CONTENTS OF THE WRITTEN DISCLOSURE STATEMENT

Paragraph (d) of the rule sets forth those items of disclosure which must be covered in every written disclosure statement required by the rule. Generally, these disclosures fall into the following categories: services offered; advisory procedures and practices; qualifications of personnel; advisory fees; and affiliations with broker-dealers. As a general guideline, the disclosures in paragraph (d) should relate only to the investment adviser's usual practice in the area being described unless otherwise indicated. However, any exceptions of a material nature relating to a particular client or transaction would, of course, have to be separately disclosed to the affected persons pursuant to the antifraud provisions in Section 206 of the Act.

There are two areas of disclosure that were not included in the rule as originally proposed. Paragraph (d)(10) parallels question 24 of Form ADV and requests

information concerning the investment adviser's policy with respect to securities transactions with clients or in securities recommended to clients. Although some of this information will be specifically disclosed to clients pursuant to section 206(3) (15 U.S.C. 80b-6(3)) of the Act and the rules thereunder, general disclosure of the advisers' intentions and usual practices in this area should be of interest to prospective clients.

Paragraph (d)(11) requires the adviser to include a current balance sheet in its disclosure statement. The Commission believes that clients and prospective clients should be given the opportunity to assess the extent to which an investment adviser has the financial capability to perform the services which it undertakes to provide. Such disclosure is particularly significant when an adviser is in precarious financial condition. Such a situation may present material risks that clients' prepaid fees may be lost or that their investment programs may be disrupted in the event of the adviser's insolvency or inability to continue its business. Thus, in several recent cases, the Commission has found it necessary to take enforcement action based on the antifraud provisions in Section 206 of the Act when advisers solicited clients while their financial condition was impaired without disclosing that there was a material risk that they might be unable to meet their contractual commitments. It is expected that requiring certain minimal financial disclosures to be included in the written disclosure statements required by Rule 204-4 will enable clients and prospective clients to make an informed evaluation of an adviser's financial condition before entering into an advisory contract.

The Commission recognizes that there are many types of investment advisers and that one form of balance sheet for all may be too limiting. Thus, comment is specifically requested on the question of which accounts should be reflected in the balance sheet required by the proposed rule. In addition, there are several other related questions on which the Commission particularly wishes to receive public comments:

1. Would it be appropriate to exempt certain classes of investment advisers from the balance sheet requirement and, if so, which classes should be exempted?

2a. Should the rule require audited balance sheets from either all investment advisers or certain classes of investment advisers, e.g., those who provide account management services or those with more than a specified amount of assets under management?

2b. If audited balance sheets are not required, should those investment advisers who otherwise have audited balance sheets prepared be required to use such audited balance sheets?

3. If audited balance sheets are not required, should investment advisers be required to prepare their balance sheets in accordance with generally accepted accounting principles? If yes, what difficulties, if any, would arise because of the

different accounting principles and practices applicable to the preparation of balance sheets by investment advisers who operate in corporate form, as partnerships and as sole proprietorships?

4. What additional costs will be imposed on investment advisers as a result of this proposed requirement? Will investment advisers be required to maintain any records in addition to those already required by Rule 204-2 (17 CFR 275.204-2) under the Act in order to comply with this proposed requirement?

5. Should investment advisers be required to present any other financial statements in addition to a balance sheet, e.g., an income statement or a statement of changes in financial position?

The proposal would require that the balance sheet be current as of a date not more than fifteen months prior to its distribution. Of course, if the adviser's financial condition changes materially after the balance sheet is prepared, the adviser would be subject to the provisions of paragraph (c) of Rule 204-4 which deals with "Amended or Revised Statements."

The remaining disclosures required by proposed paragraph (d) are similar in most respects to those earlier proposed for comment. Some changes have been made in response to comments, however. For example, paragraph (d)(6) as proposed would have required education and business background disclosures for each of the adviser's personnel who makes final decisions on which securities are recommended or to which clients particular recommendations will be given. In response to comments, the Commission has limited the scope of paragraph (d)(6) to the members of the adviser's investment committee or similar body. The Commission is seeking education and business background disclosures for those individuals who determine a firm's overall investment philosophy, its attitude at any given time towards the securities markets in general and towards specific securities, and its general policy on how advisory accounts with particular objectives should be invested. Also in response to certain comments, the Commission has deleted certain of the numerical disclosures which would have been required by the rule as proposed, including the length of time the adviser has been in business and the number of advisory personnel in the adviser's organization.

Some commentators expressed confusion at the meaning of the term "investment techniques" which was in paragraph (b)(4) of the original rule and is in paragraph (d)(4) of the new proposal. A description of "investment techniques" would include general descriptions of the ways of investing in the securities markets investment advisers use for their clients; whether, for example, they write call options against securities in accounts they are managing, engage in margin transactions or other leveraging techniques, arbitrage or effect other transactions involving sales of borrowed securities, or limit their advice to cash transactions involving the

purchase and sale of securities. However, the Commission is not seeking a description of any method which might be considered a proprietary secret.

Paragraph (e) of the proposed rule requires additional disclosures in the written statements furnished by investment advisers who provide either discretionary or nondiscretionary account management services. These requirements relate, generally, to information concerning the procedures for the management of clients' securities accounts. Paragraph (e)(1) has been expanded to require a description of any conditions the adviser imposes to maintain as well as to establish an investment advisory account.

Paragraphs (e)(3) and (e)(4) seek specific information concerning the factors the investment adviser considers when choosing a broker or dealer to execute a client transaction or making a securities selection for a client. An answer to paragraph (e)(3) might indicate, for example, that the investment adviser considers commission costs, execution capabilities, research materials provided, client referrals or various other factors in selecting a broker or dealer to execute a transaction. In response to paragraph (e)(4), the factors might include, among others, the client's age, income, marital status and family obligations, retirement plans, tax bracket, other investments and insurance.

OMISSION OF INAPPLICABLE INFORMATION

Paragraph (f) of the proposed rule permits an investment adviser to omit from its disclosure statement the information required by paragraphs (4) through (8) of paragraph (d), or by paragraph (e), if such information is inapplicable to the service being offered. However, the rule is structured so that the investment adviser would be required in all cases to include certain basic information about his organization. Moreover, if the client or prospective client subsequently decides to receive a service which was not covered by the original disclosure statement, the adviser would be required to deliver the previously omitted information within the time limits set by paragraph (b).

EXEMPTIONS FROM THE RULE

Paragraph (g) sets forth two categories of investment advisory contracts which can be entered into without furnishing a disclosure statement. The first is a contract with an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) which meets the requirements of section 15(c) of that Act (15 U.S.C. 80a-15(c)). Since the board of directors of an investment company is required to receive extensive disclosures from the fund's adviser pursuant to section 15(c), subjecting the contract between the investment adviser and the investment company to the requirements of the rule would appear to be unnecessarily duplicative. The second exemption is for one-time trial subscriptions to periodic publications which last for no more than three months and cost no more than \$50.

Paragraph (h) of the rule makes it

clear that the rule is not intended to relieve investment advisers of any other disclosure obligations they may have pursuant to the Act, the other federal securities laws, or applicable state law.

PROPOSED RULE 204-2(a)(14)

Proposed Rule 204-2(a)(14), which is identical to the paragraph as proposed originally, would require that a copy of each disclosure statement and amendment that is given to any client or prospective client be kept as part of the adviser's records, and that records be made of when such statements were used.

AUTHORITY

Rule 204-4 and paragraph (14) of Rule 204-2(a) would be adopted pursuant to the authority contained in sections 204, 206(4), and 211(a) of the Act (15 U.S.C. 80b-4, 80b-6(4) and 80b-11(a)).

PART 275—RULES AND REGULATIONS, INVESTMENT ADVISORS ACT OF 1940

I. It is proposed to amend Part 275 of Chapter II of Title 17 of the Code of Federal Regulations by adding new § 275.204-4 as follows:

§ 275.204-4 Written disclosure statements.

(a) *General requirement.* Unless an exemption is available pursuant to paragraph (g) of this section, an investment adviser registered or required to be registered pursuant to section 203 of the Act shall, in accordance with the provisions of this section, furnish each client and prospective client with a written disclosure statement which may be either in the form of a written document containing at least the information required by paragraphs (d) and (e) of this section or a copy of its Form ADV which complies with § 275.204-1(b) under the Act.

(b) *Time of delivery.* (1) An investment adviser shall furnish the statement required by this section to a prospective client not less than 48 hours prior to entering into any written or oral investment advisory contract with such prospective client, except that an investment adviser shall furnish such statement on or before the effective date of this rule to every client with whom an investment advisory contract is in effect on such date.

(2) Notwithstanding paragraph (b)(1) of this section, in the case of contracts with clients relating solely to investment advisory services other than investment supervisory services (as defined in section 202(a)(13) of the Act (15 U.S.C. 80b-2(a)(13))) or the management of investment advisory accounts for clients under circumstances not involving investment supervisory services, the investment adviser may furnish the statement to such client not later than 30 days after entering into such contract if the contract provides that it may be rescinded without penalty within five business days after the client has received the statement.

(3) For purposes of this paragraph, the term "entering into" in reference to an investment advisory contract shall

not include an extension or renewal of any such contract which is in effect immediately prior to such extension or renewal.

(c) *Amended or revised statements.* If any client, or any prospective client who becomes a client, has received a statement and any information therein thereafter becomes materially inaccurate or incomplete, the investment adviser shall furnish to each such person, through an amended or revised statement or other written communication, such information as is necessary to correct any such deficiency. Such information shall be furnished at the following times: (1) With respect to an existing client, within 45 days of the date on which the event occurs or, if an investment advisory contract with such client is extended or renewed within such 45-day period, at the applicable time set forth in paragraph (b) of this section as though such extension or renewal constituted entering into an investment advisory contract; and (2) With respect to a prospective client, at the applicable time set forth in paragraph (b) of this section.

(d) *Contents of written statements.* The statement required by this rule shall disclose the following:

(1) The type or types of services which the investment adviser generally offers to clients, including, but not limited to, investment supervisory services, the management of securities accounts for clients under circumstances not involving investment supervisory services, or the issuance, on a subscription basis, of periodic publications relating to securities.

(2) The type or types of clients for which the investment adviser generally provides investment advice, including, but not limited to, individuals or specified classes of individuals, investment companies, pension and profit-sharing plans and banks;

(3) The types of securities concerning which the investment adviser generally provides investment advice;

(4) A general description of (i) The sources of information, including reference materials, used by the investment adviser as the basis for investment advice rendered to clients, (ii) The general method or methods of securities analysis employed by the investment adviser to analyze or evaluate such information, and (iii) The investment techniques for investing in the securities markets recommended or used to implement any investment advice rendered to clients;

(5) The general standards of education and business background which the investment adviser requires of persons associated with the investment adviser (other than persons whose functions are solely clerical or ministerial) whose functions or duties relate to providing investment advice to clients;

(6) (i) The formal education after high school and business background for the preceding ten years of each member of the investment adviser's investment committee or similar group, if any, which determines or approves what investment advice shall generally be rendered by the

investment adviser to any client, or to which clients such investment advice shall be rendered, or (ii) In the absence of an investment committee or similar committee, the formal education after high school and business background for the past ten years of each person associated with the investment adviser who determines or approves what investment advice shall be rendered by the investment adviser to any client, or to which clients such investment advice shall be rendered;

(7) (i) The basis or bases of fees charged for the services which the investment adviser provides and when such fees are payable, and (ii) If such fees are payable prior to the rendering of the services relating thereto, a statement as to whether, to what extent and under what conditions such fees will be refunded to clients;

(8) The procedures and conditions, if any, pursuant to which the investment adviser or any client of the investment adviser may terminate an investment advisory contract prior to the termination date set forth in the contract; and

(9) (i) That the investment adviser is a broker or dealer, if such is the case, or (ii) If he is affiliated with any broker or dealer, the nature of such affiliation, and the business relationship, if any, between such broker or dealer and the investment adviser.

NOTE.—Pursuant to section 202(a)(12) of the Act (15 U.S.C. 80b-2(a)(12)), the term "affiliated person" has the same meaning as in section 2(a)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(3)).

(10) (i) If any of the following is applicable, that the investment adviser as principal sells securities to or buys securities from any client; effects securities transactions as broker or agent for any client; as broker or agent for any person other than a client sells securities to or buys securities from clients; recommends to clients the purchase or sale of securities in which the investment adviser has a position or interest; and/or imposes any restrictions upon itself or any person associated with it when effecting transactions for its or their account in securities recommended to clients, and (ii) the nature of such practices or restrictions.

(11) A balance sheet, current as of a date not more than fifteen months prior to its distribution.

(e) *Additional disclosures for certain advisers.* If the investment adviser provides investment supervisory services (as defined in section 202(a)(13) of the Act) or manages investment advisory accounts for clients under circumstances not involving investment supervisory services, the statement required by this rule shall include the following information in addition to that required by paragraph (d) of this section.

(1) The minimum dollar amount of assets and any other conditions generally required by the investment adviser to establish and maintain an investment advisory account;

(2) (i) Whether and to what extent the investment adviser may have discre-

tionary authority to purchase or sell securities for the accounts of clients without obtaining the consents of the client before such transactions are effected; and (ii) The maximum number of investment advisory accounts with respect to which any one individual associated with the investment adviser may act as portfolio or account manager;

(3) Whether and to what extent the investment adviser may have discretionary authority to select brokers or dealers to execute transactions in securities for its clients or for the accounts of its clients, and, if so, the specific factors considered in making such selections;

(4) The specific factors relating to the circumstances of any client which the investment adviser considers in making recommendation to, or effecting transactions for, such client; and

(5) (i) A description of the adviser's organizational structure, including a brief description of the role of each principal department in the organization in the usual process of arriving at investment decisions or recommendations for clients, (ii) A brief general description of the process pursuant to which the investment adviser reviews each investment advisory account including, but not limited to, the type of personnel performing the review, factors which trigger reviews, the sequence in which accounts are reviewed and the matters reviewed, and (iii) The frequency and nature of any reports furnished to clients concerning their investment advisory accounts.

(f) *Omission of inapplicable information.* If an investment adviser renders substantially different types of investment advisory services to its clients, any information required by paragraphs (d) (4) through (8) of this section or by paragraph (e) of this section may be omitted from the statement furnished to a client or prospective client if such information is applicable only to a type of investment advisory service which is not rendered or proposed to be rendered to that client or prospective client; provided, however, that no contract shall be entered into which relates to any type of investment advisory service as to which information has been omitted pursuant to this paragraph unless such information is furnished in writing to the client or prospective client at the applicable time set forth in paragraph (b) of this section.

(g) *Exemptions.* The statement required by this rule need not be furnished in connection with entering into the following investment advisory contracts:

(1) A contract with an investment company registered under the Investment Company Act of 1940 which meets the requirements of section 15(c) of that Act; or

(2) A contract for a one-time trial subscription to a periodic publication for a period of not more than three months at a total cost to the subscriber of not more than \$50.

(h) *Other disclosures.* Nothing in this rule shall relieve any investment adviser

from any obligation pursuant to any provision of the Act or the rules and regulations thereunder or other federal or state law to disclose any information to its clients or prospective clients not specifically required by this rule.

II. It is proposed to amend Part 275 of Chapter II of Title 17 of the Code of Federal Regulations by adding new paragraph (a)(14) to § 275.204-2 as follows:

§ 275.204-2 Books and records to be maintained by investment advisers.

(a) Every investment adviser who makes use of the mails or of any means or instrumentality of interstate commerce in connection with his or its business as an investment adviser (other than one specifically exempted from registration pursuant to section 203(b) of the Act) shall make and keep true, accurate and current the following books and records relating to his investment advisory business:

(14) A copy of each written statement and each amendment or revision thereof, given or sent to any client or prospective client of such investment adviser in accordance with the provisions of Rule 204-4 under the Act, and a record of the first and last dates that each written statement, and each amendment or revision thereof, was given to any client or prospective client.

PUBLIC COMMENT

Persons wishing to make written comments should file three copies thereof with George A. Fitzsimmons, Secretary of the Commission, Room 892, 500 North Capitol Street, Washington, D.C. 20549, not later than September 30, 1977. In filing such submissions, commentators should make reference to Commission File No. S7-712. Copies of all submissions will be made available in the Commission's Public Reference Section, Room 6101, 1100 L Street NW., Washington, D.C. 20005.

By the Commission.

GEORGE A. FITZSIMMONS,
Secretary.

JULY 21, 1977.

[FR Doc.77-21595 Filed 7-26-77; 8:45 am]

[17 CFR Parts 275, 279]

[Release No. IA-602; S7-712]

APPLICATIONS FOR REGISTRATION AND ANNUAL FILINGS

Solicitation of Public Comment

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rules and forms.

SUMMARY: The purpose of this document is to solicit public comments on (1) proposed revisions of the form used by applicants for registration under the Investment Advisers Act of 1940 ("Act"), which would expand the information currently required by the form, reflect certain statutory changes, and correct

certain ambiguities; and (2) a proposed new form which would be used for a proposed annual filing with the Commission by registered investment advisers. These changes in the forms registered investment advisers file with the Commission are prompted by the Commission's interest in improving the efficiency of its program of investment adviser regulation.

In addition, this document solicits public comments on proposed revisions of a rule under the Act which prescribes when a registered investment adviser must file amendments to its registration form and when the proposed new form would be filed.

DATES: Comments must be received on or before September 30, 1977.

ADDRESSES: Interested persons should submit their views and comments in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549. All submissions will be made available for public inspection at the Commission's Public Reference Section, Room 6101, 1100 L Street NW., Washington, D.C. 20005 and should refer to File No. S7-712.

FOR FURTHER INFORMATION CONTACT:

Michael Berenson, Esq., Office of the Chief Counsel, Division of Investment Management, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549, 202-376-8056.

SUPPLEMENTARY INFORMATION: The Commission is proposing to amend its Form ADV (17 CFR 279.1), the registration form under the Investment Advisers Act of 1940 (15 U.S.C., 80b-1 et seq.) ("Act") for investment advisers. At the same time, the Commission is proposing Form ADV-S (17 CFR 279.3) which would require registered investment advisers to make an annual filing which would provide certain information on a current basis.

REVISIONS OF FORM ADV

The principal reasons for the proposed revisions of Form ADV are (1) to request additional information authorized by the Securities Acts Amendments of 1975 ("1975 Amendments"), (2) to add a new Schedule G to Form ADV so that it can be used as a uniform investment adviser registration form by the Commission and those states which require investment advisers to register, (3) to seek additional information about registered advisers and the basic characteristics of the investment advisory industry, and (4) to correct certain ambiguities which currently are present in Form ADV. In addition, integrating the disclosure requirements of the Form ADV and the proposed "brochure" rule (proposed Rule 204-4 (17 CFR 275.204-4), Advisers Act Release No. 601) should allow the Commission to obtain additional information without significant additional burden on the adviser.

The 1975 Amendments amended section 203(e) (15 U.S.C. 80b-3(e)) of the

Act to expand the enumerated grounds which can serve as the basis for a denial of an application for registration or the revocation of the registration of an investment adviser. Therefore, revised Form ADV contains questions pertaining to such grounds. To assist with the Commission's regulatory program in general, the form also includes a new question covering disciplinary actions taken by any self-regulatory organization.

The 1975 Amendments also added a new section 203(c)(1)(D) (15 U.S.C. 80b-3(c)(1)(D)) which permits the Commission to require in Form ADV "a balance sheet certified by an independent public accountant and other financial statements (which shall, as the Commission specifies, be certified) * * *." The Commission is partially exercising this authority by adding question 12 to Form ADV. This question, which parallels paragraph (d)(11) of proposed Rule 204-4, requests a balance sheet current as of the end of the investment adviser's most recent fiscal year.

The Commission recognizes that there are many types of investment advisers and that one form of balance sheet for all may be too limiting. Thus, comment is specifically requested on the question of which accounts should be reflected in the balance sheet required by the proposed rule. In addition, there are several other related questions on which the Commission particularly wishes to receive public comments:

1. Would it be appropriate to exempt certain classes of investment advisers from the balance sheet requirement and, if so, which classes should be exempted?

2a. Should the rule require audited balance sheets from either all investment advisers or certain classes of investment advisers, e.g., those who provide account management services or those with more than a specified amount of assets under management?

2b. If audited balance sheets are not required, should those investment advisers who otherwise have audited balance sheets prepared be required to use such audited balance sheets?

3. If audited balance sheets are not required, should investment advisers be required to prepare their balance sheets in accordance with generally accepted accounting principles? If yes, what difficulties, if any, would arise because of the different accounting principles and practices applicable to the preparation of balance sheets by investment advisers who operate in corporate form, as partnerships and as sole proprietorships?

4. What additional costs will be imposed on investment advisers as a result of this proposed requirement? Will investment advisers be required to maintain any records in addition to those already required by Rule 204-2 (17 CFR 275.204-2) under the Act in order to comply with this proposed requirement?

5. Should investment advisers be required to present any other financial statements in addition to a balance sheet, e.g., an income statement or a statement of changes in financial position?

Question 12 also refers to the requirement in Rule 204-1(b) under the Act, as proposed for revision, that a registrant submit a new balance sheet not later than 90 days after the end of each succeeding fiscal year after the fiscal year covered in the balance sheet furnished with its Form ADV.

Notwithstanding the fact that the Act does not impose any specific financial responsibility standards on registered investment advisers, the Commission believes that the financial condition of the adviser may be relevant to clients and prospective clients. In addition, the Commission believes that having this financial information available will enable it to develop more meaningful regulatory policies relating to advisers.

The Commission is also proposing to modify Schedules A-E of Form ADV and Form BD (17 CFR 249.501), the registration form under the Securities Exchange Act of 1934 (15 U.S.C. 78a-1 et seq.) for brokers and dealers, so that the two sets of schedules are identical. This will enable registered broker-dealers who are also registered as investment advisers and prospective dual registrants to file these schedules without as much administrative burden since they will be able to prepare one set and make a duplicate, marking each to indicate whether it relates to Form ADV or Form BD, rather than being required to prepare two sets of originals.

Questions 19-28 of Form ADV, in part, are new questions and Schedule D of Form ADV has been modified. These changes incorporate in Form ADV substantive information required by proposed Rule 204-4 which is not already included in Form ADV. Having this information filed with the Commission would lessen the need for Commission review of the brochures required by proposed Rule 204-4 and would also enable the Commission to make determinations about industry-wide policy and the need for examination of individual advisers.

The staff of the Commission and representatives of the North American Securities Administrators Association have informally discussed the need for and feasibility of adopting a uniform investment adviser registration form and have concluded that adopting such a form would significantly reduce the burdens and expense imposed on an investment adviser required to register with the Commission as well as the various states in which it does business. Accordingly, the Commission is proposing a new schedule for Form ADV, Schedule G, which seeks information required by the states beyond the information which will already be contained in Form ADV. The individual states will prepare, as necessary, a separate instruction sheet for Schedule G detailing the particular information the state requires. An applicant would be required to file Schedule G only with the appropriate states and not with the Commission. While there is no assurance at this time that the Commission and the interested states will be able to reach final agreement on a uniform investment adviser registration

form, the Commission intends to work diligently with the states to accomplish this goal. In furtherance of this effort, the Commission is particularly interested in public comments on both the advisability of adopting a uniform investment adviser registration form and the proposed method of accomplishing this objective.

Revised questions 17, 19, 27 and 28 of Form ADV ask for information concerning the number of accounts and amount of assets the investment adviser has under management and the size categories into which the accounts fall. They also ask the amount of customer funds or securities over which the investment adviser has custody or possession and whether the investment adviser is involved in any civil litigation relating to its advisory business. The Commission is adding these questions so that it will have ongoing information about some of the basic characteristics of the investment advisory industry and because the information is relevant to decisions about the Commission's regulatory program.

FORM ADV-S

The Commission is also soliciting public comments on a proposal to adopt a new form, Form ADV-S, which would be filed annually by all registered investment advisers within 90 days of the end of their fiscal year. This brief form would enable the Commission to determine whether an adviser is presently engaged in the investment advisory business and whether it has filed the amendments to its Form ADV required by Rule 204-1 (17 CFR 275.204-1) under the Act. In addition, an updated balance sheet would be required to be filed with the Form ADV-S.

Since the rescission of the annual fee requirement for advisers, many advisers appear to have neglected to file required amendments to their Form ADVs; others have never commenced or have ceased their advisory activities, but have failed to withdraw from registration by filing Form ADV-W.

The proposed Form ADV-S should relieve these problems by providing the Commission with current information about active registrants and by removing inactive investment advisers from the list of registrants, either as a result of their voluntarily filing Form ADV-W or by means of a cancellation order issued pursuant to section 203(h) (15 U.S.C. 80b-3(h)) of the Act. The proposed form is brief and straightforward and the Commission does not anticipate that any registrant will find it burdensome to complete.

In order to bring its records up-to-date and to obtain the information about registered advisers, the Commission is proposing amendment of Rule 204-1(a) (17 CFR 275.204-1(a)) to require every investment adviser whose registration is effective or who has an application for registration pending on the date new

Rule 204-1(a) becomes effective to file a complete new Form ADV as an amendment the first time an amendment is otherwise required and in any event not later than a date to be determined when, and if, the Commission adopts new Rule 204-1(a).

Rule 204-1(b) currently requires an investment adviser to amend its Form ADV any time the information contained therein or in an amendment thereto becomes inaccurate for any reason. Since the Commission believes that, in certain circumstances, changes in the information called for by questions 12 through 28 of Form ADV, particularly the balance sheet in question 12, may not require an immediate amendment of the investment adviser's Form ADV, the Commission proposes to modify Rule 204-1(b) so that if there is a change in the information furnished in response to questions 12 through 28, but not a material change, the investment adviser will be able to amend its Form ADV to reflect such change within the same time limit as governs its filing of the revised balance sheet required by question 12, i.e., not later than 90 days after the end of its fiscal year. However, material changes in the information called for by questions 12 through 28 and any changes in the information called for by questions 1 through 11 will still require an immediate amendment of Form ADV.

Proposed paragraph (c) of Rule 204-1 would require every investment advisor who is registered on the last day of its fiscal year to file a Form ADV-S within 90 days of the end of its fiscal year unless its registration has been withdrawn, cancelled or revoked prior to that date. If efforts to contact registrants who do not file in a timely manner are unsuccessful, the Commission would consider issuing orders pursuant to section 203(h) of the Act to cancel the registrations of the nonrespondents.

PART 275—RULES AND REGULATIONS, INVESTMENT ADVISORS ACT OF 1940

I. It is proposed to amend Part 275 of Chapter II of Title 17 of the Code of Federal Regulations by revising § 275.204-1 in its entirety as follows:

§ 275.204-1 Amendments to application for registration.

(a) Every investment adviser whose registration is effective, or whose application for registration is pending on -----, shall file as an amendment to the application a complete Form ADV (§ 279.1 of this chapter) as revised as of ----- This shall be filed the first time an amendment is required to be filed under paragraph (b) of this section, but in no event later than -----

(b) (1) If the information contained in the response to questions 1 through 11 of any application for registration as an investment adviser, or in any amendment thereto, becomes inaccurate for any reason, or if the information contained in the response to questions 12 through 28 of any application for registration

as an investment adviser, or in any amendment thereto, becomes inaccurate in a material manner, the investment adviser shall promptly file an amendment on Form ADV (§ 279.1 of this chapter) correcting such information.

(2) If the information contained in response to questions 12 through 28 of any application for registration as an investment adviser, or in any amendment thereto, becomes inaccurate but not in a material manner, the investment adviser shall file an amendment on Form ADV (§ 279.1 of this chapter) correcting such information within 90 days of the end of its fiscal year.

(c) Every investment adviser whose registration is effective on the last day of its fiscal year shall file a Form ADV-S (§ 279.3 of this chapter) within 90 days of the end of its fiscal year unless its registration has been withdrawn, cancelled or revoked prior to that date.

(d) Every amendment filed pursuant to this rule shall constitute a "report" within the meaning of sections 204 and 207 of the Act (15 U.S.C. 80b-4, 80b-7).

PART 279—FORMS PRESCRIBED UNDER THE INVESTMENT ADVISORS ACT OF 1940

II. It is proposed to amend Part 279 of Chapter II of Title 17 of the Code of Federal Regulations as follows:

A. Section 279.1. Form ADV, for application for registration of investment adviser, and for amendments to such registration statement. (A copy of Form ADV as proposed to be amended is attached hereto.)

B. Section 279.3. Form ADV-S, annual report of registered investment advisers. (A copy of Form ADV-S as proposed to be adopted is attached hereto.)

AUTHORITY

The proposed revisions of Form ADV would be adopted pursuant to the authority contained in Sections 203 (15 U.S.C. 80b-3), 204 (15 U.S.C. 80b-4), and 211(a) (15 U.S.C. 11(a)) of the Act. Proposed Form ADV-S and the proposed revisions of Rule 204-1 would be adopted pursuant to the authority contained in Sections 204 and 211(a) of the Act.

PUBLIC COMMENT

Persons wishing to make written comments should file three copies thereof with George A. Fitzsimmons, Secretary of the Commission, Room 892, 500 North Capitol Street, Washington, D.C. 20549, not later than September 30, 1977. In filing such submissions, commentators should make reference to Commission File No. S7-712. Copies of all submissions will be made available in the Commission's Public Reference Section, Room 6101, 1100 L Street, N.W., Washington, D.C. 20005.

By the Commission.

GEORGE A. FITZSIMMONS,
Secretary.

JULY 21, 1977.

- 2 -

FORM ADV
(Instruction
Sheet)

UNIFORM APPLICATION FOR REGISTRATION AS AN INVESTMENT ADVISER
OR TO AMEND SUCH AN APPLICATION UNDER THE INVESTMENT ADVISERS
ACT OF 1940 OR UNDER THE LAWS OF THE JURISDICTIONS ACCEPTING
THIS FORM

GENERAL INSTRUCTIONS FOR PREPARING AND FILING FORM ADV AND SPECIAL INSTRUCTIONS
FOR COMPLETING FORM ADV AS AN APPLICATION FOR REGISTRATION WITH THE SECURITIES
AND EXCHANGE COMMISSION AS AN INVESTMENT ADVISER OR TO AMEND SUCH AN APPLICATION:

1. This Form and any Schedules and continuation sheets required in connection with it shall be completed and filed in triplicate with the Securities and Exchange Commission, Washington, D.C. 20549. Retain one exact copy for your records. All information required by Form ADV and any Schedule thereunder must be submitted on the officially prescribed forms (or mechanical reproductions thereof). Additional copies are available at any office of the Commission.
2. This form is to be used to apply for registration with a number of agencies and jurisdictions. A list of these agencies and jurisdictions with the respective addresses is included as a separate page. Special Instructions Sheets for each agency and jurisdiction are also needed to complete the form. They may be obtained from the agency or jurisdiction to which you are applying and must be read in conjunction with these instructions for each agency or jurisdiction to which you are applying.
3. At the time of the filing of an application for registration under the Act, the applicant shall pay to the Commission a fee of \$150, no part of which shall be refunded. There is no fee for the filing of any amendments to Form ADV.
4. Each copy of the execution page must contain an original manual signature of the appropriate duly authorized individual. Mechanical reproductions of signatures are not acceptable. All other pages containing correct information may be mechanically reproduced by any method producing clear, legible copies of identical type size. Copies must be on 8 1/2 x 11 inch paper.
5. If Form ADV is filed by a sole proprietor, it shall be signed by the proprietor; if it is filed by a partnership, it shall be signed in the name of the partnership by a general partner; if it is filed by an unincorporated organization or association which is not a partnership, it shall be signed in the name of such organization or association by the managing agent—i.e., a duly authorized person who directs or manages or who participates in directing or managing its affairs; if it is filed by a corporation, it shall be signed in the name of the corporation by a principal officer duly authorized.
6. If the space provided for any answer on the Form is insufficient, the answer shall be prepared on Schedule B, which shall be attached to the Form. If the space provided for an answer on the Schedules is insufficient, the answer shall be prepared on additional copies of the applicable Schedule which shall also be attached to the Form.
7. Individuals' names, except for executing signatures, shall be given in full wherever required (last name, first name, middle name). The full middle name is required. Initials are not acceptable unless the individual legally has only an initial. If this the case, so indicate after the initial.

CAUTION: WHEN ANY ITEM ON A PAGE IS AMENDED, IT IS NECESSARY TO ANSWER ALL ITEMS ON THE PAGE BEING AMENDED. PAGES WHICH CONTAIN OBSOLETE INFORMATION ARE RETURNED TO THE COMMISSION'S INACTIVE FILES.

8. Definitions. Unless the context otherwise requires:

- a. All terms used in the Form have the same meaning as in the Investment Advisers Act of 1940 and the rules and regulations thereunder.
- b. "Jurisdiction" means a state, a territory, the District of Columbia, the Commonwealth of Puerto Rico, or any subdivision or regulatory body thereof.
- c. "Applicant" means the investment adviser or person which will be the investment adviser and not the individual completing the Form unless they are identical. "Applicant" includes a "Registrant."
- d. "Self-Regulatory Organization" means any national securities exchange, national securities association, or clearing agency, registered under the Securities Exchange Act of 1934.

9. UNDER SECTIONS 203(c), 204, AND 211(a) OF THE INVESTMENT ADVISERS ACT OF 1940 AND THE RULES AND REGULATIONS THEREUNDER, THE COMMISSION IS AUTHORIZED TO SOLICIT THE INFORMATION REQUIRED BY THIS FORM FROM APPLICANTS FOR REGISTRATION AS INVESTMENT ADVISERS. THE INFORMATION SPECIFIED BY THIS FORM (OTHER THAN SOCIAL SECURITY NUMBERS) MUST BE PROVIDED PRIOR TO PROCESSING OF ANY APPLICATION. DISCLOSURE OF SOCIAL SECURITY NUMBERS IS VOLUNTARY. THE INFORMATION WILL BE USED FOR THE PRINCIPAL PURPOSE OF DETERMINING WHETHER THE COMMISSION SHOULD GRANT OR DENY REGISTRATION TO AN APPLICANT. SOCIAL SECURITY NUMBERS WILL ASSIST THE COMMISSION IN IDENTIFYING APPLICANTS AND, THEREFORE, IN PROMPTLY PROCESSING APPLICATIONS. INFORMATION SUPPLIED ON THIS FORM WILL BE INCLUDED IN THE PUBLIC FILES OF THE COMMISSION AND WILL BE AVAILABLE FOR INSPECTION BY ANY INTERESTED PERSON. A FORM WHICH IS NOT PREPARED AND EXECUTED IN COMPLIANCE WITH APPLICABLE REQUIREMENTS MAY BE RETURNED AS NOT ACCEPTABLE FOR FILING. ACCEPTANCE OF THIS FORM, HOWEVER, SHALL NOT CONSTITUTE ANY FINDING THAT IT HAS BEEN FILED AS REQUIRED OR THAT THE INFORMATION SUBMITTED IS TRUE, CURRENT, OR COMPLETE. INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACT CONSTITUTE FEDERAL CRIMINAL VIOLATIONS. (See 18 U.S.C. 1001 and 15 U.S.C. 80b-17.)

SPECIAL INSTRUCTIONS FOR FILING FORM ADV AS AN APPLICATION

10. If Form ADV is being filed as an application for registration, all applicable items must be answered in full. If any "item" is not applicable, indicate by "none" or "N/A" as appropriate. Items requiring information relating to the business activities of applicant should be answered to disclose what such activities will be when registration becomes effective.
11. If any non-resident of the United States is named in the Form, consult Rule 0-2 to determine whether he is required to file a consent to service of process and a power of attorney. Non-residents of the United States should also consult Rule 204-2(j) under the Act concerning the notice or undertaking relating to books and records which non-resident investment advisers are required to file with Form ADV.

SPECIAL INSTRUCTIONS FOR AMENDING FORM ADV

- 12. Rule 204-1(b) requires that if the information contained in response to questions 1 through 11 of any application for registration as an investment adviser, or in any amendment thereto, becomes inaccurate for any reason, or if the information contained in response to questions 12 through 28 of any application for registration as an investment adviser, or in any amendment thereto, becomes materially inaccurate, the investment adviser shall promptly file an amendment on Form ADV correcting such information. In addition, if the information contained in response to questions 12 through 28 of any application for registration as an investment adviser or in any amendment thereto, becomes inaccurate but not in a material manner, the investment adviser shall file an amendment on Form ADV correcting such information no later than its filing of the revised information regularly required by Item 12 of Form ADV, i.e., no later than 90 days after the end of applicant's fiscal year.
- 13. When an amendment is necessary, only the pages being amended and the execution page need be filed, although these must be completed in full. Three copies of each of such pages and three copies of a completed execution page, including the Execution, should be filed.

INSTRUCTIONS AS TO SPECIFIC ITEMS ON FORM ADV

- 14. Item 2(a) - Include a street address; post office box numbers alone are not acceptable.
- 15. Execution - The execution must include an original manual signature. Mechanical reproductions of signatures are not acceptable.
- 16. Item 6 - State your current legal residence address.
- 17. Item 8(b) - If a registered partnership is dissolved and a new one is created to continue the business of the old one, the new partnership must file a new or successor application as an investment adviser.
- 18. Item 10 - Check your answers to Items 2(a), 8, and 9, and the related Schedules, for the names of all persons who are covered by any of the subsections of Item 10. Similarly, any persons who directly or indirectly control or are controlled by the applicant, including any employee, are covered by Item 10. For each affirmative answer, list each person involved on a separate Schedule D and give full details of any of these incidents, including, for example, the parties involved, time and place, subject matter, and the outcome of the proceedings.

Instructions Relating to SCHEDULES

- 19. Schedule A - Schedule A is for corporations.
 Note: If applicant is owned directly, or indirectly through one or more intermediaries, by a corporation, then such corporation's shareholders should be considered in determining who must be listed on Schedule A.
- 20. Schedule B - Schedule B is for partnerships.
- 21. Schedule C - Schedule C is to be completed only by organizations or associations which are not sole proprietorships, partnerships, or corporations.
- 22. Schedule D - Schedule D is to be filled for the following classes of persons:
 - (a) Each natural person named in Items 2(a), 8, or 9 or any Schedule thereunder, except that Schedule D need not be furnished for any person who meets both the following conditions: (1) he owns less than 10% of any class of equity security of the applicant, and (2) he is not an officer, director or person with similar status or functions.
 - (b) Each person subject to any action reported under Item 10; and
 - (c)(1) Each member of applicant's investment committee or similar group, if any, which determines or approves what investment advice shall generally be rendered by applicant to any client, or to which clients such investment advice shall be rendered.
 - (2) In the absence of an investment committee or similar group, each person associated with applicant who determines or approves what investment advice shall be rendered by applicant to any client, or to which clients such investment advice shall be rendered.
- 23. Schedule E - Schedule E may be used (1) where the space provided for any answer on the Form is insufficient, or (2) in response to each item in the Form which requires the submission of Schedule E. Schedule E should not be used when the space on any other Schedule is insufficient. In that case use additional copies of the applicable Schedule.
- 24. Schedule F - Schedule F is for the balance sheet required by Item 12 and any amendments thereto.
- 25. Schedule G - Schedule G is to be completed only if and to the extent required by the Special Instruction Sheets of the jurisdiction(s) to which you are applying. The Special Instruction Sheets will indicate what items are to be completed for each jurisdiction.

FORM ADV
APPLICATION FOR REGISTRATION AS AN INVESTMENT ADVISER OR TO AMEND SUCH AN APPLICATION UNDER THE INVESTMENT ADVISERS ACT OF 1940

SECURITIES AND EXCHANGE COMMISSION • WASHINGTON, D.C. 20549

SEC. USE
FILE NO. 001-
SEC. USE NO.

GENERAL: Read all instructions before preparing the form. Please print or type all responses. If this form is filed as an amendment, only the pages which are being amended or which have changed since the previous filing need to be filed. Such pages should be completed in full.

- 1. (a) If this is an APPLICATION for registration, check Item 1, and complete all items in full.
- (b) If this is an AMENDMENT to an Application, check Item 2, and specify below all pages which are amended.

Item(1) of Page 1 of Form ADV Schedule A
 Item(2) of Page 2 of Form ADV Schedule C
 Item(3) of Page 3 of Form ADV Schedule D
 Item(4) of Page 4 of Form ADV Schedule E
 Item(5) of Page 5 of Form ADV Schedule F
 Item(6) of Page 6 of Form ADV Schedule G
 Item(7) of Page 7 of Form ADV Schedule H
 Item(8) of Page 8 of Form ADV Schedule I

2. (a) Exact name, principal business address, mailing address, if different, and telephone number of applicant:

Full name of applicant: (If sole proprietor, state his, her, and address name: FID Bond, Issue, No.):

Name under which business is conducted, if different:

If name of business is likely to be confused, state previous name:

Address of principal place of business: (Do not use P.O. Box Number)

(NUMBER AND STREET) (CITY) (STATE) (ZIP CODE)

Mailing Address, if different:

(NUMBER AND STREET) (CITY) (STATE) (ZIP CODE)

Telephone Number:

(AREA CODE) (TELEPHONE NUMBER) (WATS LINE (if any))

Address of location of the books and records applicant is required to maintain, pursuant to Section 206 of the Investment Advisers Act of 1940 and this rule thereunder, if different from address of principal place of business:

(NUMBER AND STREET) (CITY) (STATE) (ZIP CODE)

ExecUTION: The undersigned, being first duly sworn, declares and says that he has executed this form on behalf of, and with the authority of, said applicant. The undersigned and applicant represent that the information and statements contained herein, including exhibits attached hereto and other information filed herewith, all of which are made a part hereof, are correct, true, and complete. The undersigned and applicant acknowledge that the instant form (informe herein) is not intended, in whole or in part, to constitute an offer of securities, and that the information and statements herein are being furnished solely for informational purposes and are not to be relied upon in making any investment decision.

Dated this _____ day of _____, 19____

BY: _____ (NAME OF APPLICANT)

ATTEST: _____ (SIGNATURE AND TITLE)

Subscribed and sworn to before me this _____ day of _____, 19____

STATE OF _____

COUNTY OF _____

NOTARIAL SEAL

My commission expires: _____

THIS SECURITIES AND EXCHANGE COMMISSION HAS NOT PASSED UPON THE ABILITIES, QUALIFICATIONS, OR BUSINESS PRACTICES OF THE INVESTMENT ADVISER DESCRIBED HEREIN.

ALL OF THE ITEMS ON THIS PAGE MUST BE COMPLETED AND FORWARDED IN FULL.

DO NOT WRITE BELOW THE LINE FOR OFFICIAL USE ONLY.

FORM ADV Page 2

8. If applicant is a sole proprietor, state full residence address and social security number.

Social Security No.: _____

(NUMBER AND STREET) (CITY) (STATE) (ZIP CODE)

7. (a) Is applicant a successor to a registered investment adviser and taking over all or substantially all of the YES NO assets and liabilities and continuing the business of a registered investment adviser? YES NO If "yes," state: _____

(1) Date of Succession: _____

(2) Full name, IRS Empl. Ident. No. and SEC File No. of predecessor: _____

Name: _____

IRS Empl. Ident. No.: _____

SEC File Number: _____

(b) Has applicant merged with or acquired another registered investment adviser? YES NO If "yes," describe briefly on Schedule E. YES NO

8. (a) Does any person not named in Items 2(a) and 8, or any Schedule thereunder, directly or indirectly through agreement or otherwise, exercise or have the power to exercise a controlling influence over the management or policies of applicant? YES NO If "yes," state on Schedule E the exact name of each person (if individual, state last, first, and middle names) and describe the agreement or other basis through which such person exercises or has the power to exercise a controlling influence. YES NO

(b) Is the business of applicant wholly or partially financed, directly or indirectly, by any person not named in Items 2(a) and 8, or any Schedule thereunder, in any manner other than by: (1) a public offering of securities made pursuant to the Securities Act of 1933; (2) credit extended in the ordinary course of business by suppliers, banks and others; or a satisfactory subordination agreement, as defined in Rule 15c3-1 under the Securities Exchange Act of 1934 (17 CFR 240.15c3-1)? YES NO If "yes," state on Schedule E the exact name (last, first, middle) of each person and describe the agreement or arrangement through which such financing is made available, including the amount thereof. YES NO

If any item on this page is amended, you must amend it, fill all other items on this page and file with an amended form unless the Schedule itself is amended.

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the disciplinary, administrative, injunctive or criminal action. Failure to keep accurate books and records would violate the Federal securities laws and may result in intentional misstatements or omissions of facts may constitute criminal violations.

2. All persons to whom the following information concerning the firm:

Name: _____ Title: _____ Telephone No.: _____

1(d) Person(s) to whom the following information concerning the firm, and responsible for disseminating the same to the customer's representative:

Name: _____ Title: _____ Telephone No.: _____

2(d) Person(s) to whom the following information concerning the firm, and responsible for disseminating the same to the customer's representative:

Name: _____ Title: _____ Telephone No.: _____

24. Does applicant have any branch offices? (If "yes," state their addresses and telephone numbers on Schedule E.) YES NO YES NO

25. Applicant is filing or has filed its application for registration or is currently applying for registration in a state or territory (State's code number after each applicable agency or jurisdiction in accordance with the following: If currently applying, insert number of application in parentheses; if not currently applying, insert number of registration, or membership listed below is of a restricted nature or has been suspended or terminated, or withdrawn or voluntarily terminated, explain fully on Schedule E.)

AL	AK	AZ	AR	CA	CO	CT	DC
FL	GA	HI	IL	IN	IA	KS	KY
LA	ME	MD	MA	MI	MO	MS	MT
NE	NE	NE	NE	NE	NE	NE	NE
NC	ND	OH	OK	OR	PA	RI	SC
SD	TN	TX	UT	VT	VA	WA	WV
WY	Other	Other	Other	Other	Other	Other	Other

SECURITIES AND EXCHANGE COMMISSION

26. Applicant is a corporation Partnership Sole Proprietorship Other (specify): _____

27. Date and place of incorporation: _____

28. List below each state of entity activity:

State	Activity	Non-Active
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the disciplinary, administrative, injunctive or criminal action. Failure to keep accurate books and records would violate the Federal securities laws and may result in intentional misstatements or omissions of facts may constitute criminal violations.

FORM ADV Page 4

OFFICIAL USE

FORM ADV Page 3

OFFICIAL USE

10. State whether the applicant, any person named in Items 2(e), 8 or 9, or any Schedule thereunder, or any other person directly or indirectly controlling, or controlled by applicant, including any employee of applicant:

(a) Has been found by the Securities and Exchange Commission or any jurisdiction with authority to have made or caused to be made any statement which was, at the time and in the light of the circumstances under which it was made, false and misleading with respect to any material fact, or to have omitted to state any material fact, which was required to be stated, in any application for registration or report required to be filed under the Federal securities laws or under the securities laws of any jurisdiction, or in any proceeding before the Securities and Exchange Commission or any jurisdiction relating to securities, the conduct of business or registration as a broker, dealer, municipal securities dealer, or investment adviser or associated person thereof.

(b) Has been convicted within 10 years preceding the filing of any application for registration or at any time thereafter of any felony or misdemeanor:

(i) involving the purchase or sale of any security, the taking of a false oath, the making of a false report, bribery, perjury, burglary, or conspiracy to commit any such offense;

(ii) arising out of the conduct of the business of a broker, dealer, municipal securities dealer, investment adviser, bank, insurance company, or fiduciary;

(iii) involving the issuance, sale, or redemption of securities, or the making of a false statement, concealment, embezzlement, fraudulent conversion, or misappropriation of funds or securities;

(iv) involving the violation of Section 152, 1341, 1342, 1343, or 1344 of Chapter 25 or 47 of Title 18, United States Code (conspiracy of assets, false oaths, and claims or bribery, in any bankruptcy proceeding; mail fraud; fraud by wire, including telephone, telegraph, radio or television; counterfeiting; forgery; fraud; false statements); or

(v) has pleaded not to contend to any felony or misdemeanor described in items (i) through (iv).

(c) Is enjoined permanently, or within the past 10 years has been enjoined temporarily, by order, judgment or decree of any court of competent jurisdiction from acting as an investment adviser, underwriter, broker, dealer, or municipal securities dealer, or as an associated person or employee of any of the foregoing, or as an affiliated person or employee of any investment company, bank, or insurance company, or in connection with or continuing any conduct or practice in connection with any such activity, or in connection with the purchase or sale of any security, or arising out of any securities or investment advisory activities.

(d) Has been found by the Securities and Exchange Commission or any jurisdiction or any court to have violated or to have aided, abetted, counseled, commanded, induced, or procured the violation by any other person of the Federal laws, or the laws of any jurisdiction, relating to securities or relating to the conduct of business as a broker, dealer, municipal securities dealer, investment adviser, or investment company, any rule or regulation under any of such laws, or any rule of the Municipal Securities Rulemaking Board, or to have failed reasonably to supervise another person who committed such a violation, or to have been unable to comply with any of the foregoing.

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the disciplinary, administrative, injunctive or criminal action. INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS

OFFICIAL USE

FORM ADV Page 3

OFFICIAL USE

FORM ADV Page 4

(e) Has been or is the subject of an order of the Securities and Exchange Commission entered pursuant to subsection (f) of Section 203 of this title or paragraph (6) of Section 15(b) or paragraph (4) of Section 15B(c) of the Securities Exchange Act of 1934, or an order of a court or jurisdiction (or any agency thereof), or an order of an appropriate regulatory agency entered pursuant to paragraph (5) of Section 15B(c) of the Securities Exchange Act of 1934, barring or suspending the right of such person to be associated with an investment adviser, broker, dealer, or municipal securities dealer.

(f) Has been denied membership or registration with, or participation in, or has been suspended, revoked or expelled from membership, participation in or registration with any self-regulatory organization registered under the Securities Exchange Act of 1934; or has been suspended or barred from being associated with any member of such self-regulatory organization; or has been censured or fined by any such self-regulatory organization.

(g) Has been denied registration (license) with, or suspended, revoked or expelled from registration (license) with the Securities and Exchange Commission or any jurisdiction (or any agency thereof) as a broker, dealer, investment adviser, securities salesman, or municipal securities dealer, or has been barred from being associated with a person engaged in such business.

(h) Has been found to have been a cause of (1) the denial, suspension, or revocation of any person's (a) registration with the Securities and Exchange Commission or any jurisdiction (or any agency thereof), or (b) membership or participation in any self-regulatory organization registered under the Securities Exchange Act of 1934; or (2) any person's expulsion from such self-regulatory organization.

(i) Has been, within the past 10 years, the subject of any cease and desist, censure, denial, suspension, or similar order which was issued by the United States or any jurisdiction arising out of the conduct of the business of a broker, dealer, municipal securities dealer, or investment adviser.

(j) Has been the subject of any order, judgment, decree or other sanction of a foreign court, foreign exchange, or foreign governmental or regulatory agency arising out of any securities or investment advisory activities.

(k) State whether applicant, any person named in Items 2(a), 8 or 9, or any Schedule thereunder, or any other person directly or indirectly controlling or controlled by applicant, including any employee, is presently the subject of any proceedings in which an adverse decision would result in any of the foregoing questions being answered "yes".

Note: For purposes of item 10, applicant is required to include representations as to clerical and ministerial employees.

11. Complete a separate Schedule D for each appropriate person in accordance with the instructions thereon and instruction 22 to this form.

If any item on this page is amended, you must answer in full all other items on this page and file with a completed and signed execution page. No Schedule required by any item on this page need be filed with an amended item unless the Schedule itself is amended.

12. Provide on Schedule F a balance sheet current as of the end of applicant's most recent fiscal year.

Note: If the information contained in this balance sheet becomes materially inaccurate, Rule 204-1(b) under the Act requires the investment adviser to file promptly with the Commission a revised balance sheet.

In any case, that rule requires an investment adviser to file with the Commission no later than 90 days after the end of its fiscal year an updated balance sheet containing, at least, the accounts set forth above.

13. Does applicant:

YES NO

- a) Furnish "investment supervisory services," defined as the giving of continuous advice to clients as to the investment of funds on the basis of individual needs of each client; e.g., the nature and amount of other assets, investments and insurance, and the nature and extent of the personal and family obligations of each client (distinguished from continuous advice of any nature which is not based on consideration of such relevant individual factors)?
- b) Manage investment advisory accounts under circumstances not involving investment supervisory services?
- c) Furnish investment advice through consultations (not as part of (a) or (b) above)?
- d) Issue periodic publications relating to securities on a subscription basis?
- e) Prepare or issue special reports or analyses relating to securities, not included in any service described above?
- f) Prepare or issue, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities?
- g) Furnish investment advice in any manner not described above?

If the answer to any of the preceding paragraphs is "Yes," the applicant shall furnish full details on Schedule E, including

- the precise basis or bases of compensation, e.g., a percentage of the assets under management, hourly charges, a fixed fee or an annual subscription fee in the case of a periodic publication, for the services which the investment adviser provides and the precise amounts charged, e.g., $\frac{1}{4}$ per annum, and when such compensation is payable. If such compensation is payable prior to the rendering of the services relating thereto, the applicant should explain to what extent and under what conditions such compensation is refundable. In addition, the applicant should include the name of each publication or analysis issued on a regular basis and a general description of any special reports or analyses to be issued on an irregular basis.

The applicant should set forth the procedures and conditions, if any, pursuant to which the applicant or any client may terminate an investment advisory contract prior to the termination date set forth in the contract.

14. (a) Is Applicant or Registrant engaged in any business or profession other than acting as investment adviser? (If so, describe briefly on Schedule E such other business or profession.)

YES NO

(b) Is the principal business of Applicant or Registrant that of an investment adviser?

YES NO

(c) Does a substantial part of Applicant's or Registrant's investment advisory business consist of rendering "Investment supervisory services" as defined in Item 13 above?

YES NO

15. (a) Does Applicant control or is Applicant controlled by, directly or indirectly, any partnership, corporation, or other organization engaged in the securities or the investment advisory business?

YES NO

(If "yes," state full name and principal business address of such partnership, corporation, or other organization and describe the nature of control on Schedule E.)

(b) Is Applicant registered (or does Applicant have an application for registration pending) as a broker or dealer?

YES NO

(c) Is Applicant affiliated with any broker or dealer? (If "yes," state the nature of such affiliation and the business relationship, if any, between such broker or dealer and Applicant on Schedule E.)

YES NO

Note: Pursuant to Section 202(a)(12) of the Act, the term "affiliated person" has the same meaning as in Section 2(a)(3) of the Investment Company Act of 1940, which, as relevant, means

- (A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person; (D) any officer, director, partner, copartner, or employee of such other person

16. Does Applicant or any person associated with Applicant have discretionary authority to make any of the following determinations without obtaining the consent of the investment advisory client before the transaction is effected:

- (a) Which securities are to be bought or sold? YES NO
- (b) Through which broker-dealer securities are to be bought or sold? YES NO
- (c) The total amount of the securities to be bought or sold? YES NO

If the answer to any question of Item 16 is "yes" and there are limitations on such authority, describe such limitations in full detail on Schedule E.

17. Does applicant, or any person associated with applicant, have custody or possession of, or have authority to obtain custody or possession of:

YES NO

(a) Securities of any investment advisory client? YES NO

(b) Funds of any investment advisory client? YES NO

REMINDER: Rule 206(A)-2 contains special provisions relating to investment advisers who have custody or possession of securities or funds of their advisory clients.

(c) If the answer to any of the foregoing questions of item 17 is "yes," provide the approximate value of the client's funds and securities in registrant's custody or possession

18. Does applicant:

(a) As principal, sell securities to or buy securities from any investment advisory client? YES NO

(b) Effect securities transactions as broker or agent for any investment advisory client? YES NO

(c) As broker or agent for any person other than an investment advisory client, sell securities to or buy securities from clients? YES NO

(d) Recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which the applicant or registrant, directly or indirectly, has a position or interest? YES NO

If the answer to any of the foregoing questions of item 18 is "yes," describe on Schedule E the circumstances in which the investment adviser engages in such transactions and any internal procedures the investment adviser has concerning such transaction.

(e) Impose any restrictions upon itself or any person associated with it when effecting transactions for its or their account in securities recommended to clients? (If the answer to this paragraph is "yes," describe such restrictions on Schedule E.) YES NO

19. Check the types of clients for which the applicant generally provides investment advice and the approximate number of accounts in each category:

- a) Individuals.....
 - b) Investment Companies.....
 - c) Pension and profit-sharing plans.....
 - d) Banks.....
 - e) Charitable institutions.....
 - f) Educational institutions.....
 - g) Trust accounts.....
 - h) Corporations.....
 - i) Insurance companies.....
 - j) Other (explain in full detail on Schedule E).....
- (If the applicant imposes any limitations on the types of clients it will accept, explain in full detail on Schedule E.)

20. Check types of securities concerning which the applicant generally provides investment advice:

- a) Equity securities
- b) Corporate debt securities
- c) Warrants
- d) Commercial paper
- e) Bank certificates of deposit
- f) Municipal securities
- g) Investment company securities
 - 1) Variable life insurance
 - 2) Variable annuities
 - 3) Mutual fund shares
- h) United States government securities
- i) Options contracts on
 - 1) securities
 - 2) commodities
- j) Interests in limited partnerships investing in
 - 1) real estate
 - 2) oil and gas interests
- k) Other (explain in full detail on Schedule E)

21. a) Check the sources of information, including reference materials, generally used by the applicant as the basis for investment advice rendered to clients:

- 1) Financial newspapers and magazines
- 2) Company prepared information (i.e., annual reports, prospectuses, filings with the Commission, press releases, etc.)
- 3) Meetings with corporate personnel
- 4) Inspections of corporate activities
- 5) Research materials prepared by others
- 6) Corporate rating services
- 7) Other (explain in full detail on Schedule E)

b) Check the general method or methods of securities analysis employed by applicant:

- 1) Fundamental analysis
- 2) Technical analysis
- 3) Cyclical analysis
- 4) Charting
- 5) Other (explain in full detail on Schedule E)

(Explain each method of analysis and the relative emphasis applicant places on each method in formulating its investment advice)

c) Check the types of securities transactions generally recommended or used to implement any investment advice rendered to clients:

- 1) Long term purchases (securities will be held at least one year except in unusual circumstances)
- 2) Short term purchases (securities will generally be sold within one year after purchase)
- 3) Trading (securities will generally be sold within 30 days after purchase)
- 4) Short Sales
- 5) Margin transactions
- 6) Option writing
 - a) covered options
 - b) uncovered options
- 7) Other (explain in full detail on Schedule E)

FORM ADV Page 11

22. Are there any uniform standards of education and business background which applicant requires of persons associated with applicant (Other than persons whose functions are solely clerical or ministerial) whose functions or duties relate to providing investment advice to clients.

YES NO

If "yes", please furnish a complete description of such standards on Schedule E.

FORM ADV Page 12

If the applicant provides investment supervisory services (as defined in Section 202(a)(13) of the Act) or manages investment advisory accounts for clients under circumstances not involving investment supervisory services, complete questions 23 through 27.

23. What is the minimum amount of assets applicant generally requires to establish and maintain an investment advisory account?

If applicant imposes any other conditions on the establishment or maintenance of an investment advisory account, explain in full detail on Schedule E.

24. Does applicant have discretionary authority to select brokers or dealers to execute transactions in securities for its clients or for the accounts of its clients?

YES NO

If "yes" and there are limitations on such authority, describe such limitations in full detail on Schedule E.

25. Does applicant consider factors relating to the individual circumstances of clients in making recommendations to, or effecting transactions for, such clients.

YES NO

If "yes," describe such factors in full detail on Schedule E.

26. Describe briefly on Schedule E:

a) applicant's organizational structure, including a description of the role of each principal department in the organization in the usual process of arriving at investment decisions or recommendations for clients,

b) the process pursuant to which applicant revises each investment advisory account, including, but not limited to, the category of personnel performing the review, factors which trigger reviews, the sequence in which accounts are reviewed and the matters reviewed, and

c) the frequency and nature of any reports furnished to clients concerning their investment advisory accounts.

OFFICIAL USE

SCHEDULE A OF FORM ADV
 FULL ADV

Date as stated on this Schedule A of Form ADV
 Item 2(a) of Form ADV or Form BD:
 Item 2(a) of Form ADV or Form BD:
 Item 2(a) of Form ADV or Form BD:

27(a)(1) Number of accounts under discretionary management _____

(2) Approximate market value of all accounts under discretionary management _____

(3) Date of valuation _____

(b) Approximate number of accounts under discretionary management in the following size categories:

- (i) Less than \$2,500 _____
- (ii) \$2,500 - \$10,000 _____
- (iii) \$10,000 - \$50,000 _____
- (iv) \$50,000 - \$200,000 _____
- (v) \$200,000 - \$500,000 _____
- (vi) \$500,000 - \$1,000,000 _____
- (vii) More than \$1,000,000 _____

(b) What is the maximum number of investment advisory accounts with respect to which any one individual associated with applicant may act as portfolio or account manager? _____

(c) Does applicant have advisory accounts under any other form of management or supervision? Yes _____ No _____
 If the answer is "Yes," please provide: _____

(i) Number of such accounts _____

(ii) Approximate market value of all such accounts _____

(iii) Date of valuation _____

(iv) Approximate number of such accounts in the following size categories:

- (a) Less than \$2,500 _____
- (b) \$2,500 - \$10,000 _____
- (c) \$10,000 - \$50,000 _____
- (d) \$50,000 - \$200,000 _____
- (e) \$200,000 - \$500,000 _____
- (f) \$500,000 - \$1,000,000 _____
- (g) More than \$1,000,000 _____

28. Is applicant or registrant a party to any civil litigation relating to its business as an investment adviser? Yes No

(If "yes", describe briefly on Schedule E)

1. Full name of applicant exactly as stated in Item 2(a) of Form ADV or Form BD: _____

2. Name under which business is conducted if different: _____

3. Complete and mark appropriate columns for (a) each officer, director, and partner, (b) each principal underwriter, and (c) each other person who is, directly or indirectly, the beneficial owner of 1% or more of the outstanding shares of any class of equity security of applicant unless applicant is the issuer of such security registered pursuant to Section 12 of the Securities Exchange Act of 1934 (or the issuer of a security which is exempt pursuant to Sections (g)(2), (g)(3), or (g)(4) thereof) in which case such other person who is, directly or indirectly, the beneficial owner. Thus, if applicant is owned directly, or indirectly, by one or more intermediaries, by a corporation, then such intermediary, corporation, or other person should be listed on Schedule A. Place an asterisk (*) after the name of each person listed on Schedule A. Place an asterisk (*) after the name of each person which is being reported. Place a double asterisk (**) after the name of each person whose percentage of ownership is less than 1%. Enter "1" above 1%, "2" above 2%, "3" above 3%, "4" above 4%, "5" above 5%, "6" above 6%, "7" above 7%, "8" above 8%, "9" above 9%, "10" above 10%, "11" above 11%, "12" above 12%, "13" above 13%, "14" above 14%, "15" above 15%, "16" above 16%, "17" above 17%, "18" above 18%, "19" above 19%, "20" above 20%, "21" above 21%, "22" above 22%, "23" above 23%, "24" above 24%, "25" above 25%, "26" above 26%, "27" above 27%, "28" above 28%, "29" above 29%, "30" above 30%, "31" above 31%, "32" above 32%, "33" above 33%, "34" above 34%, "35" above 35%, "36" above 36%, "37" above 37%, "38" above 38%, "39" above 39%, "40" above 40%, "41" above 41%, "42" above 42%, "43" above 43%, "44" above 44%, "45" above 45%, "46" above 46%, "47" above 47%, "48" above 48%, "49" above 49%, "50" above 50%, "51" above 51%, "52" above 52%, "53" above 53%, "54" above 54%, "55" above 55%, "56" above 56%, "57" above 57%, "58" above 58%, "59" above 59%, "60" above 60%, "61" above 61%, "62" above 62%, "63" above 63%, "64" above 64%, "65" above 65%, "66" above 66%, "67" above 67%, "68" above 68%, "69" above 69%, "70" above 70%, "71" above 71%, "72" above 72%, "73" above 73%, "74" above 74%, "75" above 75%, "76" above 76%, "77" above 77%, "78" above 78%, "79" above 79%, "80" above 80%, "81" above 81%, "82" above 82%, "83" above 83%, "84" above 84%, "85" above 85%, "86" above 86%, "87" above 87%, "88" above 88%, "89" above 89%, "90" above 90%, "91" above 91%, "92" above 92%, "93" above 93%, "94" above 94%, "95" above 95%, "96" above 96%, "97" above 97%, "98" above 98%, "99" above 99%, "100" above 100%.

Last	First	Middle	RELATIONSHIP		Office Use Only	Class of Equity Security	Social Security Number
			Beginning Date	Termination Date			
			Mo.	Yr.	Mo.		
					01		
					02		
					03		
					04		
					05		
					06		
					07		
					08		
					09		
					10		
					11		
					12		

Schedule B of FORM ADV

FOR PARTNERSHIPS

(Answer in response to ITEM 8(b) of FORM ADV or FORM BD.)

1. Full name of applicant entity as stated in Item 3(a) of Form ADV or Form BD.

2. Complete name of each partner as indicated in Schedule A.

3. List all general partners, including a partner, and all other persons, including a partner, who are authorized to execute the rights of the partnership...

Table with columns: FULL NAME, Title, Mailing Date, Signature Date, Title, Official Characteristic Code, Social Security Number

4. List below names reported in the most recent periodic filing pursuant to this form which are DELETED names.

Table with columns: FULL NAME, Title, Mailing Date, Signature Date, Social Security Number

5. Any name on this page is considered your most current in full of each name on this page and this entry is considered and subject to public inspection.

DO NOT WRITE BELOW THIS LINE OFFICIAL USE ONLY

Schedule C of FORM ADV

FOR APPLICANTS OTHER THAN SOLE PROPRIETORS, PARTNERSHIPS AND CORPORATIONS

(Answer in response to ITEM 8(c) of FORM ADV or FORM BD.)

1. Full name of applicant entity as stated in Item 3(a) of Form ADV or Form BD.

2. Complete name of each partner as indicated in Schedule A.

3. List below your partners, including a partner, and all other persons, including a partner, who are authorized to execute the rights of the partnership...

Table with columns: FULL NAME, Title, Mailing Date, Signature Date, Title, Official Characteristic Code, Social Security Number

4. List below names reported in the most recent periodic filing pursuant to this form which are DELETED names.

Table with columns: FULL NAME, Title, Mailing Date, Signature Date, Social Security Number

5. Any name on this page is considered your most current in full of each name on this page and this entry is considered and subject to public inspection.

DO NOT WRITE BELOW THIS LINE OFFICIAL USE ONLY

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records which would violate the Federal securities laws and may result in disciplinary, administrative, injunctive or criminal action.

INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS

Schedule E of Form ADV (Continuation Sheet)

Form header for Schedule E of Form ADV, including instructions and official use box.

1. Full name of applicant exactly as stated in Item 2(a) of Form ADV or Form BD:

Table with columns for Item of Firm (Identity) and Answer.

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the disciplinary, administrative, injunctive or criminal action.

Schedule D of Form ADV (Answers in response to ITEM 11 of FORM ADV or ITEM 12 OF FORM BD.)

(a) Complete a separate Schedule D for each person subject to Item 11 of Form ADV or Item 12 of Form BD in response to Item 11 of Form ADV or Item 12 of Form BD.

Form header for Schedule D of Form ADV, including instructions and official use box.

1. Full name of applicant exactly as stated in Item 2(a) of Form ADV or Form BD.

Table with columns for Name of Firm and Address, Name and Location of Office, Title or Designation, and Hours and Days of and Duration of Practice.

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the disciplinary, administrative, injunctive or criminal action.

SCHEDULE F OF FORM ADV

(Answers in Response to ITEM 12 of Form ADV and ITEM 4 of Form ADV-S)

1. Full name of applicant exactly as stated in Item 2(a) of Form ADV, IRS EMPL. IDENT. NO.

SCHEDULE G OF FORM ADV STATE SUPPLEMENTAL INFORMATION FORM (DO NOT FILE WITH THE SECURITIES AND EXCHANGE COMMISSION)

SUPPLEMENTAL STATE INFORMATION FOR THE STATE OF:

Full name of applicant exactly as stated in Item 2(a) of Form ADV; IRS Emp. Ident. Answer the following questions by referring to the Special Instruction Sheet for this state. Supply only the information required therein and indicate as appropriate the information supplied.

- I. ADMISSION OF FOREIGN CORPORATION IN STATE OF APPLICATION. (a) Has applicant applied for or been admitted to do business in this state? (b) If "yes," give (1) Date of admission; (2) Data of application; (3) Data of application when required or (4) Is applicant "in good standing" in its state of incorporation? YES NO

- II. INVESTMENT ADVISER BOND. (a) Attached is the required surety bond in the penal amount of \$. (b) Attached is a form indicating: 1. Cash deposited in a satisfactory depository in the amount of \$. 2. Certificates of deposit, deposited in a satisfactory depository in the amount of \$. 3. Securities deposited in a satisfactory depository in the amount of \$. 4. Other (Attach explanation.) (c) If "yes," attach copies of evidence showing circumstances which qualify applicant from obtaining bond. (d) 1. Has applicant ever been released a bond by a company? 2. Has applicant ever been subject of a surety bond payment? (If "yes," attach explanation.) YES NO

III. FINANCIAL REPORTS AND PERSONNEL INFORMATION (Check whether applicant's)

- (a) Attached are copies of applicant's latest certified financial statements. YES NO (b) Attached are copies of applicant's latest Joint Regulatory Report or FOCUS Report. YES NO (c) Attached are copies of applicant's latest unaudited financial statement. YES NO (d) Attached are copies of applicant's latest financial statements on the form provided by the state in which application is being made. YES NO (All financial statements must be accompanied by the net capital to support independent ratio computations as of the same date as these reports.) (e) Attached are copies of all currently effective subordination agreements. YES NO (If all are similar in form, attach 1 copy and a schedule showing the name and address of each lender, and the dollar value of the subordination items on each agreement.) (f) Submit a list of all persons who will supervise investment activities. YES NO (g) Submit a list of all persons who will render investment advice or solicit clients in this state. YES NO (h) Submit number of employees. YES NO (i) Submit statement of qualifications. YES NO (j) Submit photographs which has been taken within the preceding six months. YES NO (k) Submit fingerprints in a form acceptable to this state. YES NO (When an item is checked "yes," attach the required documents.)

If any item on this page is amended, you must answer in full all other items on this page and file with a completed and signed execution page.

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the disciplinary, administrative, injunctive or criminal action. Failure to keep accurate books and records would violate the Federal securities laws and may result in intentional misstatements or omissions of facts may constitute criminal violations.

Date as given on the execution page of the Form ADV accompanying this Schedule.

If any item on this page is amended, you must answer in full all other times on this page and file with a completed and executed page one.

FORM ADV-S ANNUAL SUPPLEMENT FOR INVESTMENT ADVISERS REGISTERED UNDER THE INVESTMENT ADVISERS ACT OF 1940 SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

GENERAL INSTRUCTIONS FOR PREPARING AND FILING FORM ADV-S

1. Every investment adviser which is registered under the Act on the last day of its fiscal year is required to file Form ADV-S with the Commission. Form ADV-S (and the updated balance sheet required by item 12 of Form ADV) must be filed together no later than 90 days after the end of applicant's fiscal year unless applicant's registration has been withdrawn, cancelled, or revoked prior to that date.

2. Failure to file Form ADV-S, in addition to constituting a violation of Rule 204-1(c) under the Act, will result in the taking of appropriate steps by the Commission to determine whether a Registrant is still in existence and is still engaged in business as an investment adviser and may, therefore, lead the Commission to order cancellation of a Registrant's registration, pursuant to Section 203(h) of the Act.

3. Any Registrant answering question 2 in the negative which is not, to its knowledge, the subject of a pending Commission investigation or administrative proceeding, is strongly urged to withdraw from registration by filing a notice of withdrawal on Form ADV-W together with this form or as soon as possible thereafter. Otherwise, the Commission may order cancellation of Registrant's registration solely on the basis of Registrant's response to question 2 of this form. Copies of Form ADV-W may be obtained from any office of the Commission.

4. It is essential that, before answering question 3, Registrant carefully review its Form ADV which is currently on file with the Commission and the provisions of Rule 204-1 under the Act, which sets forth the circumstances in which amendments to Form ADV, the application for registration, are required to be filed. Any Registrant which provides an affirmative answer to question 3(a) should file the required amendment(s) together with this form or as soon as possible thereafter. Failure to do so could result in appropriate enforcement action by the Commission. Copies of Form ADV may be obtained from any office of the Commission.

Note: A Registrant which does not have a copy of its Form ADV which is currently on file with the Commission may inspect the Form at the Commission's Public Reference Section, 1700 L Street, N.W., Washington, D.C. 20005 or the appropriate Regional Office, or may obtain a photocopy at a nominal charge from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549.

Note: Registrants have a continuing obligation to file any amendments to Form ADV within the time limits set forth in Rule 204-1 under the Act and should not postpone such filings until the filing of Form ADV-S.

SCHEDULE G OF FORM ADV (continued) OFFICIAL USE

IV. ORGANIZATIONAL DOCUMENTS AND OTHER INFORMATION:

- (a) If applicant is a corporation, attached are: Certificate of Incorporation, By-Laws, Charter, Amendment, Certificate of Incorporation, and other organizational documents.
(b) Attached are Partnership Agreement, Amendments, and other partnership documents.
(c) The effective date of the partnership agreement is (date) (state) Public Act, No. (state) (date) (year).
(d) Attached are the following records, forms and schedules: 1. Investment Advisory Contract Form, 2. Discretionary or Custody Agreement Form, 3. Profit-sharing or other Compensation Agreements, 4. Reports, Analyses, Publications, Periodicals, etc., 5. Letters of recommendation, 6. Corporate Resolution, 7. Executed consent to service of process (Form U-2, if applicable).

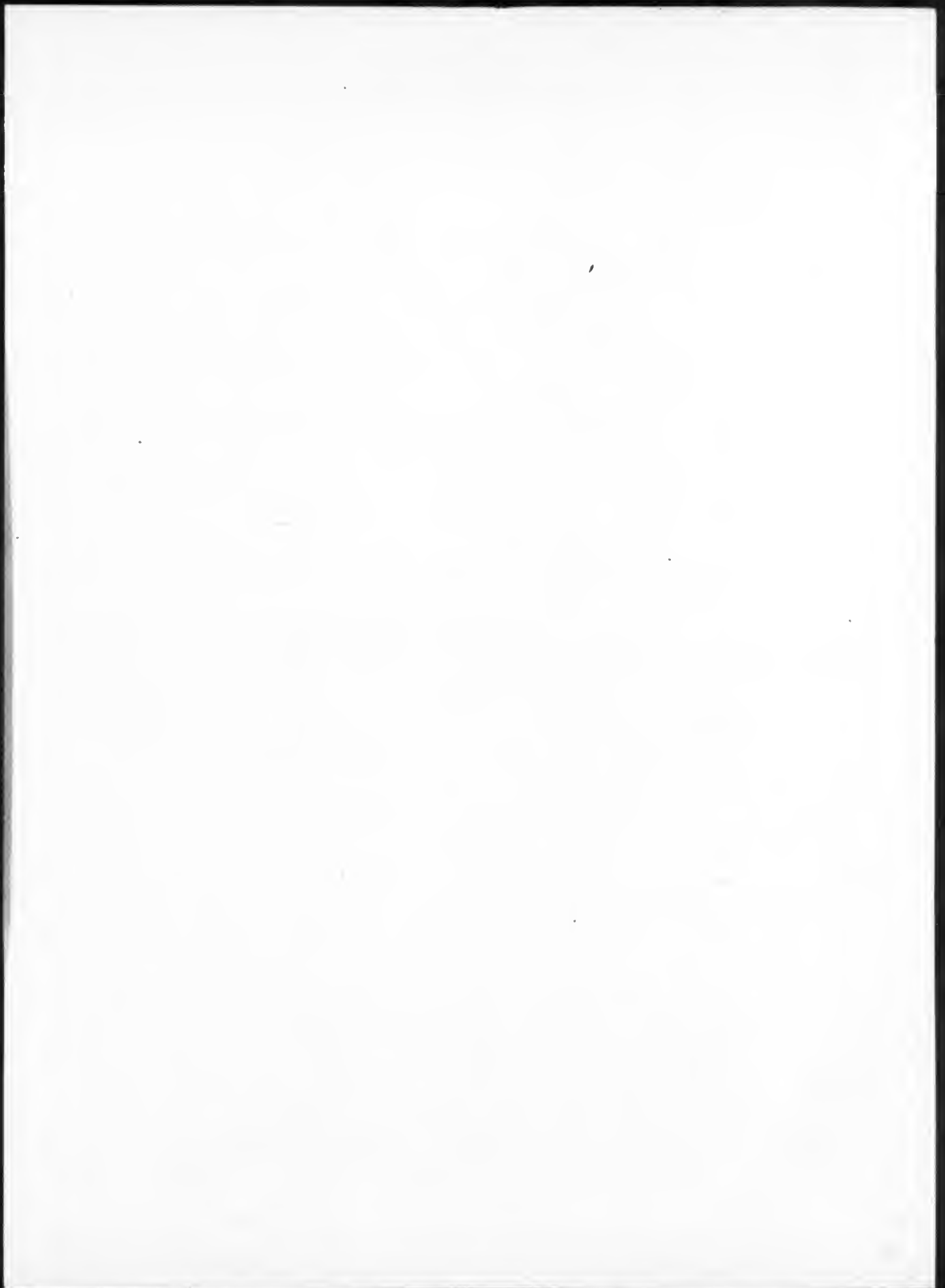
V. OFFICES IN THE STATE OF APPLICATION: Principal Office: Address: Name of Person in Charge: Branch Offices:

VI. STATE WHETHER APPLICANT: (a) Had a judgment or order entered against him in any civil or administrative proceeding to which issued was an element other than those previously described in Form ADV... (b) Has ever been subject to any bankruptcy, receivership or... (c) Has any unsatisfied judgments outstanding, including against any officer, director, or partner... (If "yes," attach explanation.)

VII. FILING FEE IN THE AMOUNT OF \$ IS ATTACHED.

If any item on this page is omitted, you must answer in full all other items on this page and file with a completed and signed certificate page.

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the omission of material information, may constitute a violation of the Act and may result in disciplinary action by the Commission.



*Advance Orders are now being Accepted
for delivery in about 6 weeks*

CODE OF FEDERAL REGULATIONS

(Revised as of April 1, 1977)

<u>Quantity</u>	<u>Volume</u>	<u>Price</u>	<u>Amount</u>
_____	Title 20—Employees' Benefits (Parts 1-399)	\$3.25	\$ _____
_____	Title 24—Housing and Urban Development (Parts 0-499)	5.00	_____
_____	Title 26—Internal Revenue (Part 1, §§ 1.170 to 1.300)	4.00	_____
Total Order			\$ _____

[A Cumulative checklist of CFR issuances for 1977 appears in the first issue
of the Federal Register each month under Title 1]

PLEASE DO NOT DETACH

MAIL ORDER FORM To:

Superintendent of Documents, Government Printing Office, Washington, D.C. 20402

Enclosed find \$..... (check or money order) or charge to my Deposit Account No.

Please send me copies of:

PLEASE FILL IN MAILING LABEL
BELOW

Name
Street address
City and State ZIP Code

FOR USE OF SUPT. DOCS.

Enclosed
 To be mailed
 later
 Subscription
 Refund
 Postage
 Foreign Handling

FOR PROMPT SHIPMENT, PLEASE PRINT OR TYPE ADDRESS ON LABEL BELOW, INCLUDING **YOUR ZIP CODE**

SUPERINTENDENT OF DOCUMENTS
U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON, D.C. 20402

OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. GOVERNMENT PRINTING OFFICE
375
SPECIAL FOURTH-CLASS RATE
BOOK

Name
Street address
City and State ZIP Code

