Achievable

NASAA SERIES 63 / 65 / 66 DUMP SHEET

State laws and regulations

Broker-dealers

- **Definition:** person engaged in the business of effecting transactions in securities for the account of others or for its own account
- **Registration form:** Form BD
- Exclusions from registration:
  - Agents, issuers, and banks
  - Canadian (limited registration)
  - Vacation rule
  - Institution rule

Agents

- **Definition:** individual representing a broker-dealer or issuer in effecting securities transactions
- **Registration form:** Form U4 (agent & BD file)
- **Reg. withdrawal form:** Form U5 (agent & BD file)
- Exclusions from registration:
  - Vacation rule
  - Institution rule
  - Representing an issuer while offering exempt securities or performing exempt transactions
  - Clerical role

Investment advisers

- **Definition:** person offering securities Advice as a regular Business for Compensation
- **Registration form:** Form ADV (Parts 1, 2A, 2B)
- **Reg. withdrawal form:** Form ADV-W
- Exemptions from registration:
  - Vacation rule
  - Institution rule
  - De minimis rule
  - Private fund advisers
- Exclusions from registration:
  - Investment adviser representatives (IARs)
  - LATE professions (incidental)
  - BDs and agents (no advisory fees)
  - Media programs if general advice
  - Fed covered advisers (excluded from state)
  - Banks and savings institutions

Investment adviser representatives (IARs)

- **Definition:** any partner, officer, director of, or securities advice-providing employee of an IA
- **Registration form:** Form U4
  - If representing state IA = filed by IA
  - If representing fed covered IA = filed by IAR
- **Reg. withdrawal form:** Form U5
  - If representing state IA = filed by IA
  - If representing fed covered IA = filed by IAR
- Exclusions from registration:
  - Vacation rule
  - Institution rule
  - De minimis rule

State administrator

- Responsibilities:
  - Registration & regulation of persons
  - Registration & regulation of securities
  - Enforcement of general securities law
  - Enforcement of anti-fraud provisions
- Jurisdiction exists if:
  - Client or professional is in the state during a securities offer or transaction
- Punitive action:
  - May deny, suspend, or revoke registration
  - Must be in the public interest and rest on a statutory ground (e.g., a violation)
- Record retention enforcement:
  - Investment advisers = 5 years
  - Broker-dealers = 3 years
  - Records from past 2 years must be readily available

Rules (no office in state)

- Vacation rule
  - No registration if engaging current clients visiting a state
- Institution rule
  - No registration if only engaging institutions
- De minimis rule
  - No registration if 5 or fewer retail clients in a state

Person

- Any natural person (individual) or organization able to enter into binding contracts
- **Non-persons:** minors, incapacitated, deceased

Investors

- **Institutional:** organization investing a pool of capital (money) on behalf of others
- **Retail:** individual investing for their own goals or on behalf of family