CHAPTER 47A

BUREAU OF SECURITIES

Authority

N.J.S.A. 49:3-47 et seq., specifically 49:3-67(a).

Source and Effective Date

R.2008 d.301, effective September 12, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).

Chapter Expiration Date

Chapter 47A, Bureau of Securities Rules, expires on September 12, 2013.

Chapter Historical Note

Rules of the Bureau of Securities were originally filed and became effective as N.J.A.C. 13:13 on July 29, 1969. N.J.A.C. 13:13 was recodified as 13:47A when the Bureau of Securities became part of the Division of Consumer Affairs. Subchapter 25, Corporation Takeover Bid Disclosure Law, was adopted as R.1978 d.279, effective August 14, 1978. See: 10 N.J.R. 119(b), 10 N.J.R. 405(a). Pursuant to Executive Order No. 66(1978), Subchapter 25, Corporation Takeover Bid Disclosure Law, expired on August 14, 1983.

Pursuant to Executive Order No. 66(1978), Chapter 47A, Bureau of Securities Rules, expired on September 6, 1987.

Chapter 47A, Bureau of Securities, was adopted as R.1987 d.390, effective October 5, 1987. See: 19 N.J.R. 1417(a), 19 N.J.R. 1824(a). Subchapter 9, Intrastate Offerings, and Subchapters 15 through 20, concerning real estate syndications, were allowed to lapse and were not adopted as a part of R.1987 d.390.

Subchapter 10, Registration of Securities, was adopted as R.1990 d.241, effective May 21, 1990. See: 21 N.J.R. 2903(a), 22 N.J.R. 1617(a).

Pursuant to Executive Order No. 66(1978), Chapter 47A, Bureau of Securities, was readopted as R.1992 d.435, effective October 2, 1992. See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a). Subchapter 12, Exemptions for Securities Transactions and Securities Offerings; Employee Benefit Plans; Accredited Investors, was adopted as R.1995 d.270, effective June 5, 1995. See: 27 N.J.R. 303(a), 27 N.J.R. 2241(a). Subchapter 13, General Rules of Practice; and Subchapter 14, Rules of Practice Relating to Investigations, were adopted as R.1995 d.540, effective October 16, 1995. See: 26 N.J.R. 3814(a), 26 N.J.R. 4337(a), 27 N.J.R. 3964(b).

Pursuant to Executive Order No. 66(1978), Chapter 47A, Bureau of Securities Rules, was readopted as R.1997 d.451, effective September 26, 1997. See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a). As part of R.1997 d.451, effective October 20, 1997, Subchapter 6, Issuers, was repealed.

Subchapter 3A, Investment Adviser Representatives, was adopted as new rule by R.2002, d.3 effective January 7, 2002 (operative July 7, 2002). See 32 N.J.R. 4232(a), 34 N.J.R. 300(b).

Chapter 47A, Bureau of Securities Rules, was readopted as R.2003 d.154, effective March 17, 2003. As a part of d.154, Subchapter 11, Forms, was repealed and adopted as new rules, effective April 7, 2003. See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).

Chapter 47A, Bureau of Securities Rules, was readopted as R.2008 d.301, effective September 12, 2008. As part of R.2008 d.301, Subchapter 2, Investment Advisors, was renamed Investment Advisers; and Subchapter 6, Dishonest or Unethical Business Practices, was added as new rules, effective October 6, 2008. See: Source and Effective Date. See, also, section annotations.

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SUBCHAPTER 1. BROKER-DEALERS

13:47A-1.1 Application for registration for FINRA members

(a) Any person who is a member of the Financial Industry Regulatory Authority (FINRA), desiring to transact business in the State of New Jersey as a broker-dealer shall file an application with the Bureau of Securities (the Bureau) by filing the application with the Central Registration Depository (CRD) on the form designated as Form BD, Uniform Application for Broker-Dealer Registration, or any successor form to the Form BD prescribed by the CRD for filing a broker-dealer application. The requisite registration fee shall be submitted with the application filed with the CRD in the amount of $300.00 for a one-year registration term. Failure to pay the registration fee as above, within the billing time limits established by the Bureau or by the CRD, shall be a ground for immediate revocation of the registration. The applicant shall supplement the application filed with the CRD by directly filing with the Bureau the Broker-Dealer Supplement and any additional information that the Chief of the Bureau of Securities of the State of New Jersey (the Bureau Chief)

requires. The 30-day time period for review of an application will not commence until the applicant files all documents or material facts specified and required. The following additional information shall be filed with the Bureau for all broker-dealer applications and no application shall be deemed complete until all of the following are properly submitted, unless the requirements are waived by the Bureau Chief:

1. A consent to service of process executed by the applicant as set forth in N.J.A.C. 13:47A-7.1. A fully completed and executed page 1 (Execution Page of the Form BD) Uniform Application for Broker-Dealer Registration or a successor form as prescribed by the CRD shall satisfy this requirement;

2. A consent to service of process executed by each officer, director, general partner or limited partner of the applicant who is to act as an agent in the State of New Jersey, as set forth in N.J.A.C. 13:47A-7.1. A fully completed and executed Form U-2, Uniform Consent to Service of Process, for each person, or a fully completed and executed page 1 of Form U4, Uniform Application for Securities Industry Registration or Transfer, or a successor form, shall satisfy this requirement;

3. Certified financial statements as set forth in N.J.A.C. 13:47A-1.3 and 1.5;

4. Any additional information requested by the Bureau Chief.

(b) The applicant shall submit to the Bureau as part of the application an identification photograph of each partner, officer or director, unless the applicant is a member of FINRA or is a member of and has current photographs on file with the New York Stock Exchange, American Stock Exchange, or another national securities exchange registered pursuant to Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. §78f), and has granted written permission to the Bureau Chief, or his or her duly designated representative, to examine without notice any filings made by the applicant with such exchange or association.

(c) If the applicant is a natural person and is not applying for registration through the CRD, he or she shall submit to the Bureau as part of the application, the applicant's fingerprints and written consent for a criminal history record background check to be performed pursuant to N.J.S.A. 49:3-56(p).

(d) If the applicant is a corporation or partnership and is not applying for registration through the CRD, it shall submit to the Bureau as part of the application, the fingerprints of each officer, director, controlling person, (as defined on the Form BD), or partner, and written consent from each for a criminal history record background check to be performed pursuant to N.J.S.A. 49:3-56(p).

(e) If, during the pendency of the application, it appears to the Bureau Chief that the application may contain a misrepresentation, may omit a document or material fact, or contains any statement which may be, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect, the Bureau Chief, in his or her discretion, may notify the applicant of the deficiency by letter. A deficiency letter shall require the applicant to perfect the application by amending or supplementing the information previously submitted within 21 days after the issuance of the deficiency letter; withdraw the application; or subject itself to further action of the Bureau Chief by Order or otherwise. If the applicant elects to perfect the application within 21 days, the amendment or supplement by the applicant shall postpone the effectiveness of the application for 30 days after the applicant perfects the application. The Bureau Chief may elect, in his or her discretion, to act without issuing a deficiency letter.

Amended by R.1970 d.60, effective May 29, 1970.
See: 2 N.J.R. 34(f), 2 N.J.R. 55(d).
Amended by R.1974 d.333, effective December 3, 1974.
See: 7 N.J.R. 12(b).
Amended by R.1987 d.390, effective October 5, 1987.
See: 19 N.J.R. 1417(a), 19 N.J.R. 1824(a).
Cost raised from $125.00 plus $5.00 to $500.00 plus $10.00.
Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised (a)-(e); added new (f).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
In (a), rewrote the fourth sentence; in (a)1, added the second sentence; in (a)2, added the second sentence; rewrote (c) and (d); deleted (e); and recodified existing (f) as (e).
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
In (a), added ", or a fully completed and executed page 1 of Form U-4, Uniform Application for Securities Industry Registration" in 2, deleted (4) and (5) and recodified former (6) as (4); rewrote (c) and (d).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Application for registration for NASD members". Rewrote the introductory paragraph of (a); in (a)2, substituted "U4" for "U-4"; and rewrote (b), (c) and (d).

Case Notes

Powers of Bureau Chief. In re Information Resources, 126 N.J.Super. 42, 50, 312 A.2d 671 (1973).

Regulatory powers of Bureau. Mayflower Securities v. Bureau of Securities, 64 N.J. 85, 312 A.2d 497 (1973).

As a matter of law, where registrant had been the subject of three regulatory actions, the totality and repetition of the registrant's misconduct supported the conclusion that the registrant was unable to meet the high standards required of those who deal in the securities business, and thus denial of registration was in the public interest under N.J.S.A. 49:3-58(a)(1); in any event, as the registrant was no longer associated with a registered broker-dealer, the registrant would have to restart the agent application process. In re Shah, OAL Dkt. No. BOS 01867-06, 2006 N.J. AGEN LEXIS 957, Initial Decision (November 14, 2006).

Refusal to abide by SEC and Federal Court orders warranted revocation of broker-dealer and agent registrations. In the Matter of Stratton Oakmont, Inc., and Daniel Mark Porush, 96 N.J.A.R.2d (BOS) 1.

13:47A-1.2 Application for registration for persons not eligible for registration via the CRD

Any person desiring to transact business in the State of New Jersey who is not a member of FINRA or who is not

otherwise eligible to register via the CRD pursuant to N.J.A.C. 13:47A-1.1, shall file all of the information required by N.J.A.C. 13:47A-1.1 and in the same form required by that section directly with the Bureau at its current office address. The application shall be accompanied by a check or money order payable to the State of New Jersey, Bureau of Securities, in the amount of $300.00.

New Rule, R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Old 13:47A-1.2 Financial reports to accompany application recodified to 13:47A-1.3.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Changed application fee from $500 to $250.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Application for registration for persons not eligible for registration via CRD". Substituted "FINRA" for "the NASD" and "$300.00" for "$250.00" and deleted "of Securities" following the first occurrence of "Bureau".

13:47A-1.3 Financial reports to supplement application

(a) Subject to the limitations of Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78o), an application for registration as a broker-dealer must be supplemented by a concurrent filing directly with the Bureau of a certified statement of the applicant's financial condition as of a date within 60 days of the application; provided, however, if the applicant has been engaged in business for one year or more preceding the date of the application, a certified financial statement as of the end of its last fiscal period, along with an unaudited balance sheet as of a date within 60 days of the application may be submitted directly to the Bureau concurrently with the filing of the application for registration. The concurrent filing will be considered to be a necessary part of the registration application, whether the application is filed via the CRD for FINRA members, or directly with the Bureau for non-FINRA members.

(b) The balance sheet must be signed by a principal or officer of the applicant listed on Schedule A of the Form BD and must be notarized.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Recodified from 13:47A-1.2, stylistic revisions. Old 13:47A-1.3 Annual financial report recodified to 13:47A-1.4.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Made this section subject to the limitations of § 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), substituted "Section" for "§", "§78o" for "§78", "FINRA" for "NASD" and "non-FINRA" for "non-NASD" and deleted "of Securities" following the first occurrence of "Bureau"; and in (b), inserted "listed on Schedule A of the Form BD".

13:47A-1.4 (Reserved)

Repealed by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
Section was "Annual financial report."

13:47A-1.5 Preparation and contents of financial statements

(a) Subject to the limitations of Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78o), financial statements and reports required of registered broker-dealers under N.J.S.A. 49:3-47 et seq., including the financial statement filed with the application for initial registration, shall consist of a balance sheet supported by an analysis of the trading and investment inventories and shall be prepared by a certified public accountant or a public accountant who shall be in fact independent.

(b) Subject to the limitations of Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78o), complete copies of the Financial and Operational Combined Uniform Single (FOCUS) Report, Form X-17A-5, as filed with the Securities and Exchange Commission, or copies of the New York Stock Exchange Financial Questionnaire (Form FQ) may be filed to comply with the requirements of this section.

(c) Subject to the limitations of Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78o), the analysis of the trading and investment inventories required by (a) above shall have attached thereto, and made a part thereof, a statement under oath by the broker-dealer which shall set forth those securities within said trading and investment inventories which have not been registered under the Securities Act of 1933 (15 U.S.C. §§77a et seq., the "1933 Act"), or which are not subject to, or are exempted from the registration requirements of the 1933 Act and the rules and regulations promulgated thereunder other than by reason of section 3(a) of the 1933 Act and the rules and regulations promulgated under section 3(a) of the 1933 Act.

Amended by R.1970 d.85, effective July 13, 1970.
See: 2 N.J.R. 50(c), 2 N.J.R. 67(b).
Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Recodified from 13:47A-1.4 with stylistic revisions. Old 13:47A-1.5 Minimum capital recodified to 13:47A-1.6.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Made this section subject to the limitations of § 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "Section" for "§" and "§78o" for "§78" throughout; in (b), inserted "of the Financial and Operational Combined Uniform Single (FOCUS) Report," and "(Form FQ)"; and in (c), substituted "(15 U.S.C. §§77a et seq., the '1933 Act')" for "(1933 Act)".

13:47A-1.6 Minimum net capital

(a) No registration as a broker-dealer shall be issued unless the applicant has a minimum net capital or has posted with the Bureau a surety bond in the amount of the minimum net capital. The minimum net capital shall be as required by Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78o) and rules promulgated thereunder.

(b) Computation of net capital shall be in accordance with rules promulgated by the Securities and Exchange Commis-

sion, unless the Bureau Chief prescribes otherwise by rule or order.

(c) Reporting of net capital by a broker-dealer shall be made as part of the application for registration with the CRD in the case of broker-dealers eligible for such registration. If the CRD registration form does not provide for reporting of net capital as set forth in this section, or if the registration is filed directly with the Bureau of Securities because CRD registration is not available to the applicant, then the reporting of net capital shall be made by a supplemental filing made directly to the Bureau of Securities concurrently with the broker-dealer application.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised (a)-(c); added (d)-(e). Recodified from 13:47A-1.5. Old 13:47A-1.6 Bonds recodified to 13:47A-1.7.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Rewrote (a); deleted existing (b) and (c); and recodified existing (d) and (e) as (b) and (c).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), deleted "therefor" following "applicant" and "of Securities" following "Bureau" and substituted "Section" for "§" and "§78o" for "§78".

Case Notes

Rule upheld. Kenneth Marshall and Co. v. State, 119 N.J. Super. 588, 293 A.2d 200 (App.Div.1972).

Intent of minimum net capital requirement. In re Ridgway, 116 N.J. Super. 172, 281 A.2d 390 (App.Div.1971).

13:47A-1.7 Bonds

(a) Subject to the limitations of Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78o) and rules promulgated thereunder, the bonds required to be filed under N.J.A.C. 13:47A-1.6 (Minimum net capital) shall provide for suit thereon by third parties for any cause of action under N.J.S.A. 49:3-71, for loss and damages, and shall be on the Uniform Security Bond, Form U-SB, as set forth in N.J.A.C. 13:47A-11.5. The bond shall be for a term of two years, but the right to bring an action under the bond for losses sustained while it was in force shall continue for two years from the date of the sale upon which the action is based.

(b) The bond may provide for termination provided, however, that 90 days' notice thereof is served in writing upon the Bureau Chief; and provided further, that the right to bring an action for losses sustained while it was in force shall continue for two years from the date of the sale upon which the action is based.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Recodified from 13:47A-1.6 with stylistic revisions. Old 13:47A-1.7 Cash or securities in lieu of bond recodified to 13:47A-1.8.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
In (a), made the section subject to the limitations of § 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78), and amended N.J.A.C. references.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), substituted "Section" for "§", "§78o" for "§78" and "on the Uniform Security Bond, Form U-SB," for "in the form designated U-SB".

13:47A-1.8 Cash or securities in lieu of bond

In lieu of the bonds required by N.J.A.C. 13:47A-1.6 (Minimum net capital), the applicant may deposit cash or securities with the Bureau Chief, and the amount thereof shall be determined by the Bureau Chief having due regard for the amount of the bond required and the nature of the securities furnished. No securities other than those listed on the New York Stock Exchange or the American Stock Exchange or designated or approved for designation upon notice of issuance as a National Market System security on the National Association of Securities Dealers' Automated Quotation System will be accepted, except that mutual funds may be accepted in certain cases, in the discretion of the Bureau Chief.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Recodified from 13:47A-1.7; revised text. Old 13:47A-1.8 Change of status; submission of form recodified to 13:47A-1.9.

13:47A-1.9 Change of status; submission of form

(a) A registered broker-dealer who is registered with New Jersey via the CRD shall file an amendment with the CRD on the amendment form prescribed by the CRD whenever any of the following events occur:

1. Its firm name is changed;

2. Its principal office address is changed;

3. The address of a branch office within the State of New Jersey is changed;

4. A new officer, director or partner is elected or admitted to the firm. The amendment filing shall include the home address and 10 year business history of the officer, director or partner;

5. A partner, officer or director of the registered broker-dealer resigns, retires or otherwise terminates his or her affiliation with the broker-dealer;

6. The registered broker-dealer terminates the employment of an agent. This amendment shall be filed within 30 days of the termination; or

7. Any other event has occurred that would require an amendment to the Form BD, Uniform Application for Broker-Dealer Registration, or its successor form.

(b) A registered broker-dealer that is registered pursuant to N.J.A.C. 13:47A-1.2 (registrants not eligible for registration via the CRD and therefore registered directly with the Bureau) shall file directly with the Bureau at its current office address, a complete and updated Form BD or the amended pages, if a complete Form BD is already on file at the Bureau,

whenever it changes any of the information set forth in (a) above or (d) or (e) below.

(c) Any amendment shall be filed no later than 30 days after the occurrence named therein. The amendment filed with the CRD shall be accompanied by the fee, if any, prescribed by the CRD for amendments. There shall be no fee for those amendments required to be filed directly with the Bureau.

(d) For a registered broker-dealer that has had any changes occur regarding the answers in its original or amended Form BD application as to arrests, convictions of any crime, disciplinary actions by any administrative body, restraints, injunctions, suspension, revocations, denials, judgments, as to the registrant or any partner, officer or director shall file an amendment with the CRD; or if not a member of FINRA, shall file the amendment directly with the Bureau fully disclosing the details of the changes within 30 days of the occurrence named in the amendment. Such amendment shall be accompanied by the fee, if any, prescribed by the CRD or the Bureau for amendments. In the event that the CRD amendment form does not allow for full detailed disclosure of the details of the changes, as required by the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., and these rules, the registrant shall make full detailed disclosure of the changes by a supplemental filing directly to the Bureau at its current office address.

(e) A registered broker-dealer, if a corporation or partnership, shall file with the Bureau or the CRD, whichever is applicable, the fingerprints of each officer, director, controlling person, (as defined on the Form BD), or partner who commences any employment or affiliation with said registered broker-dealer no later than five days after the commencement of such employment or affiliation, and written consent from each for a criminal history record background check to be performed pursuant to N.J.S.A. 49:3-56(p). Those persons exempt from filing a fingerprint card with the Securities and Exchange Commission pursuant to Rule 17f-2 promulgated under the Securities Exchange Act of 1934 (17 CFR 240.17f-2) or its successor rule shall be exempt from filing fingerprints with the Bureau pursuant to this subsection.

Amended by R.1970 d.60, effective May 29, 1970.
See: 2 N.J.R. 34(f), 2 N.J.R. 55(d).
Amended by R.1987 d.390, effective October 5, 1987.
See: 19 N.J.R. 1417(a), 19 N.J.R. 1824(a).
Business history raised from five to 10 years.
Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Recodified from 13:47-1.8. Revised text. Old 13:47A-1.9 Maintenance of books and records recodified to 13:47-1.10.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Substantially amended (a) and (b); in (c), eliminated the filing fee; deleted (d); and recodified existing (e) and (f) as (d) and (e).
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
In a(7), substituted "30" for "five"; in (e), substituted "one" for "two" following "whichever is applicable" and deleted "s (one State Police card and one Federal Bureau of Investigation card)" following "noncriminal fingerprint card".
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Deleted "NASAA/NASD" preceding "CRD" and "of Securities" following "Bureau" throughout; deleted former (a)5; recodified (a)6 and (a)7 as (a)5 and (a)6; in (a)5 and (a)6, deleted ". No filing fee is required for this type of amendment, unless the NASAA/NASD CRD prescribes otherwise" from the end; in (a)6, inserted "or" at the end; in (a)7, inserted a comma following "BD"; deleted former (a)8; recodified former (a)9 as (a)7; in (b), substituted "A" for "On or after January 1, 1998, a" and inserted "or (d) or (e) below"; in (c), substituted "30" for "20", deleted ", unless otherwise specified in (a) above" following "therein"; in (d), deleted "based on fraud" following "judgments" and substituted "FINRA" for "the NASD", "30" for "20" and "(1997)" for "(1967)"; and in (e), substituted "the fingerprints of" for "one applicant (noncriminal) fingerprint card with all of the impressions taken by a recognized law enforcement agency, for" and the last occurrence of "fingerprints" for "fingerprint cards", and inserted ", (as defined on the Form BD),", ", and written consent from each for a criminal history record background check to be performed pursuant to N.J.S.A. 49:3-56(p)" and "(17 CFR 240.17f-2)".

13:47A-1.10 Maintenance of books and records

All broker-dealers shall keep at their principal place of business, open to inspection of the Bureau of Securities of the State of New Jersey, all books and records required to be kept by the Securities and Exchange Commission or by the Bureau of Securities.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Added the Bureau of Securities. Recodified from 13:47A-1.9. Old 13:47A-1.10 Withdrawal of broker-dealer registration recodified to 13:47A-1.11.

13:47A-1.10A Maintenance of sales and advertising material (broker-dealers)

Subject to the limitations of Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78o), all broker-dealers shall keep on file, in each branch and sales office, for a period of three years, copies of any prospectus, circular, form letter, advertisement, sales script, or prepared text used in that branch or sales office in the course of soliciting prospective investors, and any other sales or advertising material intended for distribution or communication to prospective investors by mail, telephone, or any other medium, or for the use or training of persons making such communications. Any material required to be maintained pursuant to this section may be maintained in electronic form, either at the branch or sales office or at a central location, provided that such electronically stored material can, upon demand, be retrieved and provided to the Bureau within two working days.

New Rule, R.1995 d.540, effective October 16, 1995.
See: 26 N.J.R. 3814(a), 26 N.J.R. 4337(a), 27 N.J.R. 3964(b).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Made the section subject to the limitations of § 15 of the Securities Exchange Act of 1934 (15 U.S.C. § 78).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "Section" for "§" and "§78o" for "§78".

13:47A-1.11 Withdrawal of broker-dealer registration

(a) A broker-dealer registered in New Jersey via the CRD shall file a Uniform Request for Broker-Dealer Withdrawal, Form BDW, or any successor form to the Form BDW prescribed by the CRD when it desires to withdraw its registration as a broker-dealer in the State of New Jersey. Such request for withdrawal will become effective 30 days after filing with the CRD.

(b) A broker-dealer registered in New Jersey by direct filing with the Bureau because it is not eligible for registration via the CRD shall file directly with the Bureau a Form BDW, when it desires to withdraw its registration as a broker-dealer in the State of New Jersey. Such request will become effective 30 days after filing with the Bureau.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Recodified from 13:47A-1.10. Revised text; added (b). Old 13:47A-1.11 Display of name recodified to 13:47A-1.12.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
In (b), deleted "if its initial application was filed on a Form BD" following "Form BDW".
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), inserted "Uniform Request for Broker-Dealer Withdrawal," and inserted a comma following the first occurrence of "BDW"; and in (b), deleted "of Securities" following "Bureau".

13:47A-1.12 Display of name

The name of the registered broker-dealer shall appear on the door or window of any branch or sales office being operated within the State of New Jersey.

Recodified from 13:47A-1.11 by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Old 13:47A-1.12 Application for successor recodified to 13:47A-1.13.

13:47A-1.13 Application for successor

(a) A broker-dealer registered in New Jersey via the CRD shall file the forms or amendments as required by the CRD to effectuate registration in New Jersey of a successor to the registered broker-dealer. The filing shall be accompanied by the fee, if any, prescribed by the CRD for such filings.

(b) A broker-dealer registered in New Jersey by direct filing with the Bureau of Securities because it is not eligible for registration via the CRD may file directly with the Bureau an application on a Form BD, Uniform Application for Broker-Dealer Registration, accompanied by all of the information required by N.J.A.C. 13:47A-1.1 and in the same form as required by that section to effectuate the registration of a successor. Such application shall be marked "SUCCESSOR APPLICATION" in the upper right-hand corner by the registrant, and shall be accompanied by a consent to service of process executed by the applicant. There shall be no filing fee for the successor application.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised text and added (a). Recodified from 13:47A-1.12.

SUBCHAPTER 2. INVESTMENT ADVISERS

13:47A-2.1 Application for investment adviser registration

(a) Any person desiring to act as an investment adviser, as defined in N.J.S.A. 49:3-49(g), within or from the State of New Jersey, shall file an application with the Bureau on the Form ADV, Uniform Application for Investment Adviser Registration, together with all relevant schedules, unless that person is registered as an investment adviser under Section 203 of the Investment Advisers Act of 1940 (15 U.S.C. §80b-3), as amended, or is not so registered because that person is excepted from the definition of investment adviser under Section 202(a)(11) (15 U.S.C. §80b-2(a)(11)). The Form ADV may be filed with the Bureau by filing it with the Investment Adviser Registration Depository (IARD) or its successor and by designating in the Form ADV that the applicant intends to apply for registration in New Jersey. The Form ADV shall contain an original notarized signature, unless the Form ADV is filed with the Bureau by electronically filing it with the IARD. If the Form ADV is filed with the Bureau by electronically filing it with the IARD, the signature requirements required by the Bureau shall conform to the electronic signature requirements in place for filing with the IARD.

(b) Such Form ADV shall be accompanied by:

1. A consent to service of process executed by the applicant. A fully completed and executed Part I, page 1 (Execution Page) of the Form ADV shall satisfy this requirement;

2. A certified statement of the applicant's most current financial condition as of a date within 60 days of the application; or provided the applicant has been engaged in business for one year or more preceding the date of the application, a certified financial statement as of the end of its last fiscal period, along with an unaudited balance sheet as of a date within 60 days of the application. An applicant with its principal place of business outside this State may file with the Bureau its statement of most current financial condition, as defined under the law of the state in which the applicant has its principal place of business, to satisfy this requirement, provided that the applicant is registered or licensed in the state that is its principal place of business and the applicant is in compliance with the applicable books and records requirements of the state in which the applicant maintains its principal place of business;

3. A copy of a sample investment advisory contract;

4. A sample of any business card, letterhead, brochure, circular, advisory newsletter, form letter, advertisement or

other sales literature or advertising communication, addressed or intended for distribution to clients or prospective clients;

5. The Notice of Withdrawal from Registration as an Investment Adviser, Form ADV-W, as filed with the U.S. Securities and Exchange Commission, if the investment adviser has withdrawn or is withdrawing from SEC registration;

6. The requisite registration fee in the amount of $200.00 shall be submitted with the application filed with the IARD for electronic filers or to the Bureau in a check or money order payable to the State of New Jersey, Bureau of Securities, for paper filers; and

7. If the applicant is registered in another state and has its principal place of business in another state, but has a place of business in New Jersey, the applicant shall also file a certification that it is in compliance with the requirements of the state in which it has its principal place of business with respect to that state's books and records, net capital and bonding requirements, if any.

Amended by R.1987 d.390, effective October 5, 1987.
See: 19 N.J.R. 1417(a), 19 N.J.R. 1824(a).
Check raised to $100.00 from $50.00.
Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised (a).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
In (b)1 and (b)2, added the second sentences.
Amended by R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Rewrote the section.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), substituted "adviser" for "advisor", deleted "of Securities" following the first occurrence of "Bureau", inserted a comma following the first occurrence of "ADV", inserted "(15 U.S.C. §80b-3)" and "(15 U.S.C. §80b-2(a)(11))", deleted "Central Registration Depository (CRD)/" preceding "Investment Adviser" and deleted "CRD/" preceding the last three occurrences of "IARD"; in (b)5, inserted "The Notice of Withdrawal from Registration as an Investment Adviser,"; and rewrote (b)6.

13:47A-2.2 Capital requirements

Subject to the limitations of Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. § 80b-18a), no registration as an investment adviser shall be granted to a person who has custody of clients' funds or securities unless the applicant has a minimum capital of $25,000 or has posted a surety bond in the amount of $25,000.

Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "Section" for "§", "Advisers" for "Advisors" and "adviser" for "advisor".

13:47A-2.3 Bonds

(a) Subject to the limitations of Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. § 80b-18a), the bond required to be filed under N.J.A.C. 13:47A-2.2 (Capital requirements) shall provide for suit thereon by third parties for damage sustained as a result of misuse or misapplication of clients' funds or securities and shall be in the Uniform Surety Bond, Form U-SB, as set forth in N.J.A.C. 13:47A-11.5. The bond shall be for a term of two years, but the right to file claims thereunder for losses sustained while it was in force shall continue for two years from the time the aggrieved party knew or should have known of the existence of his or her cause of action.

(b) Such bond shall provide for termination; provided, however, that 90 days notice thereof is served in writing upon the Chief of the Bureau of Securities and; provided further, that the right to bring an action for losses sustained while it was in force shall continue for two years from the time the aggrieved party knew or should have known of the existence of his cause of action.

(c) Such bond may be written by any surety company licensed to do business in the State of New Jersey.

Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), substituted "Section" for "§", "Advisers" for "Advisors" and "Uniform Surety Bond, Form " for "form designated" and inserted a comma following "U-SB".

13:47A-2.4 Cash or securities in lieu of bond

(a) Subject to the limitations of Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. § 80b-18a), in lieu of the bond required by N.J.A.C. 13:47A-2.2 (Capital requirements), the applicant may deposit cash or securities with the Bureau Chief, and the amount thereof shall be determined by the Bureau Chief having due regard for the amount of the bond required and the nature of the securities furnished.

(b) No securities other than those listed on the New York Stock Exchange or the American Stock Exchange or designated or approved for designation upon notice of issuance as a NASDAQ Global Select Market security will be accepted, except that mutual funds may be accepted in certain cases, in the discretion of the Bureau Chief.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised text.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), substituted "Section" for "§", "Advisers" for "Advisors" and "Bureau Chief" for "Chief of the Bureau of Securities"; and in (b), substituted "Global Select" for "National".

13:47A-2.5 Change of status; submission of form

(a) A registered investment adviser who is registered with New Jersey via the IARD shall file an amendment with the IARD on the amendment form prescribed by the IARD, or for hardship cases, shall file directly with the Bureau a revised and updated Form ADV, so as to have a complete and current Form ADV on file with the Bureau, whenever any of the following events occur. No filing fee is required for these amendments, unless the IARD prescribes otherwise:

1. Its firm name;

2. Its principal office address;

3. The address of a branch office within the State of New Jersey.

(b) Such form shall be filed no later than 30 days after the occurrence named therein.

(c) A registered investment adviser shall file with the IARD or directly with the Bureau amended pages of the Form ADV together with an amended Schedule D to Form ADV on such person to update its Form ADV on file with the Bureau whenever there is a change to the information reported on Schedule A, B, or C to Form ADV, as applicable. The form shall be filed no later than 30 days after the occurrence named therein.

(d) A registered investment adviser shall file with the IARD or directly with the Bureau amended pages of the Form ADV together with an amended Schedule D or E, as applicable to update its Form ADV on file with the Bureau whenever any changes occur regarding the answers on its investment adviser application to the Disciplinary questions in Item 11 of Form ADV or its successor, within 30 days of the occurrence named therein.

(e) A registered investment adviser shall file with the IARD or directly with the Bureau amended pages of the Form ADV to update its Form ADV on file with the Bureau, whenever any changes occur as to the resignation, retirement or termination of the affiliation of any partner, officer or director, within 30 days of the occurrence named therein.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Added (f).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Rewrote the introductory paragraph of (a); in (b) through (e), substituted "30" for "20"; in (c) through (e), substituted "adviser" for "advisor", inserted "IARD or directly with the" and deleted "of Securities" following "Bureau" throughout; in (e), deleted the former last sentence; and deleted (f).

13:47A-2.6 Maintenance of books and records

Subject to the limitations of Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. §80b-18a), all investment advisers shall keep at their principal place of business, open to inspection for the Bureau of Securities of the State of New Jersey, all books and records, as set forth in Rule 204-2 (17 CFR 275.204-2) under the Investment Advisers Act of 1940, 15 U.S.C. §§80b-1 et seq.

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Rewrote the section.

13:47A-2.6A Maintenance of sales and advertising material (investment advisers)

Subject to the limitations of Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. § 80b-18a), all investment advisers shall keep on file, in each branch and sales office, for a period of three years, copies of any prospectus, circular, form letter, advertisement, sales script, or prepared text used in the course of soliciting prospective investors, and any other sales or advertising material intended for distribution or communication to prospective investors by mail, telephone or any other medium, or for the use or training of persons making such communications. Any material required to be maintained pursuant to this section may be maintained in electronic form, either at the branch or sales office or at a central location, provided that such electronically stored material can, upon demand, be retrieved and provided to the Bureau within two working days.

New Rule, R.1995 d.540, effective October 16, 1995.
See: 26 N.J.R. 3814(a), 26 N.J.R. 4337(a), 27 N.J.R. 3964(b).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Maintenance of sales and advertising material (investment advisors)". Substituted "Section" for "§", "Advisers" for "Advisors" and "advisers" for "advisors".

13:47A-2.7 Withdrawal of investment adviser registration

A registered investment adviser shall file with the IARD or the Bureau a Form ADV-W, Notice of Withdrawal from Registration as Investment Adviser, as set forth in N.J.A.C. 13:47A-11.9, when it desires to withdraw its registration as an investment adviser in the State of New Jersey. Such request for withdrawal will become effective 30 days after filing with the Bureau.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Added text.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Deleted the last sentence.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Withdrawal of investment advisor registration". Substituted "adviser" for "advisor" twice and substituted "Adviser" for "Advisor", inserted "IARD or the", deleted "of Securities" following "Bureau" twice and inserted a comma following "ADV-W".

13:47A-2.8 Application for successor

A registered investment adviser may file an application with the Bureau on the Uniform Application for Investment Adviser Registration, Form ADV, as set forth in N.J.A.C. 13:47A-11.2, for the registration of a successor. Such application shall be marked "SUCCESSOR APPLICATION" in the upper right-hand corner by the registrant for paper filings only. There is no filing fee for the successor application.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Added text.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Deleted the last sentence.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "adviser" for "advisor", deleted "of Securities" following "Bureau", substituted "the Uniform Application for Investment Adviser Registration," for "a" and inserted "for paper filings only".

13:47A-2.9 "Investment advisory services" defined

"Investment advisory services" is defined as the giving of continuous advice to clients as to the investment of funds on the basis of individual needs of each client, as distinguished from continuous advice of any nature which is not based on consideration of all relevant factors; for example, the nature and amount of other assets, investment and insurance, and the nature and extent of the personal and family obligations of each client. For interpretive purposes, the Bureau follows SEC Release No. IA-770 and SEC Release No. IA-1092.

Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Added the second sentence.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "'Investment supervisory services' defined". Substituted "advisory" for "supervisory" and deleted "of Securities" following "Bureau".

13:47A-2.10 Performance fee compensation

(a) The provisions of N.J.S.A. 49:3-53(b)(1) shall not prohibit any investment adviser registered as an investment adviser pursuant to N.J.S.A. 49:3-56(a) from entering into, performing, renewing or extending an investment advisory contract which provides for compensation to the investment adviser on the basis of a share of the capital gains upon, or the capital appreciation of, the funds or any portion of the funds of a client, provided that the conditions of this section are met and all conditions of Rule 205-3 (17 CFR 275.205-3) under the Investment Advisers Act of 1940, 15 U.S.C. §§80b-1 et seq., which are not in conflict with the conditions set forth in this section are satisfied.

(b) The client entering into the contract subject to this regulation must be a natural person or a company as defined in Rule 205-3, who the registered investment adviser (and any person acting on the investment adviser's behalf) entering into the contract reasonably believes, immediately prior to entering into the contract, is a natural person or a company as defined in Rule 205-3, whose net worth at the time the contract is entered into exceed $1,500,000. The net worth of a natural person shall be as defined by Rule 205-3 of the Investment Advisers Act of 1940.

(c) Nothing in this section shall prevent the renegotiation, for the purposes of changing the method of compensation in compliance with this section, of an investment advisory contract between a registered investment adviser and the client of such investment adviser provided both parties agree to the new or additional terms.

(d) Nothing in this section relieves a client's representative from any of the obligations under N.J.S.A. 49:3-47 et seq. including, but not limited to, the obligation to register with the Bureau pursuant to N.J.S.A. 49:3-56(a) and the obligation to comply with N.J.S.A. 49:3-52 and 49:3-53.

(e) For purposes of this section, a business development company, as defined by section 2(a)(48) of the Investment Company Act of 1940 (15 U.S.C. § 80a-2(a)(48)), shall not be prohibited by N.J.S.A. 49:3-53(b)(1) or by this section from paying or receiving performance based fee compensation, provided the business development company is allowed to pay or receive performance based fee compensation pursuant to Federal law and SEC regulations.

New Rule, R.1989 d.319, effective June 19, 1989.
See: 21 N.J.R. 12(a), 21 N.J.R. 1741(a).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Added (e).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "adviser" for "advisor" throughout; in (a) and (b), substituted "Advisers" for "Advisors"; in (a), inserted "§§"; in (b), substituted "adviser's" for "advisor's" and "$1,500,000" for "$1,000,000"; and in (e), substituted "(15 U.S.C. § 80a-2(a)(48))," for ", 15 U.S.C. § 80a".

13:47A-2.11 Notice filing of Federally registered investment advisers

(a) Any person doing business in New Jersey who is registered or required to be registered as an investment adviser under Section 203 of the Investment Advisers Act of 1940 (15 U.S.C. § 80b-3), as amended, or is not exempted from making a notice filing by N.J.S.A. 49:3-56(g), shall file the following items with the Bureau, unless such person is not within the State definition of "investment adviser" set forth in N.J.S.A. 49:3-49(g):

1. In connection with an initial notice filing with the Bureau by the applicant, the applicant shall make a written notice filing in the form of the current Form ADV, as filed with the Securities and Exchange Commission, and file with the Bureau a check made payable to the State of New Jersey, Bureau of Securities in the amount of $200.00;

2. Registration shall be effective from the date of effectiveness until the following December 31;

3. An investment adviser shall file, promptly, any amendments to the Form ADV, in accordance with the timing schedule set forth in the instructions to the Form ADV; and

4. All filings required by this section shall be filed with the Bureau electronically through the IARD, unless the applicant has been granted a hardship exemption by the U.S. Securities and Exchange Commission, in which case, the filings shall be made directly to the Bureau.

New Rule, R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In the introductory paragraph of (a), inserted "(15 U.S.C. § 80b-3)"; in (a)1, substituted "$200.00" for "$100.00"; and in (a)4, deleted "CRD or" preceding "IARD".

SUBCHAPTER 3. AGENTS

Law Review and Journal Commentaries

Accountants Serving as Securities Industry Professionals: Some Cautionary Notes. Peter D. Hutcheon, 206 N.J.L.J. 25 (2000).

13:47A-3.1 Agents of broker-dealers

(a) Any person desiring to act in the State of New Jersey as an agent of a non-FINRA member broker-dealer registered in New Jersey directly with the Bureau or as an agent of an issuer shall file a complete and accurate application with the Bureau on the Uniform Application for Securities Industry Registration or Transfer, Form U4, as set forth in N.J.A.C. 13:47A-11.3. Such application shall be accompanied by:

1. A consent to service of process executed by the applicant. A fully executed page one of Form U4, Uniform Application for Securities Industry Registration or Transfer, will satisfy this requirement;

2. The applicant's fingerprints and written consent for a criminal history record background check to be performed pursuant to N.J.S.A. 49:3-56(p); and

3. A check or money order made payable to the State of New Jersey, Bureau of Securities, in the amount of $60.00. Issuers of securities under N.J.S.A. 49:3-50(b) need not register as agents or qualify as issuers. However, a pattern of N.J.S.A. 49:3-50(b)(12) offerings by the same person or group of persons may raise a presumption that the person or persons are acting as an unregistered broker-dealer requiring broker-dealer registration of the issuer and its agents.

(b) Any person desiring to act in the State of New Jersey as an agent of a broker-dealer registered in New Jersey via the CRD shall file an application for registration as an agent with the CRD on the Form U4, Uniform Application for Securities Industry Registration or Transfer, or its successor agent application form prescribed by the CRD. The agent application shall be accompanied by a consent to service of process executed by the applicant; fingerprint cards as required by the CRD; and payment in the form prescribed by the CRD of $60.00 for each year of the registration period. In accordance with N.J.S.A. 49:3-58(a)(2)(i), an application is incomplete unless and until the applicant pays the registration fees as provided above within the billing time limits established by the Bureau or by the CRD.

1. Pursuant to N.J.S.A. 49:3-57(a), the Bureau Chief may require that any applicant provide any of the following information, upon request:

i. An agent narrative which includes the facts and circumstances surrounding any item reported to the Bureau;

ii. Copies of the agent's complaint file containing documentation of verbal customer complaints, the written customer complaints, or legally prepared complaints, as it exists from either the current or previous employers;

iii. Copies of arbitration documents, including but not limited to, the statement of claim, answer, award, exhibits, and settlement documents;

iv. Copies of arrest reports, indictments, police reports, judgments, sentence documents, and criminal charge documents;

v. Any and all documents pertaining to civil or regulatory actions, including but not limited to, pleadings, complaints, orders, Acceptance Waivers and Consents (AWC), and judgments;

vi. Copies of State registration agreements;

vii. An employer letter confirming agent's physical location of office of employment;

viii. An employer letter granting permission for outside business;

ix. Fingerprint card processing pursuant to N.J.S.A. 49:3-56(p);

x. Written justification of qualifications for examination waiver processing;

xi. The applicant's clearing firm trading records; or

xii. A fully executed Supervisory Agreement.

2. Upon request, the applicant may be required to participate in an in-person interview conducted by the Bureau in order to complete the application process. The applicant shall supplement the application filed with the CRD by filing any additional information requested directly with the Bureau. The 30-day time period for review

of an application will not commence until the application is complete.

(c) At any time during the pendency of the application, the applicant may be subject to action by the Bureau Chief pursuant to N.J.S.A. 49:3-58. Nevertheless, the Bureau may notify the applicant of the incomplete status of the application by letter, which notification shall not affect any action taken by the Bureau Chief before or after the letter is issued. The issuance by the Bureau of a notification letter may allow the applicant to supplement or amend the information previously submitted in an attempt to cure the incomplete status of the application, or to withdraw the application, within 21 days after receipt of the notification letter.

1. If, during the pendency of the application, it appears to the Bureau that the application contains a misrepresentation, omits a required document or material fact, or contains any statement which may be, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect, the Bureau Chief may deny the application.

(d) The Bureau may require an agent to enter into an agreement requiring heightened supervision and other restrictive conditions as a condition of granting that agent's application for registration.

Amended by R.1974 d.333, effective December 3, 1974.
See: 7 N.J.R. 12(b).
Amended by R.1982 d.304, effective September 7, 1982.
See: 14 N.J.R. 550(a), 14 N.J.R. 981(c).
Added (b)3.
Amended by R.1987 d.390, effective October 5, 1987.
See: 19 N.J.R. 1417(a), 19 N.J.R. 1824(a).
Amount raised from $30.00 to $60.00.
Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised section.
Amended by R.1995 d.270, effective June 5, 1995.
See: 27 N.J.R. 303(a), 27 N.J.R. 2241(a).
Inserted "non-NASD member broker-dealer registered in New Jersey directly with the Bureau of Securities or as an agent of a".
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
In (a)3, added the last two sentences.
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
In (a), rewrote 1 and 2; added (c) through (e).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Rewrote the section.

Case Notes

Agent registration would be revoked and civil monetary penalty imposed. In the Matter of Elliot Lloyd Bellen, 92 N.J.A.R.2d (BOS) 1.

13:47A-3.2 Change of status; agents; submission of form

(a) A registered agent shall file an amendment with the CRD, by filing or updating a Form U4, Uniform Application for Securities Industry Registration or Transfer, or its successor form, along with the fee, if any, prescribed by the CRD, whenever the agent changes his or her name or home address, and whenever a change in the answers on his or her original application for registration occurs, as to arrests, convictions of any crime, disciplinary actions by any administrative body, restraints, injunctions, suspensions, revocations, denials, or judgments, or to any other information contained in answers to Item 14 and the Disclosure Reporting Page of the Form U4. The amendment(s) must be filed within 30 days of the occurrence identified therein. Whenever an agent commences employment with a broker-dealer or issuer, the agent must file the amendment within five days of the commencement of employment. For agents of non-FINRA member broker-dealers, the amendments shall be filed directly with the Bureau.

(b) Whenever an agent terminates employment with a broker-dealer registered in New Jersey via the CRD, the broker-dealer shall file with the CRD or Bureau, as appropriate, the Form U5, Uniform Termination Notice for Securities Industries Registration, within 30 days of the termination. For agents of non-FINRA member broker-dealers, the Form U5, Uniform Termination Notice for Securities Industries Registration, shall be filed directly with the Bureau.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised section.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
In (a), substituted "23" for "22" following "Item", substituted "identified" for "named" following "20 days of the occurrence", deleted references to termination and added "of employment" in the second sentence; rewrote (b).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), substituted "U4," for the first occurrence of "U-4" and "U4" for the second occurrence of "U-4", deleted "based on fraud" following "judgments", substituted "14" for "23, "30" for "20" and "non-FINRA" for "non-NASD" and deleted "of Securities" following "Bureau"; and in (b), substituted "U5," for "U-5" twice, substituted "non-FINRA" for "non-NASD" and deleted "of Securities" following "Bureau".

Case Notes

N.J.S.A. 49:3-59 and N.J.A.C. 13:47A-3.2 require strict enforcement of the requirements for timely reporting of adverse information on the Form U-4 by persons registered to conduct securities activities. Such enforcement must not hinge upon whether there was intent to deceive any one jurisdiction and should be considered a serious matter whenever and wherever it occurs, so that the investing public may be protected by the registration and reporting system as the law intends. In re Palmieri, OAL Dkt. No. BOS 4987-06, 2007 N.J. AGEN LEXIS 335, Final Decision (February 16, 2007).

13:47A-3.3 Issuer-agent registration

(a) All issuers which are effecting or attempting to effect purchases or sales of securities other than through a registered broker-dealer shall register someone as an "agent," unless exempted or excluded from agent registration pursuant to (b) below. Only a natural person can be registered as an agent.

(b) Agent registration is not required for an individual who represents an issuer in effecting transactions exempted by

N.J.S.A. 49:3-50(a)(1) (securities issued or guaranteed by the United States, a State, or political subdivision thereof); N.J.S.A. 49:3-50(a)(2) (Canadian and other foreign government securities); N.J.S.A. 49:3-50(a)(3) (bank securities); N.J.S.A. 49:3-50(a)(11) (employee benefit plans); all of the transactional exemptions under N.J.S.A. 49:3-50(b); effecting transactions with existing employees, partners, or directors of the issuer, if no commission or other remuneration is paid or given directly or indirectly for soliciting any person in this State; or for an individual representing a broker-dealer in effecting transactions in this State limited to those transactions described in paragraph (2) of subsection (h) of section 15 of the "Securities Exchange Act of 1934," 15 U.S.C. § 78o(h)2; and such other persons not otherwise within the intent of this subsection (b), as the bureau chief may by rule or order designate.

(c) For the purposes of the exclusion from the definition of "agent" in N.J.S.A. 49:3-49(b)3, the phrase "existing employees, partners or directors of the issuer," shall include persons occupying those positions with subsidiaries of which the parent issuer owns at least 80 percent of the stock of the subsidiary.

New Rule, R.1995 d.270, effective June 5, 1995.
See: 27 N.J.R. 303(a), 27 N.J.R. 2241(a).
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
In (a), substituted "pursuant to (b) below" for "is available under the Act" in the first sentence; rewrote (b).

13:47A-3.4 General partners

A natural person acting on behalf of the general partner of a partnership in connection with the offer or sale of the partnership's securities, which general partner is a corporation, partnership or other entity, shall be deemed to be an individual representing the issuer within the meaning of N.J.S.A. 49:3-49(b).

New Rule, R.1995 d.270, effective June 5, 1995.
See: 27 N.J.R. 303(a), 27 N.J.R. 2241(a).

SUBCHAPTER 3A. INVESTMENT ADVISER REPRESENTATIVES

13:47A-3A.1 Registration of State registered investment adviser representatives

(a) Subject to the provisions of Section 203A of the Investment Advisers Act of 1940 (15 U.S.C. § 80b-3a), any person, who has a place of business located in this State, who desires to act in the State of New Jersey as an investment adviser representative of an investment adviser registered in New Jersey with the Bureau or registered with the Securities and Exchange Commission, and any person doing business in this State who desires to act in the State of New Jersey as an investment adviser representative of an investment adviser registered in New Jersey with the Bureau, shall file an application with an original signature, with the Bureau on the Uniform Application for Securities Industry Registration or Transfer, Form U4, as set forth in N.J.A.C. 13:47A-11.3. The Form U4 may be filed with the Bureau by filing the Form U4 electronically with the CRD and designating in the Form U4 that the applicant intends to apply for registration in New Jersey. For a Form U4 filed electronically with the Bureau via the CRD such Form U4 shall have the requisite electronic signatures as required by the CRD. An application shall be accompanied by:

1. The applicant's fingerprints and written consent for a criminal history record background check to be performed pursuant to N.J.S.A. 49:3-56(p). (Applicants registered through the CRD need not supply fingerprints directly to the Bureau if they have been supplied to FINRA as part of the applicant's filing with the CRD.); and

2. A fee of $50.00 shall be assessed for each initial application. The fee may be paid to the Bureau electronically through the CRD, or it may be paid by check or money order made payable to the State of New Jersey, Bureau of Securities if the application was filed directly with the Bureau. In accordance with N.J.S.A. 49:3-58(a)(2)(i), an application is incomplete unless and until the applicant pays the registration fee as provided above within the billing time limits established by the Bureau or by the CRD.

(b) Pursuant to N.J.S.A. 49:3-57(a), the Bureau Chief may require that any applicant provide any of the following information, upon request:

1. An investment adviser representative narrative which includes the facts and circumstances surrounding any item reported to the Bureau;

2. Copies of the investment adviser representative's complaint file containing documentation of verbal customer complaints, the written customer complaints, or legally prepared complaints, as it exists from either the current or previous employers;

3. Copies of arbitration documents, including but not limited to, the statement of claim, answer, award, exhibits, and settlement documents;

4. Copies of arrest reports, indictments, police reports, judgments, sentence documents, and criminal charge documents;

5. Any and all documents pertaining to civil or regulatory actions, including but not limited to, pleadings, complaints, orders, Acceptance Waivers and Consents (AWC), and judgments;

6. Copies of State registration agreements;

7. An employer letter confirming investment adviser representative's physical location of office of employment;

8. An employer letter granting permission for outside business;

9. Fingerprint card processing pursuant to N.J.S.A. 49:3-56(p);

10. Written justification of qualifications for examination waiver processing;

11. An applicant's clearing firm trading records; or

12. A fully executed Supervisory Agreement.

(c) Upon request, the applicant may be required to participate in an in-person interview conducted by the Bureau in order to complete the application process. The applicant shall supplement the application filed with the CRD by filing any additional information requested directly with the Bureau. The 30-day time period for review of an application will not commence until the application is complete.

(d) At any time during the pendency of the application, the applicant may be subject to action by the Bureau Chief pursuant to N.J.S.A. 49:3-58. Nevertheless, the Bureau may notify the applicant of the incomplete status of the application by letter, which notification shall not affect any action taken by the Bureau Chief before or after the letter is issued. The issuance by the Bureau of a notification letter may allow the applicant to supplement or amend the information previously submitted in an attempt to cure the incomplete status of the application, or to withdraw the application, within 21 days after receipt of the notification letter.

1. If, during the pendency of the application, it appears to the Bureau that the application contains a misrepresentation, omits a required document or material fact, or contains any statement which may be, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect, the Bureau Chief may deny the application.

(e) The Bureau may require an investment adviser representative to enter into an agreement requiring heightened supervision and other restrictive conditions as a condition of granting that investment adviser representative's application for registration.

(f) Registration shall be effective from the date of effectiveness until the following December 31.

Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
Added new (b) through (d) and recodified former (b) as (e).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Rewrote the section.

13:47A-3A.2 Change of status; submission of form

(a) A registered investment adviser representative shall file with the Bureau an amendment to Form U4 within 30 days, whenever there is any change to the information previously reported on the Form U4.

(b) Whenever a registered investment adviser representative terminates employment with an investment adviser registered in New Jersey, or with the U.S. Securities and Exchange Commission if the investment adviser has a place of business in this State, the investment adviser shall file with the Bureau Form U5, Uniform Termination Notice for Securities Industries Registration, within 30 days of the termination.

(c) A Form U4 or Form U5, or amendments thereto, may be filed with the Bureau by electronically filing them with the CRD, as applicable.

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), substituted "U4" for "U-4" twice and "30" for "20"; in (b), substituted "U5," for "U-5" and inserted a comma following "Registration"; in (c), substituted "U4" for "U-4" and "U5" for "U-5" and deleted "/IARD" following "CRD".

SUBCHAPTER 4. EXAMINATIONS

Law Reviews and Journal Commentaries

Accountants Serving as Securities Industry Professionals: Some Cautionary Notes. Peter D. Hutcheon, 206 N.J.L.J. 25 (2000).

13:47A-4.1 Examinations for broker-dealers and investment advisers

No officer, director, partner or individual affiliated with a broker-dealer or investment adviser applying for registration in this State who will participate in management either as investment adviser or in the offering or selling of securities either within or from this State, shall be so registered unless he or she has taken and successfully passed a securities examination approved by the Bureau Chief and offered by an independent self-regulatory organization of the securities industry registered with the Securities and Exchange Commission, or taken and successfully passed a securities examination given by a state whose examination is recognized by the Bureau of Securities of the State of New Jersey.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Deleted text in last sentence.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Examinations for broker-dealers and investment advisors". Substituted "adviser" for "advisor" twice and "Bureau Chief" for "Chief of the Bureau of Securities".

13:47A-4.2 Examinations for agents

No person shall be registered as an agent unless he or she has either successfully passed a securities examination or securities examinations approved by the Bureau Chief pursuant to N.J.S.A. 49:3-57(f)(1), the General Securities Representative Examination (Series 7), or its successor, or has been granted a waiver by the Bureau Chief. Individuals

acting in the capacity of an agent are required to take and pass the examinations required by FINRA for the type of activity the individual intends to perform prior to performing the corresponding activities. Individuals acting in a supervisory capacity are required to take and pass the appropriate supervisory examinations required by FINRA prior to performing the corresponding activities.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Deleted text in last sentence.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Rewrote the section.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "Bureau Chief" for "Chief of the Bureau of Securities" and inserted the second and third sentences.

13:47A-4.3 Requests for waiver of agent examinations

(a) Except for requests made pursuant to (c) below, requests for waiver of agent examination requirements will be granted only on the basis of knowledge, training and experience in the securities field. Any person, other than the agent of an issuer registered pursuant to N.J.A.C. 13:47A-3.3, requesting a waiver must have been continuously and lawfully active in the securities field for a period of at least two full years prior to filing the request.

(b) Requests for waiver of the agent examination must be submitted in writing directly to the Bureau Chief and requested no later than the filing of an application for registration with the CRD or the Bureau, as appropriate.

(c) In connection with an exempt transaction under N.J.S.A. 49:3-50, a person may apply for waiver of the agent examination requirement where the applicant is a principal or agent of the issuer and has specific knowledge of the issuer. The waiver application shall include a certification that neither the applicant nor any executive officer of the issuer would disqualify the issuer from selling stock pursuant to Regulation A as provided for in Rule 262 promulgated by the U.S. Securities and Exchange Commission and if the agent is an underwriter within the meaning of that Rule, he or she would not be disqualified from selling securities pursuant to Regulation A.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Recodified from 13:47A-4.4 with revisions to (b). Repealed old section 13:47A-4.3, Application for examination.
Amended by R.1995 d.270, effective June 5, 1995.
See: 27 N.J.R. 303(a), 27 N.J.R. 2241(a).
Added (c).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Rewrote the section.
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
In (a), rewrote the second sentence.

13:47A-4.4 Examination requirements for investment adviser representatives

(a) An individual applying to be registered as an investment adviser or investment adviser representative shall provide the Bureau Chief with proof of having obtained a passing score on one of the following examinations or of having obtained one of the following certifications:

1. The Uniform Investment Adviser Law Examination (Series 65 examination);

2. The General Securities Representative Examination (Series 7 examination) and the Uniform Combined State Law Examination (Series 66 examination);

3. The Certified Financial Planner (CFP) certification awarded by the Certified Financial Planner Board of Standards, Inc.;

4. The Chartered Financial Consultant (ChFC) certification awarded by the American College, Bryn Mawr, Pennsylvania;

5. The Personal Financial Specialist (PFS) certification awarded by the Institute of Chartered Financial Analysts;

6. The Chartered Financial Analyst (CFA) certification awarded by the Institute of Chartered Financial Analysts; or

7. The Chartered Investment Counselor (CIC) certification awarded by the Investment Counsel Association of America, Inc.

(b) Persons applying for registration as an agent who wish to act as an investment adviser representative, shall pass the Series 7 and the revised Series 66 examinations effective January 1, 2000, or their successor examinations, and persons applying for registration as investment adviser representatives, without otherwise registering as an agent, shall pass the revised Series 65 examination effective January 1, 2000, or its successor examinations. Registered agents who have passed the revised 2000 Series 66 examination can give investment advice as part of their agent activities without registering separately as investment adviser representatives.

(c) For grandfathering purposes, the Bureau may consider other examinations as equivalent to the examinations required by this section.

Recodified to 13:47A-4.3 by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
13:47A-4.4 was Requests for waiver.
New Rule, R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Section was "Reserved".
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).

In (a), inserted "or of having obtained one of the following certifications" following "examinations" in the introductory paragraph and added 3 through 7.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a)3, substituted "Certified" for "Chartered"; and rewrote (b).

SUBCHAPTER 5. RENEWAL

13:47A-5.1 Expiration date

Registration of a broker-dealer, investment adviser, investment adviser representative or agent shall expire on December 31 of each calendar year, unless revoked or renewed.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised text.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Substituted "adviser, investment adviser representative" for "advisor" preceding "or agent" and inserted "ore renewed" following "revoked".

Case Notes

Gross negligence. Mayflower Securities v. Bureau of Securities, 64 N.J. 85, 312 A.2d 497 (1973).

13:47A-5.2 Application for renewal

(a) A broker-dealer registered in New Jersey via the CRD may apply to renew its registration by filing the renewal forms prescribed by the CRD accompanied by payment of a $300.00 renewal fee. Failure to pay the entire fee within the billing time limits established by the Bureau or by the CRD shall result in the broker-dealer registration being terminated as of its date of expiration.

(b) A broker-dealer registered in New Jersey via direct registration with the Bureau may apply to renew its registration by filing Form BDR issued to the registrant by the Bureau accompanied by a check or money order for $300.00 made payable to the State of New Jersey, Bureau of Securities.

(c) A registered investment adviser registered or notice filed in New Jersey via the IARD may apply to renew its registration by filing the renewal forms prescribed by the IARD by December 31 of each year, accompanied by payment of a $200.00 renewal fee.

(d) A registered investment adviser registered in New Jersey via direct registration with the Bureau may apply to renew its registration by filing Form IAR-(year) by December 31 of each year, as set forth in N.J.A.C. 13:47A-11.8, issued to the registrant by the Bureau, along with a current copy of the Form ADV, together with a check or money order for $200.00 made payable to the State of New Jersey, Bureau of Securities.

(e) An agent registered in New Jersey via the CRD may apply to renew his or her registration by filing the renewal prescribed by the CRD accompanied by a $60.00 renewal fee.

(f) A broker-dealer registered in New Jersey via direct registration with the Bureau may apply to renew its agents who are registered in New Jersey via direct registration with the Bureau by filing with the Bureau a list containing the name and social security number of each such agent together with a check or money order payable to the State of New Jersey, Bureau of Securities, in the amount of $60.00 per agent per year.

(g) An issuer agent registered in New Jersey may apply to renew his or her registration with the Bureau by filing a completed Form ISR issued to the registrant by the Bureau accompanied by a check or money order in the amount of $60.00, made payable to the State of New Jersey, Bureau of Securities.

(h) An investment adviser representative registered electronically in New Jersey via the CRD may apply to renew his or her registration by December 31 of each year by filing the renewal form prescribed by the CRD accompanied by a $50.00 renewal fee.

(i) An investment adviser representative registered in New Jersey via direct registration with the Bureau may apply to renew his or her registration by December 31 of each year by filing N.J. Form IARep, as set forth in N.J.A.C. 13:47A-11.11, accompanied by a check or money order made payable to the State of New Jersey, Bureau of Securities, in the amount of $50.00. This requirement may be satisfied by a filing with the Bureau by the investment adviser of a list of the names and social security numbers of each investment adviser representative affiliated with the investment adviser, together with any amendments to such investment adviser representatives' Forms U4 that have not been previously filed with the Bureau, along with a fee equal to $50.00 for each investment adviser representative included in the filing.

(j) The Bureau may deny, suspend or revoke the renewal application or the registration and due process rights will be afforded to the applicant in accordance with N.J.S.A. 49:3-58 or the Bureau may renew the application.

Amended by R.1970 d.60, effective May 29, 1970.
See: 2 N.J.R. 34(f), 2 N.J.R. 55(d).
Amended by R.1974 d.333, effective December 3, 1974.
See: 7 N.J.R. 12(b).
Amended by R.1982 d.265, effective August 16, 1982.
See: 14 N.J.R. 551(a), 14 N.J.R. 919(b).
Deleted (d) and (e).
Amended by R.1987 d.390, effective October 5, 1987.
See: 19 N.J.R. 1417(a), 19 N.J.R. 1824(a).
Amounts payable raised from $125.00 to $500.00; all others doubled.
Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Added new (a); redesignated old (a)-(b) to (b)-(c); added new (d); redesignated old (c) to (e).

Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
In (a) and (b), changed the application fee from $500 to $250; in (b) and (c), added the last sentences; and in (d) and (e), changed the application fee from $60 to $30.
Amended by R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Rewrote the section.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a) and (b), substituted "$300.00" for "$250.00"; in (b) and (d), deleted "of Securities" following the first and second occurrences of "Bureau"; in (c), deleted "CRD/" preceding "IARD" twice; in (c) and (d), substituted "$200.00" for "$100.00"; in (e) and (f), substituted "$60.00" for "$30.00"; added new (g); recodified former (g) through (i) as (h) through (j); in (h), deleted "CRD/" preceding "IARD" twice; in (i), substituted "An" for "A registered", inserted "registered in New Jersey via direct registration with the Bureau", inserted a comma following "13:47A-11.11", inserted "with" preceding "any amendments", and substituted "U4" for "U-4" and "adviser" for "advisor".

13:47A-5.3 Filing for renewal

(a) Applications for renewal will be issued by the Bureau for direct filing investment advisers, investment adviser representatives, issuer agents and for non-FINRA member broker-dealers and their agents registered directly with the Bureau and shall be filed with the Bureau by the last business day of the current year.

(b) The registration of any person who fails to apply in a timely manner for the renewal of its registration shall be terminated by the Bureau effective December 31. Thereafter, to act in any capacity under the Act that requires registration, such person must make, file and have approved an initial application for registration as set forth in these rules.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised (a); added new (b) and redesignated old (b) to (c) with revisions.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
In (a), deleted the exception.
Amended by R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Rewrote the section.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), deleted "of Securities during the month of October" following the first occurrence of "Bureau" and "of Securities" following the second occurrence of "Bureau", inserted ", issuer agents" and substituted "non-FINRA" for "non-NASD", "shall" for "must" and "by the last business day" for "of Securities between October 1 and November 30".

SUBCHAPTER 6. DISHONEST OR UNETHICAL BUSINESS PRACTICES

13:47A-6.1 Authority, purpose and scope

(a) The rules in this subchapter are being adopted pursuant to the authority granted by N.J.S.A. 49:3-47 et seq. and specifically N.J.S.A. 49:3-53(a)(3) and 49:3-58(a)(2)(vii).

(b) Nothing in this subchapter shall be construed to define any fraudulent activity as a dishonest and unethical practice to the exclusion of fraud. Specific fraudulent activity may still be charged as fraud under N.J.S.A. 49:3-52, 49:3-52.1 or 49:3-53.

(c) The rules in this subchapter identify certain acts and practices that the Bureau deems dishonest or unethical conduct under N.J.S.A. 49:3-47 et seq., specifically under N.J.S.A. 49:3-53(a)(3) and 49:3-58(a)(2)(vii). The list contained in this subchapter shall not be considered to include all acts and practices that are dishonest and unethical conduct, but rather is intended to act as a guide as to the types of conduct that may form a basis for the initiation of administrative proceedings by the Bureau.

(d) The rules in this subchapter are patterned after well-established standards in the industry which have been adopted by the SEC, FINRA, NASAA, the national securities exchanges and various courts, and represent one of the purposes of the securities laws: to create viable securities markets in which those persons involved are held to a high standard of fairness with respect to their dealings with the public.

(e) The rules in this subchapter apply to Federal covered advisers to the extent that the conduct alleged is fraudulent or deceptive, or to the extent permitted by the National Securities Markets Improvement Act of 1996 (Pub. L. No. 104-290).

(f) The Federal statutory and regulatory provisions referenced in N.J.A.C. 13:47A-6.3(a) shall apply to investment advisers and Federal covered advisers, regardless of whether the Federal provision limits its application to advisers subject to Federal registration.

13:47A-6.2 Definitions

(a) For purposes of this subchapter, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise:

"Market maker" means a broker-dealer who, with respect to a particular security:

1. Regularly publishes bona fide, competitive bid and ask quotations in a recognized inter-dealer quotation system; or regularly furnishes bona fide competitive bid and offer quotations to other broker-dealers upon request; and

2. Is ready, willing and able to effect transactions in reasonable quantities at his quoted price with other broker-dealers on a regular basis.

"NASAA" means the North American Securities Administrators Association, Inc.

"NASDAQ" means the National Association of Securities Dealers Automated Quotation System.

"OTC" means over-the-counter.

"Person" means person as defined in N.J.S.A. 49:3-49(i).

"SEC" means the United States Securities and Exchange Commission.

13:47A-6.3 Registrants and applicants

(a) "Dishonest or unethical practices" as used in N.J.S.A. 49:3-47 et seq., specifically in N.J.S.A. 49:3-53(a)(3) and 49:3-58(a)(2)(vii), shall include the following:

1. Engaging in a pattern of unreasonable and unjustifiable delays in the delivery of securities purchased by any of its customers or in the payment, upon request, of free credit balances reflecting completed transactions of any of its customers, or both;

2. Inducing trading in a customer's account that is excessive in size or frequency in view of the financial resources and character of the account;

3. Recommending to a customer the purchase, sale or exchange of any security without reasonable grounds to believe that such transaction or recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation and needs, and any other relevant information known by the broker-dealer;

4. Placing an order or executing a transaction on behalf of a customer without prior authorization to do so;

5. Exercising any discretionary power in effecting a transaction for a customer's account without first obtaining written discretionary authority from the customer, unless the discretionary power relates solely to the time or price for the execution of orders, or both;

6. Executing any transaction in a margin account without securing consent to trade on margin from the customer before the initial transaction in the account;

7. Failing to segregate a customer's free securities or securities held in safekeeping;

8. Hypothecating a customer's securities without having a first lien thereon unless the broker-dealer secures from the customer a properly executed written consent promptly after the initial transaction, except as permitted by the rules and regulations of the SEC;

9. Entering into a transaction with or for a customer at a price not reasonably related to the current market price of the security or receiving an unreasonable commission or profit;

10. Failing to furnish to a customer purchasing securities in an offering, no later than the date of confirmation of the transaction, either a final prospectus or a preliminary prospectus and an additional document, which together include all information set forth in the final prospectus;

11. Charging fees for services without prior notification to a customer as to the nature and amount of the fees;

12. Charging unreasonable and inequitable fees for services performed, including miscellaneous services such as collection of monies due for principal, dividends or interest, exchange or transfer of securities, appraisals, safekeeping, or custody of securities and other services related to its securities business;

13. Offering to buy from or sell to any person any security at a stated price unless the broker-dealer is prepared to purchase or sell, as the case may be, at the price and under the conditions as are stated at the time of the offer to buy or sell;

14. Representing that a security is being offered to a customer "at the market" or a price relevant to the market price unless the broker-dealer knows or has reasonable grounds to believe that a market for the security exists other than that made, created or controlled by the broker-dealer; by any person for whom the broker-dealer is acting or with whom the broker-dealer is associated in the distribution; or by any person controlled by, controlling or under common control with the broker-dealer;

15. Effecting any transaction in, or inducing the purchase or sale of, any security by means of any manipulative, deceptive or fraudulent device, practice, plan, program, design or contrivance, which may include, but not be limited to:

i. Effecting any transaction in a security that involves no change in the beneficial ownership thereof;

ii. Entering an order or orders for the purchase or sale of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and substantially the same price, for the sale of the security, has been or will be entered by or for the same or different parties for the purpose of creating a false or misleading appearance of active trading in the security or a false or misleading appearance with respect to the market for the security; provided, however, nothing in this subparagraph shall prohibit a broker-dealer from entering bona fide agency cross transactions for its customers; or

iii. Effecting, alone or with one or more other persons, a series of transactions in any security creating actual or apparent active trading in a security or raising or depressing the price of a security for the purpose of inducing the purchase or sale of the security by others;

16. Guaranteeing a customer against loss in any securities account of the customer carried by the broker-dealer or in any securities transaction effected by the broker-dealer with or for the customer;

17. Publishing or circulating, or causing to be published or circulated, any notice, circular, advertisement,

newspaper article, investment service, or communication of any kind which:

i. Purports to report any transaction as a purchase or sale of any security unless the broker-dealer believes that the transaction was a bona fide purchase or sale of the security; or

ii. Purports to quote the bid price or asked price for any security, unless the broker-dealer believes that the quotation represents a bona fide bid for, or offer of, the security;

18. Using any advertising or sales presentation by any person in such a fashion as to be deceptive or misleading. An example of the prohibited practice would be distribution of any nonfactual data, material or presentation based on conjecture, unfounded or unrealistic claims or assertions in any brochure, flyer, press release, or display by words, pictures, graphs or otherwise designed to supplement, detract from, supersede or defeat the purpose or effect of any prospectus or disclosure;

19. Failing to disclose to a customer that the broker-dealer is controlled by, controlling, affiliated with or under common control with the issuer of any security before entering into any contract with or for a customer for the purchase or sale of the security, or failing to supplement a disclosure not made in writing by giving or sending written disclosure at or before completion of the transaction;

20. Failing to make a bona fide public offering of all of the securities allotted to a broker-dealer for distribution, whether acquired as an underwriter or a selling group member, or from a member participating in the distribution as an underwriter or selling group member;

21. Failing or refusing to furnish a customer, upon reasonable request, information to which the customer is entitled, or to respond to a formal written request or complaint;

22. Permitting a person to open an account for another person or transact business in the account unless there is on file written authorization for the action from the person in whose name the account is carried;

23. Permitting a person to open or transact business in a fictitious account;

24. Permitting an agent to open or transact business in an account other than the agent's own account, unless the agent discloses in writing to the broker-dealer or issuer with which the agent associates the reason therefore;

25. In connection with the solicitation of a sale or purchase of an OTC, non-NASDAQ security, failing to promptly provide the most current prospectus or the most recently filed periodic report filed under Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. §78m), when requested to do so by a customer;

26. Marking any order tickets or confirmations as "unsolicited" when in fact the transaction is solicited;

27. For any month in which activity has occurred in a customer's account, but in no event less than every three months, failing to provide each customer with a statement of account which, with respect to all OTC non-NASDAQ equity securities in the account, contains a value for each security based on the closing market bid on a date certain; provided that this provision shall apply only if the firm has been a market maker in the security at any time during the month in which the monthly or quarterly statement is issued;

28. Failing to comply with any applicable provision of the Conduct Rules of FINRA or any applicable fair practice or ethical standard promulgated by the SEC or by a self-regulatory organization which relate to honesty and fair dealings and just and equitable principles of trade;

29. Failing to cooperate in accordance with N.J.A.C. 13:47A-14.16;

30. Making any misrepresentation or omission of a material fact or otherwise employing any form of concealment or deception in connection with the offer, sale, purchase or negotiation of any securities, commodity futures, banking or insurance contract, instrument or transaction;

31. Engaging in any material misrepresentation or omission or engaging in deceitful, deceptive or fraudulent conduct involving any aspect of the securities, banking, insurance, investment advisory or commodities futures industries or engaging in any conduct described above which, at the time, is prohibited by the statutes or rules governing the above industries in the jurisdiction where the conduct occurred;

32. Altering any document relevant to or on the books and records of any broker-dealer, investment adviser, bank, insurance or commodities futures business with any entry or deletion which is materially false or misleading;

33. In connection with any securities, banking, insurance, investment advisory, or commodity futures contract, instrument or transaction, signing any client's name without the prior knowledge and written consent of both the client and the applicant's or registrant's employing firm;

34. In the case of agents of broker-dealers, effecting securities transactions not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transactions are authorized in writing by the broker-dealer prior to execution of the transaction;

35. Establishing or maintaining an account containing fictitious information in order to execute transactions which would otherwise be prohibited;

36. Engaging in acts or practices that constitute deceptive market-timing in the trading of mutual funds, including, but not limited to:

i. Breaking a trade into smaller trades to avoid detection; or

ii. Using multiple accounts, nominees, agent numbers or multiple agents or representatives to avoid detection;

37. Sharing directly or indirectly in profits or losses in the account of any customer without the prior written authorization of the customer and the broker-dealer which the agent represents;

38. Dividing or otherwise splitting commissions or otherwise paying production-based compensation from the purchase or sale of securities to any person not registered with the Bureau, except where the broker-dealer has established a retirement plan which has received prior Bureau approval;

39. For agents who are dually registered, failing to disclose the dual license to a client;

40. Altering client account records to falsely change the client's investment objectives to conform to unsuitable or unauthorized trades made by the agent in the client's account;

41. Placing an order to purchase or sell a security for the account of a client upon instruction of a third party without first having obtained a written third-party trading authorization from the client;

42. Borrowing money or securities from a client unless the client is a broker-dealer, an affiliate of an investment adviser, or a financial institution engaged in the business of loaning funds;

43. Loaning money to a client except in the case of a broker-dealer, or where the lending party is a financial institution engaged in the business of loaning funds, or where the client is an affiliate;

44. Misrepresenting to any advisory client, or prospective advisory client, the qualifications of the investment adviser or any employee of the investment adviser, or misrepresenting the nature of the advisory services being offered or fees to be charged for such service, or omitting to state a material fact necessary to make the statements made regarding qualifications, services or fees, in light of the circumstances under which they are made, not misleading;

45. Providing a report or recommendation to any advisory client prepared by someone other than the adviser without disclosing that fact. This provision does not apply to a situation where the adviser uses published research reports or statistical analyses to render advice or where an adviser orders such a report in the normal course of providing service;

46. Charging a client an unreasonable advisory fee;

47. Failing to disclose to clients in writing before any advice is rendered any material conflict of interest relating to the adviser or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice including:

i. Compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; and

ii. Charging a client an advisory fee for rendering advice when a commission for executing securities transactions pursuant to such advice will be received by the adviser or its employees;

48. Guaranteeing a client that a specific result will be achieved (gain or no loss) with advice which will be rendered;

49. Publishing, circulating or distributing any advertisement which does not comply with Rule 206(4)-1 (17 CFR 275.206(4)-1) under the Investment Advisers Act of 1940, 15 U.S.C. §§80b-1 et seq.;

50. Disclosing the identity, affairs, or investments of any client unless required by law to do so, or unless consented to by the client;

51. Taking any action, directly or indirectly, with respect to those securities or funds in which any client has any beneficial interest, where the investment adviser has custody or possession of such securities or funds when the adviser's action is subject to and does not comply with the requirements of Rule 206(4)-2 (17 CFR 275.206(4)-2) under the Investment Advisers Act of 1940, 15 U.S.C. §§80b-1 et seq.;

52. Entering into, extending or renewing any investment advisory contract unless such contract is in writing and discloses, in substance, the services to be provided, the term of the contract, the advisory fee, the formula for computing the fee, the amount of prepaid fee to be returned in the event of contract termination or non-performance, whether the contract grants discretionary power to the adviser and that no assignment of such contract shall be made by the investment adviser without the consent of the other party to the contract;

53. Failing to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the misuse of material nonpublic information in violation of Section 204A of the Investment Advisers Act of 1940 (15 U.S.C. §80b-4a);

54. Entering into, extending, or renewing any advisory contract which would violate Section 205 of the Investment Advisers Act of 1940. This provision shall apply to all advisers registered or required to be registered under this Act, notwithstanding whether such adviser would be exempt from Federal registration pursuant to Section 203(b) of the Investment Advisers Act of 1940 (15 U.S.C. §80b-3(b));

55. To indicate, in an advisory contract any condition, stipulation, or provisions binding any person to waive compliance with any provision of N.J.S.A. 49:3-47 et seq., or of the Investment Advisers Act of 1940, 15 U.S.C. §§80b-1 et seq., or any other practice that would violate Section 215 of the Investment Advisers Act of 1940 (15 U.S.C. §215);

56. Engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative in contravention of Section 206(4) of the Investment Advisers Act of 1940 (15 U.S.C. §206(4)) notwithstanding the fact that such investment adviser is not registered or required to be registered under Section 203 of the Investment Advisers Act of 1940 (15 U.S.C. §203); or

57. Engaging in conduct or any act, indirectly or through or by any other person, that would be unlawful for such person to do directly under the provisions of N.J.S.A. 49:3-47 et seq., or any rule promulgated thereunder.

SUBCHAPTER 7. MISCELLANEOUS

13:47A-7.1 Consent to service of process

(a) The irrevocable consent appointing the Bureau Chief or his or her successor in office as attorney to receive service of any lawful process in any noncriminal suit, action or proceeding against him or her shall be filed concurrently with the application directly with the Bureau Chief, except as provided below.

1. The Bureau accepts the following forms:

i. For agent applications for registration in New Jersey, a fully executed Form U-2 Uniform Consent to Service of Process or a fully executed page 1 of Form U4, Uniform Application for Securities Industry Registration or Transfer, for direct registration or via the CRD;

ii. For broker-dealer applications for registration in New Jersey filed directly with the Bureau or via the CRD a fully executed page 1 (Execution Page) of the Form BD, Uniform Application for Broker-Dealer Applications, or a successor form as prescribed by the CRD may be filed with the CRD to fulfill the requirement of (a) above for the broker-dealer;

iii. For investment adviser applications for registration in New Jersey, a fully executed page 1 (Execution Page) of the Form ADV, Uniform Application for Investment Adviser Registration, or a successor form as prescribed by the Bureau may be filed with the Bureau to fulfill the requirement of subsection (a) of this section for the investment adviser; and

iv. For investment adviser representatives, a fully executed page 1 of Form U4, Uniform Application for Securities Industry Registration or Transfer, for direct registration or via the CRD.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised (a); added new (b)-(c).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Inserted (a)1; recodified existing (b) as (a)1ii; added (a)1iii; and deleted existing (c).
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
In (a)1, rewrote i and added iv.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In the introductory paragraph of (a), deleted "by (a)1ii" preceding "below"; in the introductory paragraph of (a)1 and in (a)1iii, deleted "of Securities" following "Bureau"; in (a)1i and (a)1iv, substituted "U4" for "U-4" and inserted ", for direct registration or via the CRD"; in (a)1ii, inserted "directly with the Bureau or" and inserted commas following "BD" and "Applications"; in (a)1iii and (a)1iv, substituted "adviser" for "advisor" throughout; and in (a)1iii, inserted a comma following "ADV", substituted "Adviser" for "Advisor".

13:47A-7.2 Custody of clients' funds or securities

The term "custody of clients' funds or securities" as used in N.J.S.A. 49:3-57(e) shall mean the carrying of money or securities for the account of customers or the owing of money or securities to customers except as an incident to transactions with or for customers which are promptly consummated by payment or delivery.

Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "N.J.S.A. 49:3-57(e)" for "Section 49:3-57(e) of the Uniform Securities Law (1967)".

13:47A-7.3 Broker-dealer

The term "broker-dealer" as used in the Uniform Securities Law (1997) shall include underwriters, wholesalers or distributors whether acting for their own account or the account of others.

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "(1997)" for "(1967)".

13:47A-7.4 Prospectus defined

(a) The term "prospectus" as used in the administration of the Uniform Securities Law (1997) shall mean a selling circular distributed to prospective investors which in general shall contain:

1. A description of the issuer's property and business;

2. A description of the significant provisions of the security to be offered and its relationship to the issuer's other capital securities;

3. Information concerning the management of the issuer; and

4. Certified financial statements.

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In the introductory paragraph of (a), substituted "(1997)" for "(1967)".

Case Notes

"Prospectus" defined. Maplewood Vil. Ten. Ass'n v. Maplewood Vil., 116 N.J. Super. 372, 282 A.2d 428 (Chanc. Div.1971).

13:47A-7.5 Effective date of applications

(a) Pursuant to N.J.S.A. 49:3-57(a), complete applications become effective on noon on the 30th day after filing with the Bureau.

(b) Complete applications filed with the CRD to effectuate registration in New Jersey will become effective on noon on the 30th day after notice to the Bureau by the CRD that the application has been filed with the CRD. An application is deemed complete when all requested information is received by the Bureau.

(c) An agent or investment advisor representative application shall be deemed to be incomplete by the Bureau, unless and until the applicant has received an approved status from the jurisdiction in which his or her office of employment is located when such registration is required.

(d) Any applicant desiring an earlier effective date must submit a written request to expedite to the Bureau Chief, such request to be made a part of the application and the applicant's permanent file. Acceleration is not automatic, and in no case shall an accelerated application become effective in less than five full business days after having been filed with the Bureau.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised text.
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
Rewrote the section.
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Rewrote the section.

13:47A-7.6 Effectiveness of registrations filed with the CRD or IARD

Filing an application for registration with the CRD or IARD does not in any way impair the authority of the Bureau to require that additional information be filed with the Bureau or the CRD or IARD, nor does it in any way impair the Bureau's authority to deny, suspend, postpone or revoke any registration in accordance with the provisions of the Uniform Securities Law (1997) and the regulations promulgated under that Law. Allowing registrants to file their applications with the CRD or IARD, if they are eligible to do so, is for the convenience of the registrant and the Bureau, but is not intended to impair or substitute any other person's discretion or decision making authority for that of the Bureau in reviewing and acting upon applications.

New Rule, R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Effectiveness of registrations filed with the CRD". Inserted "or IARD" throughout, deleted "of Securities" following the first and third occurrences of "Bureau" and substituted "(1997)" for "(1967)".

13:47A-7.7 New registrations

(a) Broker-dealer registrants registered with the CRD in other states who wish to include a registration in New Jersey may do so by filing an amendment with the CRD to the Form BD, Uniform Application for Broker-Dealer Registration, to include New Jersey as one of the states in which it is registered. These registrants must also include in the amendment filing any other information required by N.J.A.C. 13:47A-1.1 or 1.9. The information required by N.J.A.C. 13:47A-1.1 and 1.9 may be filed as a supplement to the amendment filed with the CRD or by a separate supplemental filing made directly to the Bureau at the same time the amendment is filed with the CRD.

(b) Investment adviser registrants registered with the IARD in other states who wish to include a registration in New Jersey may do so by filing an amendment with the IARD to the Form ADV, Uniform Application for Investment Adviser Registration, to include New Jersey as one of the states in which it is registered. These registrants must also include in the amendment filing any other information required by N.J.A.C. 13:47A-2.1 or 2.5. The information required by N.J.A.C. 13:47A-2.1 and 2.5 may be filed as a supplement to the amendment filed with the IARD or by a separate supplemental filing made directly to the Bureau at the same time the amendment is filed with the IARD.

(c) New applicants who are not registered either directly with the Bureau or via the CRD or IARD must file their application for registration with the CRD or IARD in accordance with N.J.A.C. 13:47A-1.1 or 2.1, if they are eligible to do so. Only those new applicants who are not eligible for filing with the CRD or IARD may file their applications directly with the Bureau in accordance with N.J.A.C. 13:47A-1.2 or 2.1.

New Rule, R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Recodified (d) as (b); and deleted (b), (c), (e) and (f).
Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(b), 35 N.J.R. 1563(b).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), inserted a comma following "BD" and "Registration" and deleted "of Securities" following "Bureau"; added new (b); recodified former (b) as (c); in (c), deleted "of Securities" following "Bureau" twice and inserted "or IARD" and "or 2.1" throughout.

13:47A-7.8 Filing of information with the CRD or IARD

Any information filed by an applicant as part of a registration application that is filed with the CRD or IARD

shall be considered to have been filed with the Bureau in accordance with N.J.A.C. 13:47A-7.6, unless the information is required by these rules to be filed directly with the Bureau at its current office address. If the information is required to be filed directly with the Bureau, then filing the information with the CRD or IARD will have no effect and the information will be considered as "not filed."

New Rule, R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Filing of information with the CRD". Deleted "NASAA/NASD" preceding "CRD", inserted "or IARD" twice, deleted "of Securities" following "Bureau" throughout and updated the N.J.A.C. reference.

13:47A-7.9 Notice filings for securities issued or offered by Federally registered investment companies and unit investment trusts

(a) Pursuant to the authority of the Bureau Chief provided by N.J.S.A. 49:3-67(a) and 49:3-60.1, issuers of Federal covered securities under paragraph (2) of subsection (b) of Section 18 of the Securities Act of 1933 (15 U.S.C. § 77r(b)(2)) selling securities in or from the State that are not otherwise exempt from registration under the Uniform Securities Law (1997) shall annually file with the Bureau:

1. A copy of the most recent registration statement and all pre-effective amendments thereof and exhibits thereto filed with the U.S. Securities and Exchange Commission; or

2. Annually a copy of the Form NF for investment companies, and initially (and effective for 18 months from the date of receipt at the Bureau) a copy of the Form NF for unit investment trusts.

(b) In addition to (a)1 or 2 above, issues of Federal covered securities as described in (a) above shall annually file with the Bureau:

1. A consent to service of process, designating the Chief of the New Jersey Bureau of Securities as agent, unless one is already on file with the Bureau; and

2. A check made payable to the State of New Jersey, Bureau of Securities in the amount of $500.00 for an investment company for the period from the date of receipt until the following June 30. Payment of fees shall be due and payable upon filing.

i. The notice filing for an investment company shall become effective upon receipt by the Bureau and shall be effective until the following June 30. The annual registration period for an investment company shall be from June 30 of one year until June 30 of the following year. No notice filing for an investment company shall be effective for more than one full year, unless it is renewed.

ii. Notice filings pursuant to this section shall be renewed annually not later than June 30 by filing the Form NF for investment companies or the most recent form of registration statement, along with the payment of the fees in (b)2 above. Renewals shall be effective from the expiration date of the notice filing being renewed until June 30 of the following calendar year; and

3. A check made payable to the State of New Jersey, Bureau of Securities in the amount of $200.00 for a unit investment trust. Payment of fees shall be due and payable upon filing. The notice filing for a unit investment trust shall become effective upon receipt by the Bureau of Securities and shall be effective for 18 months from the date of receipt by the Bureau of Securities. Notice filings pursuant to this section shall be renewed not later than 18 months after the effective date of the initial notice filing by filing the Form NF for unit investment trusts or the most recent form of registration statement, along with the payment of the fees as above. Renewals shall be effective from the expiration date of the notice filing being renewed until 18 months later.

(c) Only one notice and one fee needs to be filed for multiple portfolios, classes, trusts, or funds that are offered through one prospectus.

New Rule, R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), inserted "(15 U.S.C. § 77r(b)(2))" and deleted "of Securities" following "Bureau"; in the introductory paragraph of (b), deleted "of Securities" following "Bureau"; recodified the former third through fifth sentences of (b)2 as (b)2i; in (b)2i, deleted "of Securities" following "Bureau"; recodified the former sixth and seventh sentences of (b)2 as (b)2ii; and in (b)2ii, substituted "or" for "and" following "companies".

13:47A-7.10 (Reserved)

New Rule, R.2002 d.3, effective January 7, 2002 (operative July 1, 2002).
See: 32 N.J.R. 4232(a), 34 N.J.R. 300(b).
Repealed by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Operative dates".

SUBCHAPTER 8. PENALTY

13:47A-8.1 Assessment

A registrant who fails to file with the Bureau or the CRD or IARD (as limited by N.J.A.C. 13:47A-7.8) any information required by N.J.A.C. 13:47A-1.9 (change of status), or any fee, annual report, financial report or statement as required by the Uniform Securities Law (1997) or the rules promulgated thereunder, within the time prescribed by the Law and the rules, may be subject to civil or administrative action, including monetary penalties or other available remedies at law.

Amended by R.1992 d.435, effective November 2, 1992.
See: 24 N.J.R. 2524(a), 24 N.J.R. 4060(a).
Revised text.
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Deleted "of Securities" following "Bureau", inserted "or IARD" and substituted "(1997)" for "(1967)".

Case Notes

Gross negligence. Mayflower Securities v. Bureau of Securities, 64 N.J. 85, 312 A.2d 497 (1973).

SUBCHAPTER 9. (RESERVED)

SUBCHAPTER 10. REGISTRATION OF SECURITIES

13:47A-10.1 (Reserved)

Repealed by R.1973 d.230, effective August 24, 1973.
See: 5 N.J.R. 356(b).
Section was "Notification of interstate securities offerings".

Case Notes

Data Access Systems, Inc. v. State, 117 N.J. Super. 95, 283 A.2d 750, reversed 63 N.J. 158, 305 A.2d 427 (1973).

13:47A-10.2 Registration by coordination

(a) A person who seeks to register by coordination a security for which a registration statement has been filed under the Securities Act of 1933 shall file with the Bureau the following documents and information.

1. A completed application Form U-1, Uniform Application to Register Securities, which shall be accompanied by the following:

i. The New Jersey Addendum, incorporated herein by reference as Appendix A;

ii. One copy of the Registration Statement filed with the Securities and Exchange Commission and each amendment to such registration statement together with all exhibits;

iii. Three copies of the prospectus in the latest form on file with the Securities and Exchange Commission whether or not such prospectus was printed as a separate document;

iv. One copy of the Underwriting agreement, agreement among underwriters and selected dealers agreement or similar agreements between the broker-dealer and the person owning the securities to be sold;

v. One copy of the indenture, if applicable;

vi. One copy of the issuer's charter or articles of incorporation, or if the issuer is not a corporation the similar relevant document, as amended to date;

vii. One copy of the issuer's by-laws as amended to date;

viii. One copy of the signed, unqualified, and unconditional opinion of counsel as to the legality of the security being registered, with a certified English translation if it is in a foreign language, which states that the security, when issued will be legally issued, fully paid, and nonassessable, and, if a debt security, is a binding obligation of the issuer; and if the issuer is a partnership, association or trust, whether the purchasers will be liable for the obligations of the partnership;

ix. One copy of a specimen of the security or, if not applicable, a copy of the document that represents the interest to be sold and the rights of the parties involved;

x. An irrevocable consent appointing the Chief of the Bureau agent for service of process, executed by the issuer on Form U-2, Uniform Consent to Service of Process, and, if the issuer is a corporation, a corporate resolution executed by the secretary of that corporation, on Form U-2A, Uniform Corporate Resolution;

xi. One copy of each pamphlet, circular, form letter, advertisement, or other sales literature intended as of the effective date to be used in connection with the offering;

xii. An undertaking executed by the applicant to forward to the Bureau within one business day after filing with the Securities and Exchange Commission a marked copy of any amendments to the federal registration statement, designating the changed, revised or added material or information by underlining and otherwise marking the same;

xiii. Any other document or information requested by the Bureau;

xiv. A check or money order payable to the New Jersey Bureau of Securities, in the amount of $1,000, for each registration statement filed with the Bureau. The Bureau may require the applicant to submit a money order or certified check in appropriate instances;

xv. If the securities are being offered and sold by or through a broker-dealer, the identity of the broker-dealer who will offer and/or sell the securities in or from the State of New Jersey and a statement that such broker-dealer is registered with the Bureau pursuant to N.J.S.A. 49:3-56(a); and

xvi. If the securities are being offered and sold directly by the issuer in or from the State of New Jersey through any bona fide officer, director or employee, the name of such officer, director or employee and a statement that the issuer is relying on an exemption from agent registration for such officer, director or employee

or that such officer, director or employee is registered with the Bureau as an agent.

2. Any document filed with the Bureau pursuant to N.J.S.A. 49:3-61, 49:3-61.1 and 49:3-61.2 within three years preceding the filing of a registration statement may be incorporated by reference pursuant to N.J.S.A. 49:3-62(d) provided that the applicant shall clearly identify in the reference the name of the document, the name of the applicant, the Bureau file number, the date of filing and state that no changes have been made in such documents since the last amendment filed with the Bureau.

3. All documents filed pursuant to this section must be legible, securely bound and on paper no larger than 8 1/2 inches by 11 inches.

(b) An application for registration by coordination shall become effective with the Bureau simultaneously with the registration statement filed with the Securities and Exchange Commission provided the following conditions have been met:

1. All documents and information required by (a) above have been filed with the Bureau; and

2. The application to register securities by coordination:

i. Was filed with the Bureau within 10 calendar days after the initial filing of the registration statement was made with the Securities and Exchange Commission and such application has been on file with the Bureau for at least 10 calendar days; or

ii. Has been on file with the Bureau for at least 30 calendar days; and

3. A statement that the maximum and minimum proposed offering prices and the maximum underwriting discounts and commissions have been on file for at least two business days; and

4. No order has been issued pursuant to N.J.S.A. 49:3-64.

(c) The following post effective requirements shall be complied with by an applicant whose securities have been registered with the Bureau by coordination:

1. Three copies of the final prospectus filed with the Securities and Exchange Commission shall be filed with the Bureau no later than two business days after such prospectus was filed with or forwarded to the Securities and Exchange Commission.

2. Post-effective amendments and supplements required to be filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933 shall be filed with the Bureau no later than two days after such amendments and supplements were filed with or forwarded to the Securities and Exchange Commission. Post-effective amendments filed with the Bureau will become effective at the same time that effectiveness is granted by the Securities and Exchange Commission, and no new order will issue from the Bureau.

(d) A security may not be registered by Coordination if the application for registration is received by the Bureau after the registration statement has become effective with the Securities and Exchange Commission. Applications which cannot be registered by Coordination must be registered by Qualification pursuant to N.J.S.A. 49:3-61 or Notification pursuant to N.J.S.A. 49:3-61.2.

(e) An application for registration may be withdrawn prior to effectiveness only in the discretion of the Bureau Chief, pursuant to N.J.S.A. 49:3-62(g), provided the Bureau has completed its review of the application and no action is contemplated under N.J.S.A. 49:3-64 or 69. The applicant may request withdrawal by stating the reason for such request, that none of the securities have been offered or sold in or from the State of New Jersey and that both the issuer and the underwriter concur in such request.

(f) Pursuant to N.J.S.A. 49:3-62(g), a registration statement may not be withdrawn within one year of its effectiveness with the Bureau if any securities of the same class which was registered remain outstanding.

(g) A preliminary prospectus may be distributed after the filing with the Bureau of an application for registration by Coordination and before its effectiveness, if such distribution is made for informational purposes only and provided such distribution also complies with federal securities law. The telephone number of a broker-dealer or issuer may not be displayed prominently on the front cover or inside cover or back cover page of a prospectus or preliminary prospectus unless such broker-dealer or issuer has complied with the registration requirements of N.J.S.A. 49:3-47 et seq.

(h) Securities registered by Coordination may, in the discretion of the Bureau, be deregistered under any of the following conditions:

i. An exemption is or has become available pursuant to N.J.S.A. 49:3-50(a);

ii. The securities will not be sold and have been removed from registration with the Securities and Exchange Commission; or

iii. For good cause shown.

(i) An application for registration by Coordination may be deemed by the Bureau to be abandoned under any of the following circumstances:

i. The applicant has not responded for more than 30 days to a request from the Bureau for information concerning the offering; or

ii. The application has been on file with the Bureau for more than 12 months and has been inactive for more than two months.

(j) In the case of "shelf" registrations, the initial filing with the Bureau shall cover the first takedown. Subsequent takedowns may be registered by filing Form U-1, Uniform Application to Register Securities, together with any supplements or amendments to the registration statement, and a filing fee in the amount of $1,000 for each registration statement filed with the Bureau. The subsequent filing will be expedited provided the filing makes a clear reference to the original shelf filing by giving the name of the issuer, the securities registered, the New Jersey registration number and the effective date of the prior registration. Subsequent takedowns which comply with the foregoing shall become effective upon notice by the filing of a supplement or an amendment to the registration statement.

Repealed by R.1974 d.277, effective October 9, 1974.
See: 6 N.J.R. 19(a), 6 N.J.R. 450(b).
Section was "Claims for exemption".
New Rule, R.1990 d.241, effective May 21, 1990.
See: 21 N.J.R. 2903(a), 22 N.J.R. 1617(a).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).

Case Notes

Rules require prior registration of nonexempt securities offered for sale; violation gives rise to action for recision against those participating in the sale (citing former N.J.A.C. 13:13-9.14, 10, 11.20 and 15). Cola v. Terzano, 129 N.J.Super. 47, 322 A.2d 195 (Law Div.1974) affirmed 156 N.J.Super. 77, 383 A.2d 460 (App.Div.1977).

13:47A-10.3 Registration by Qualification

(a) A person who seeks to register a security by Qualification shall file with the Bureau the following documents and information:

1. A completed application Form U-1, Uniform Application to Register Securities, which shall be accompanied by the following:

i. The New Jersey Addendum, incorporated herein by reference as Appendix A;

ii. One copy of an executed Registration Statement which complies with Securities and Exchange Commission Form S-1, together with all exhibits or if permitted by the Bureau any other appropriate official form issued by the Securities and Exchange Commission;

iii. Three copies of the prospectus whether or not such prospectus was printed as a separate document;

iv. One copy of the Underwriting agreement, agreement among underwriters and selected dealers agreement or similar agreements between the broker-dealer and the person owning the securities to be sold;

v. One copy of the indenture, if applicable;

vi. One copy of the issuer's charter or articles of incorporation, or if the issuer is not a corporation the similar relevant document, as amended to date;

vii. One copy of the issuer's by-laws as amended to date;

viii. One copy of the signed, unqualified, and unconditional opinion of counsel as to the legality of the security being registered, with a certified English translation if it is in a foreign language, which states that the security, when issued will be legally issued, fully paid, and nonassessable, and, if a debt security, is a binding obligation of the issuer; and if the issuer is a partnership, association or trust, whether the purchasers will be liable for the obligations of the partnership;

ix. One copy of a specimen of the security or if not applicable a copy of the document that represents the interest to be sold and the rights of the parties involved;

x. An irrevocable consent appointing the Chief of the Bureau agent for service of process, executed by the issuer on Form U-2, Uniform Consent to Service of Process, and, if the issuer is a corporation, a corporate resolution executed by the secretary of that corporation on Form U-2A, Uniform Corporate Resolution;

xi. One copy of each pamphlet, circular, form letter, advertisement, or other sales literature intended as of the effective date to be used in connection with the offering;

xii. Any other document or information requested by the Bureau;

xiii. A check or money order payable to the New Jersey Bureau of Securities, in the amount of $1,000, for each registration statement filed with the Bureau. The Bureau may require applicant to submit a money order or certified check in appropriate instances;

xiv. If the securities are being offered and sold by or through a broker-dealer the identity of the broker-dealer who will offer and/or sell the securities in or from the State of New Jersey and a statement that such broker-dealer is registered with the Bureau pursuant to N.J.S.A. 49:3-56(a);

xv. If the securities are being offered and sold directly by the issuer in or from the State of New Jersey through any bona fide officer, director or employee, the name of such officer, director or employee and a statement that the issuer is relying on an exemption from agent registration for such officer, director or employee or that such officer, director or employee is registered with the Bureau as an agent; and

xvi. If a registration statement has not been filed with the Securities and Exchange Commission, then those references to the Securities and Exchange Commission contained in Form U-1 shall be inapplicable.

2. Any document filed with the Bureau within three years preceding the filing of a registration statement may be incorporated by reference pursuant to N.J.S.A. 49:3-62(d). The applicant shall clearly identify in the reference the name of the document, the name of the application (for example, issuer, broker-dealer, investment advisor), the Bureau file number, date of filing and the fact that no amendments have been made in such documents since the last amendment filed with the Bureau.

3. All documents filed pursuant to this section must be legible, securely bound and on paper no larger than 8½ inches by 11 inches.

(b) An application for registration by Qualification shall become effective with the Bureau when the Bureau so orders provided no order has been issued pursuant to N.J.S.A. 49:3-64.

(c) The Bureau may require that the registration by Qualification be subject to one or more of the following conditions.

i. A prospectus containing any designated part of the information specified in the Registration Statement be sent or given to each person to whom an offer is made before or concurrently with:

(1) The first written offer made to such person (otherwise than by means of a public advertisement) by or for the account of the issuer or any other person on whose behalf the offering is being made, or by an underwriter or broker-dealer who is offering part of an unsold allotment or subscription taken by him as a participant in the distribution;

(2) The confirmation of any sale made by or for the account of any such person;

(3) Payment pursuant to any such sale; or

(4) Delivery of the security pursuant to any such sale, whichever first occurs;

ii. That any security issued within the past three years or to be issued to a promoter for a consideration substantially different from the public offering price, or to any person for a consideration other than cash, be deposited in escrow. The Bureau may determine the terms and conditions of any escrow required hereunder but shall not reject a depository solely because of location in another state;

iii. That the proceeds from the sale of the registered security in this State be deposited in escrow until the issuer receives a specified amount from the sale of the security either in this State or elsewhere. The Bureau may determine the terms and conditions of any escrow required hereunder, but shall not reject a depository solely because of location in another State; and/or

iv. That any security registered by qualification be sold only on a specified form of subscription or sale contract, and that a signed or conformed copy of each contract be filed with the bureau or preserved for any period up to three years as specified by the Bureau.

(d) The following post effective requirements shall be complied with by applicant whose securities have been registered with the Bureau by Qualification:

1. Three copies of the final prospectus shall be filed with the Bureau no later than one business day after such prospectus was available or was distributed to the public whichever occurs first;

2. The registrant shall file a post-effective amendment with the Bureau whenever there occurs any material change in the information contained in the Registration Statement;

3. Post-effective amendments filed with the Bureau will become effective when the Bureau so orders; and

4. No offers or sales may be made or any prospectus distributed during the time the post effective amendment is pending.

(e) An application for registration may be withdrawn prior to effectiveness only in the discretion of the Bureau Chief, pursuant to N.J.S.A. 49:3–62(g), provided that the Bureau has completed its review of the application and no action is contemplated under N.J.S.A. 49:3–64 or 69. The applicant may request withdrawal by stating the reason for such request, that none of the securities have been offered or sold in or from the State of New Jersey and that both the issuer and the underwriter concur in such request.

(f) Pursuant to N.J.S.A 49:3–62(g), a registration statement may not be withdrawn within one year of its effectiveness with the Bureau if any securities of the same class which was registered remain outstanding.

(g) A preliminary prospectus may be distributed after the filing with the Bureau of an application for registration by Qualification and before its effectiveness if such distribution is made for informational purposes only and provided such distribution also complies with Federal securities law. The telephone number of a broker-dealer or issuer may not be displayed prominently on the front cover or inside cover or back cover page of a prospectus or preliminary prospectus unless such broker-dealer or issuer has complied with the registration requirements of N.J.S.A. 49:3–47 et seq.

(h) Securities registered by Qualification may in the discretion of the Bureau be deregistered under any of the following conditions:

i. An exemption is or has become available pursuant to N.J.S.A. 49:3–50(a);

ii. The securities will not be sold; or

iii. For good cause shown.

(i) An application for registration by Qualification may be deemed by the Bureau to be abandoned under any of the following circumstances:

i. The applicant has not responded for more than 30 days to a request from the Bureau for information concerning the offering; or

ii. The application has been on file with the Bureau for more than 12 months and has been inactive for more than two months.

(j) Shelf registration may be permitted only in the discretion of the Bureau. Generally shelf registrations will not be permitted unless the securities have been registered with the Securities and Exchange Commission. In the case of "shelf" registrations, the initial filing with the Bureau shall cover the first takedown. Subsequent takedowns may be registered by filing Form U–1, Uniform Application to Register Securities, together with any supplements or amendments to the registration statement, and a filing fee in the amount of $1,000 for each registration statement filed with the Bureau. The subsequent filing will be expedited provided the filing makes a clear reference to the original shelf filing by giving the name of the issuer, the securities registered, the New Jersey registration number and the effective date of the prior registration. Subsequent takedowns which comply with the foregoing shall become effective upon notice by the filing of a supplement or an amendment to the registration statement.

New Rule, R.1974 d.352, effective January 1, 1975.
See: 6 N.J.R. 450(a), 7 N.J.R. 14(a).
Repeal and New Rule, R.1990 d.241, effective May 21, 1990.
See: 21 N.J.R. 2903(a), 22 N.J.R. 1617(a).
Section was "Effective date of initial applications."
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).

13:47A–10.4 Registration by Notification

(a) A person who seeks to register securities by Notification shall file with the Bureau the following documents and information:

1. A completed application Form U–1, Uniform Application to Register Securities, which shall be accompanied by the following:

i. The New Jersey Addendum, incorporated herein by reference as Appendix A;

ii. One copy of an executed New Jersey Form RN–1, Registration Statement for Registration by Notification, incorporated herein by reference as Appendix B, together with all exhibits;

iii. An original and two copies of an executed New Jersey Form RN–2, Statement of Eligibility for Registration by Notification, incorporated herein by reference as Appendix C;

iv. Three copies of the prospectus if any, in the latest form whether or not printed as a separate document;

v. One copy of the underwriting agreement, agreement among underwriters and selected dealers agreement or similar agreements between the broker-dealer and the person owning the securities to be sold;

vi. One copy of the indenture, if applicable;

vii. One copy of the issuer's charter or articles of incorporation, or if the issuer is not a corporation the similar relevant document, as amended to date;

viii. One copy of the issuer's by-laws as amended to date;

ix. One copy of the signed, unqualified, and unconditional opinion of counsel as to the legality of the security being registered, with a certified English translation if it is in a foreign language, which states that the security, when issued will be legally issued, fully paid, and nonassessable, and, if a debt security, is a binding obligation of the issuer; and if the issuer is a partnership, association or trust, whether the purchasers will be liable for the obligations of the partnership;

x. One copy of a specimen of the security or if not applicable a copy of the document that represents the interest to be sold and the rights of the parties involved;

xi. An irrevocable consent appointing the Chief of the Bureau agent for service of process, executed by the issuer on Form U-2, Uniform Consent to Service of Process, together with a corporate resolution executed by the secretary of that corporation, on Form U-2A, Uniform Corporate Resolution;

xii. One copy of each pamphlet, circular, form letter, advertisement, or other sales literature intended as of the effective date to be used in connection with the offering;

xiii. A check or money order payable to the New Jersey Bureau of Securities, in the amount of $1,000 for each registration statement filed with the Bureau. The Bureau may require the applicant to submit a money order or certified check in appropriate instances;

xiv. If the securities are being offered and sold by or through a broker-dealer, the identity of the broker-dealer who will offer and/or sell the securities in or from the State of New Jersey and a statement that such broker-dealer is registered with the Bureau pursuant to N.J.S.A. 49:3-56(a); and

xv. If the securities are being offered and sold directly by the issuer in or from the State of New Jersey through any bona fide officer, director or employee, the name of such officer, director or employee and a statement that the issuer is relying on an exemption from agent registration for such officer, director or employee or that such officer, director or employee is registered with the Bureau as an agent.

2. Any document filed with the Bureau within three years preceding the filing of a registration statement may be incorporated by reference pursuant to N.J.S.A. 49:3-62(d). The applicant shall clearly identify in the reference the name of the document, the name of the applicant (for example, issuer, broker-dealer, investment advisor), the Bureau file number, date of filing and the fact that no amendments have been made in such documents since the last amendment filed with the Bureau.

3. All documents filed pursuant to this section must be legible, securely bound and on paper no larger than 8½ inches by 11 inches.

(b) An application for registration by Notification shall become effective with the Bureau at three o'clock Eastern Standard Time on the afternoon of the second full business day after all documents and information required by (a) above have been filed with the Bureau provided no order has been issued pursuant to N.J.S.A. 49:3-64.

(c) The following post effective requirements shall be complied with by applicant whose securities have been registered with the Bureau by Notification:

1. Three copies of any final prospectus shall be filed with the Bureau no later than one business day after such prospectus was available or was distributed to the public whichever occurs first;

2. The registrant shall file a post effective amendment with the Bureau whenever there occurs any material change in the information contained in the Registration Statement;

3. Post-effective amendments filed with the Bureau will go effective at three o'clock Eastern Standard Time in the afternoon of the second full business day after all documents and information required to be filed in the amendment have been filed with the Bureau provided no order has been entered pursuant to N.J.S.A. 49:3-64; and

4. No offers or sales may be made or any prospectus distributed during the time the post effective amendment is pending.

(d) An application for registration may be withdrawn prior to effectiveness only in the discretion of the Bureau Chief, pursuant to N.J.S.A. 49:3-62(g), provided that the Bureau has completed its review of the application and no action is contemplated under N.J.S.A. 49:3-64 or 69. The applicant may request withdrawal by stating the reason for such request, that none of the securities have been offered or sold in or from the State of New Jersey and that both the issuer and the underwriter concur in such request.

(e) Pursuant to N.J.S.A. 49:3-62(g), a registration statement may not be withdrawn within one year of its effectiveness with the Bureau if any securities of the same class which was registered remain outstanding.

(f) A preliminary prospectus may be distributed after the filing with the Bureau of an application for registration by Notification and before its effectiveness if such distribution is made for informational purposes only and provided such distribution also complies with Federal securities law. The telephone number of a broker-dealer or issuer may not be displayed prominently on the front cover or inside cover or back cover page of a prospectus or preliminary prospectus unless such broker-dealer or issuer has complied with the registration requirements of N.J.S.A. 49:3-47 et seq.

(g) Securities registered by Notification may in the discretion of the Bureau be deregistered under any of the following conditions:

i. An exemption is or has become available pursuant to N.J.S.A. 49:3-50(a);

ii. The securities will not be sold; or

iii. For good cause shown.

(h) An application for registration by Notification may be deemed by the Bureau to be abandoned under any of the following circumstances:

i. The applicant has not responded for more than 30 days to a request from the Bureau for information concerning the offering; or

ii. The application has been on file with the Bureau for more than 12 months and has been inactive for more than two months.

(i) Shelf registration may be permitted only in the discretion of the Bureau. Generally shelf registrations will not be permitted unless the securities have been registered with the Securities and Exchange Commission. In the case of "shelf" registrations, the initial filing with the Bureau shall cover the first takedown. Subsequent takedowns may be registered by filing Form U-1, Uniform Application to Register Securities, together with any supplements or amendments to the registration statement, and a filing fee in the amount of $1,000 for each registration statement filed with the Bureau. The subsequent filing will be expedited provided the filing makes a clear reference to the original shelf filing by giving the name of the issuer, the securities registered, the New Jersey registration number and the effective date of the prior registration. Subsequent takedowns which comply with the foregoing shall become effective upon notice by the filing of a supplement or an amendment to the registration statement.

New Rule, R.1990 d.241, effective May 21, 1990.
See: 21 N.J.R. 2903(a), 22 N.J.R. 1617(a).
Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).

APPENDIX A

NEW JERSEY ADDENDUM TO REGISTRATION STATEMENT

1. Has the issuer, any partner, officer or director of the issuer, any person (as that term is defined in N.J.S.A. 49:3-49(i)) occupying a similar status or performing similar functions, or any person directly or indirectly controlling or controlled by the issuer, or any broker-dealer or other person involved directly or indirectly in the offering:

(a) Been convicted of:

i. Any crime of embezzlement under state, federal or foreign law?

Yes __ No __

ii. Any crime involving any theft, forgery or fraudulent practices in regard to any state, federal or foreign securities law, banking law, insurance law, commodities trading law or any antifraud law?

Yes __ No __

(b) Been permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business?

Yes __ No __

(c) Been the subject of an effective order of the Bureau Chief denying, suspending, or revoking securities registration, or registration as a broker-dealer, agent, or investment advisor?

Yes __ No __

(d) Been the subject of an order entered within the past five years by the securities administrator of any other state or by the Securities and Exchange Commission denying or revoking securities registration, registration as a broker-dealer, agent, or investment adviser, or the substantial equivalent of those terms as defined in the "Uniform Securities Law (1997)," P.L. 1967, c. 93 (c. 49:3-48 et seq.), or been the subject of an order of the Securities and Exchange Commission suspending or expelling him from a national securities exchange or national securities association registered under the "Securities Exchange Act of 1934" (15 U.S.C. 78a et seq.) or been the subject of a United States Postal Service fraud order?

Yes __ No __

(e) Ever been found by any court in a civil or criminal action or by any state or federal agency to have engaged in any act involving fraud, or dishonest or unethical practices in the securities business?

Yes __ No __

2. (a) Is the issuer, any partner, officer or director of the issuer, any person (as that term is defined in 49(i)) occupying a similar status or performing similar functions, or any person directly or indirectly controlling or controlled by the issuer, or any broker-dealer or other person involved directly or indirectly in the offering insolvent, either in the sense that liabilities exceed assets or in the sense that obligations cannot be met as they mature?

Yes __ No __

(b) Has such entity or person filed a petition under federal bankruptcy laws or any state insolvency law or had a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which such person was a general partner at or within two years before the time of such filing, or any corporation or business association of which such person was an executive officer at or within two years before the time of such filing?

Yes __ No __

3. If the answer to any of the questions above is "yes" the following information is required:

(a) Give the citation for each statute under which the relevant action or proceeding was initiated. Give the full title of the action or proceeding, the docket number, the relevant court agency and the date such action or proceeding was initiated.

(b) Describe the activities which gave rise to such action or proceeding.

(c) State the name, address and connection with the issuer, broker-dealer or other person described in questions 1 and 2, for each person who was the subject of such action or proceeding.

(d) Describe the final disposition of such action or proceeding and the present status. (The term final disposition as used herein refers to any conviction, injunction, order, decree, court decision, petition, pleas or other final adjudication of the action or proceeding.)

(e) State whether or not the final disposition has been modified, reversed, suspended, vacated or nullified. If a description of the action or proceeding and the final disposition is not included in the registration statement, the reason for the omission should be set forth in detail on a rider to this addendum. Include all mitigating circumstances.

The undersigned is aware of N.J.S.A. 49:3-54 and understands that this addendum is part of the registration statement filed with the Bureau of Securities, and acknowledges the responsibility to update and keep current the information contained herein so long as this application is pending.

_____
ISSUER

DATE: _____

by: _____
(Signature)

_____
(Title)

New Rule, R.1990 d.241, effective May 21, 1990.
See: 21 N.J.R. 2903(a), 22 N.J.R. 1617(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In the introductory paragraph of 1, inserted "N.J.S.A. 49:3-"; and in 1(d), substituted "(1997)" for "(1967)".

APPENDIX B

NEW JERSEY REGISTRATION STATEMENT FOR REGISTRATION BY NOTIFICATION

All items must be answered. Attach riders where necessary.

I. DESCRIPTION OF ISSUER

A. Name: _____

B. Address: _____

_____

C. Form of organization: _____

State: _____

Date organized: _____

D. General character of business: _____

_____

E. Principal place of business:

_____

II. DESCRIPTION OF SUBSIDIARIES

(State the information requested in Question 1 for each significant subsidiary of the issuer.)

_____

_____

_____

_____

III. DESCRIPTION OF APPLICANT

(Complete if applicant is not the issuer.)

A. Name: _____

B. Address: _____

_____

C. Relationship to issuer: _____

IV. INFORMATION REGARDING NONISSUER DISTRIBUTION

(Complete only if offering or any part thereof is for the benefit of selling securityholders.)

A. Name of each person on whose behalf any part of the offering is to be made : _____

_____

B. Address(es): _____

_____

C. Amount of securities currently held by each selling securityholder: _____

_____

D. Reason (purpose) for making this offering:

_____

_____

_____

_____

V. DESCRIPTION OF SECURITIES

Description of securities	Offering price or proposed offering price	Total offering No. of shares or units	Amount	Offering in this state No. of shares or units	Amount
			$		$
		Totals	$		$

VI. INFORMATION AND DOCUMENTS REQUIRED

(See N.J.S.A. 49:3-61.3(b)(10), 61.3(b)(12), and 61.3(b)(14)).

A. States in which a registration statement or similar document in connection with this offering has been or is to be filed.

_____

_____

_____

B. State whether any withdrawal or any adverse order, judgment, or decree has been entered in connection with this offering by the regulatory authorities in any state or by any court or by the Securities and Exchange Commission.

_____

If so, give details. _____

_____

_____

_____

_____

_____

C. (1) Proposed offering price per unit (or the method by which it is to be computed).

_____

(2) State whether the price will vary as to any person or class of persons other than underwriters. _____

If so, give details. _____

_____

(3) Is this offering, or any part thereof, to be made other than for cash? _____

If so, give details. _____

_____

D. (1) Estimated aggregate underwriting and selling discounts or commissions and finders fee. Show each means of payment separately (e.g., cash, securities, contracts).

(2) If the selling discounts and commissions are variable, state the basis of determining them, including their maximum and minimum amount.

(3) State the estimated amounts of other selling expenses, including legal, engineering and accounting expenses. _____

E. (1) The name and address of every underwriter, agent, broker-dealer or other recipient of a commission, discount or finders fee. (Submit the underwriting agreement or form of underwriting agreement as an exhibit.)

(2) If the securities are not to be offered through an underwriter, describe the plan of distribution.

(3) Identify the agent or broker-dealer registered in New Jersey who will offer the securities or state the applicable exemption.

F. Description of any stock options outstanding or to be created in connection with this offering.

G. List Dollar amount of options held by each of the following:

Name and address	Dollar amount of options held
1. Each director or officer of the issuer or person occupying a similar status.	
2. Any person owning of record, or beneficially if known, at least 10% of the outstanding shares of any class of equity security of the issuer.	
3. Every promoter of the issuer if the issuer was organized within the past 3 years.	
4. If this is a nonissuer distribution, any person on whose behalf this offering is to be made.	
5. Every underwriter or recipient of a finders fee (every person listed in paragraph E).	
6. Every person who holds or will hold 10% or more in the aggregate of such options.	

H. EXHIBITS

Submitted herewith as part of this registration statement are the following documents. (Documents on file may be incorporated by reference.)

1. A statement of eligibility for registration by notification.

2. A copy of the underwriting or selective dealer agreement (or the proposed form).

3. A copy of any prospectus, pamphlet, circular, form letter, advertisement, or other sales literature intended to be used in connection with this offering.

4. A consent to service of process of the issuer (with appropriate resolution).

5. The New Jersey Addendum.

6. Financial statements pursuant to N.J.S.A. 49:3–61.2(b)(6), specifically:

(a) A balance sheet of issuer as of a date within 4 months prior to the filing of this registration statement; and

(b) A summary of earnings for each of the 2 fiscal years preceding the date of the balance sheet, and summary of earnings for any period between the close of the last fiscal year and the date of the balance sheet, or for the period of the issuer's and any predecessor's existence if less than 2 years.

7. The registration fee of $1,000.00.

_____
Name of Applicant

By: _____
(Name and Title)

Date: _____

STATE OF _____
COUNTY OF _____

The undersigned, _____, being first duly sworn, deposes and says:

That he has executed the foregoing application for and on behalf of the applicant named therein; that he is _____ of such applicant and is fully authorized to execute and file such application; that he is familiar with such application; and that to the best of his knowledge, information and belief the statements made in such application are true and the documents submitted therewith are true copies of the originals thereof.

_____
Name

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

_____

_____

NOTARY PUBLIC

In and for the County of _____
State of _____
My Commission Expires: _____
(Notarial Seal) _____

New Rule, R.1990 d.241, effective May 21, 1990.
See: 21 N.J.R. 2903(a), 22 N.J.R. 1617(a).

APPENDIX C

STATEMENT OF

ELIGIBILITY FOR REGISTRATION

BY NOTIFICATION

(Pursuant to N.J.S.A. 49:3–61.2)

1. Name of issuer_____

2. Original date of organization of the issuer _____. Number of years issuer has been in continuous operation _____. If issuer has been in continuous operation less than 5 years, give names of predecessors & state length of time each has been in operation: _____

_____

_____

3. Has there been any default during the current fiscal year or within the 3 preceding fiscal years in the payment of principal, interest, or dividends on any security (of the issuer or any predecessor) with a fixed maturity or a fixed interest or dividend provision? _____

_____

4. State the net earnings of the issuer and any predecessors during the past 3 full fiscal years, determined in accordance with generally accepted accounting practices, which are applicable to all securities without a fixed maturity or a fixed interest or dividend provision, which securities are outstanding at the date the registration statement is filed.

Fiscal year ended	Net earnings
1. _____	_____
2. _____	_____
3. _____	_____
Total	_____
Average net earnings (divide total by 3)	_____

5. If the securities of the issuer or any of its predecessors (which do not have a fixed maturity or a fixed interest or dividend provision) have been outstanding for 3 full fiscal years, complete the chart below.

Description of Securities	No. of units now outstanding	Maximum offering price per unit [1] $	Market price per units as of _____ date[1] $	Book value per unit as of _____ date[2] $	Total value[3] $
			A. Total value	$ _____	
			B. 5% of total value	$ _____	
			C. Average net earnings (restate from Item 4)	$ _____	

In order to qualify for Registration by Notification, "C" must be greater than or equal to "B".

[1] The maximum offering price or the market price on a day selected by the applicant, but must be within 30 days before the date of filing this registration statement.

[2] Book value must be of a day, selected by the applicant, within 90 days of filing this registration statement. Book value may be used only if there is neither a readily determinable market price nor a cash offering price.

[3] The total value is the product of either (1) the number of units multiplied by the higher of the maximum offering price or the market price, or (2) the number of units multiplied by the book value.

6. If the securities of the issuer or any of its predecessors (which do not have a fixed maturity or a fixed interest or dividend provision) have not been outstanding for 3 full fiscal years, complete the chart below. (Include all securities which will be outstanding if all the securities being offered or proposed to be offered are issued, whether or not they are proposed to be registered or offered in New Jersey.)

Description of Securities	No. of units now outstanding	Maximum offering price per unit [1] $	Market price per units as of _____ date[1] $	Book value per unit as of _____ date[2] $	Total value[3] $
			A. Total value	$ _____	
			B. 5% of total value	$ _____	
			C. Average net earnings (restate from Item 4)	$ _____	

In order to qualify for Registration by Notification, "C" must be greater than or equal to "B".

The registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing pursuant to N.J.S.A. 49:3-61.2.

Date: _____

_____
Issuer

By: _____
(Title)

New Rule, R.1990 d.241, effective May 21, 1990.
See: 21 N.J.R. 2903(a), 22 N.J.R. 1617(a).

SUBCHAPTER 11. FORMS

13:47A-11.1 Uniform Application for Broker-Dealer Registration (Form BD)

The Uniform Application for Broker-Dealer Registration (Form BD) is promulgated by the U.S. Securities and Exchange Commission (SEC) and is available on-line at http://www.sec.gov/about/forms/formbd.pdf or http://www.nasdr.com/pdf-text/form_bd_approved.pdf.

Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).

13:47A-11.2 Uniform Application for Investment Adviser Registration (Form ADV)

The Uniform Application for Investment Adviser Registration (Form ADV) is promulgated by the SEC and is available on-line at http://www.sec.gov/pdf/fadvpapr.pdf.

Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).

13:47A-11.3 Uniform Application for Securities Industry Registration or Transfer (Form U4)

The Uniform Application for Securities Industry Registration or Transfer (Form U4) is promulgated by the SEC and is available on-line at www.finra.org.

Amended by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Uniform Application for Securities Industry Registration or Transfer (Form U-4)". Substituted "U4" for "U-4" and updated the website address.

13:47A-11.4 Uniform Consent to Service of Process (Form U-2)

The Uniform Consent to Service of Process which is to be used to designate the Chief of the Bureau of Securities as agent for service of process is authored by the North American Securities Administrators Association (NASAA) and is available on-line at http://nasaa.org/nasaa/library/Form%2OU-2.doc.

Repeal and New Rule, R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Broker-dealer, investment advisor and issuer change of status statement (SB-4)".

13:47A-11.5 Uniform Surety Bond Form (Form U-SB)

The Uniform Surety Bond Form (Form U-SB) is authored by the NASAA and is available on-line at http://nasaa.org/nasaa/library/Form%2OU-SB.doc.

Repeal and New Rule, R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Agent change of status statement (SB-5)".

13:47A-11.6 Uniform Request for Broker-Dealer Withdrawal (Form BDW)

The Uniform Request for Broker-Dealer Withdrawal is promulgated by the SEC and is available on-line at http://www.nasdr.com/pdf-text/form_bdw_revised.pdf.

Repeal and New Rule, R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Designation of Chief of Bureau of Securities as agent for service of process (SB-6I)".

13:47A-11.7 Non-NASD Broker-Dealer Renewal Application (Form BDR)

The Non-NASD Broker-Dealer Renewal Application (Form BDR) is authored by the Bureau and is available on-line at http:// www.state.nj.us/lps/ca/bos/regforms.htm.

Repeal and New Rule, R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Designation of Chief of Bureau of Securities as agent for service of process (SB-6C)".

13:47A-11.8 Investment Adviser Renewal for Calendar Year 20XX (Form IAR-year)

The Investment Adviser Renewal for Calendar Year 20XX (Form IAR-year) is authored by the Bureau and is distributed annually to currently registered investment advisers.

Repeal and New Rule, R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Designation of Chief of Bureau of Securities as agent for service of process (SB-6P)".
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Investment Advisor Renewal for Calendar Year 20XX (Form IAR-year)". Substituted "Adviser" for "Advisor" and substituted "distributed annually to currently registered investment advisers" for "available on-line at http://www.state.nj.us/lps/ca/bos/regforms.htm".

13:47A-11.9 Notice of Withdrawal from Registration as Investment Adviser (Form ADV-W)

The Notice of Withdrawal from Registration as Investment Adviser (Form ADV-W) is promulgated by the SEC and is available on-line at http://www.sec.gov/about/forms/formadv-w.pdf.

Repeal and New Rule, R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Designation of Chief of Bureau of Securities as agent for service of process (SB-6I)".
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Notice of Withdrawal from Registration as Investment Advisor (Form ADV-W)". Substituted "Adviser" for "Advisor" and updated the website address.

13:47A-11.10 Broker-Dealer Supplement form

The Broker-Dealer Supplement form is authored by the Bureau and is available on-line as NJBOS – 18 at http://www.njsecurities.gov/bosform.htm.

Repeal and New Rule, R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Broker dealer bond (SB-7)".
Repealed by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(a).
Section was "Form for Declaring Eligibility for SEC Registration After Effective Date of Amendments to Investment Advisors Act of 1940 (ADV-T)".
New Rule, R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Reserved".

13:47A-11.11 Availability of other forms

Other forms required for application and filing with the Bureau may be found on the Bureau's website at http://www.njsecurities.gov/bosform.htm.

Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Investment advisor bond (SB-8) ".
New Rule, R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Section was "Reserved".

13:47A-11.12 (Reserved)

Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Issuer qualification application (SB-9)".

13:47A-11.13 (Reserved)

Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Request for withdrawal of broker-dealer registration (SB-10)".

13:47A-11.14 (Reserved)

Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Renewal application (R-1)".

13:47A-11.15 (Reserved)

Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Renewal application, investment advisor (R-1A)".

13:47A-11.16 (Reserved)

Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Renewal application, agent (R-2)".

13:47A-11.17 (Reserved)

Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Filing fee transmittal".

13:47A-11.18 (Reserved)

Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Application for New Jersey securities examination".

13:47A-11.19 (Reserved)

Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Guide for preparation of registration statement".

13:47A-11.20 (Reserved)

New Rule, R.1970 d.85, effective July 13, 1970.
See: 2 N.J.R. 50(c), 2 N.J.R. 67(b).
Repealed by R.1997 d.451, effective October 20, 1997.
See: 29 N.J.R. 3119(a), 29 N.J.R. 4463(a).
Section was "Customer acknowledgement of unsolicited sale of stock".

SUBCHAPTER 12. EXEMPTIONS FOR SECURITIES TRANSACTIONS AND SECURITIES OFFERINGS; EMPLOYEE BENEFIT PLANS; ACCREDITED INVESTORS

13:47A-12.1 Exemptions for securities transactions and securities offerings

(a) For purposes of the Report Form required to be filed with the Bureau under N.J.S.A. 49:3-50(b)(12) or 49:3-60(f), the issuer shall include only the names and addresses of New Jersey resident purchasers of the offering, along with the number and amount of the securities each purchased.

(b) Non-New Jersey resident purchasers will not be counted when determining whether there are 35 non-accredited purchasers of the offering for the N.J.S.A. 49:3-50(b)(12) or 49:3-60(f) exemption.

(c) Non-New Jersey resident purchasers will not be counted when determining whether there are 10 purchasers in an exempt offering under N.J.S.A. 49:3-50(b)(9).

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), substituted "the Bureau" for "Bureau of Securities" and "(f)" for "(b)"; in (b), inserted "or 49:3-60(f)"; and in (c), substituted "purchasers" for "offerees" twice.

13:47A-12.2 Employee benefit plans

(a) N.J.S.A. 49:3-50(a)(11) provides an exemption from registration for "any investment contract issued in connection with an employees' or professional stock purchase, savings, pension, profit-sharing, retirement or similar benefit plan and securities issued pursuant to an employee benefit plan." N.J.S.A. 49:3-50(a)(11) exempts the agreement between the employer and employee insofar as it may be deemed to be an investment contract. With respect to employee benefit plans which are qualified under Section 401 of the Internal Revenue Code (26 U.S.C. §401), subject to the provisions of Part 4 of Subtitle B of Title I of ERISA (29 U.S.C. §§1001 et seq.), or administered by a national or state bank acting in a fiduciary capacity, N.J.S.A. 49:3-50(a)(11) shall be construed to provide a transactional exemption for all securities underlying the investment contract.

(b) Interests in the plan or securities underlying the investment contract in employee benefit plans which are exempt from Federal securities registration pursuant to SEC Rule 701, promulgated under the Securities Act of 1933 (17 CFR 230.701), shall also be exempt from registration in New Jersey if offered or sold pursuant to N.J.S.A. 49:3-50(a)(11).

(c) If a plan otherwise exempt under this section contemplates distribution in kind of restricted stock to plan members upon withdrawal of the members from the plan, resale of the underlying securities by the members may require registration of the securities under Federal law. If Federal law requires registration of the securities being resold, State registration may be required, unless the security or transaction is otherwise exempt from State registration.

(d) The definition of "agent" in N.J.S.A. 49:3-49(b) specifically excludes an individual who represents an issuer in effecting transactions in a security exempted by N.J.S.A. 49:3-50(a)(11); therefore, no agent registration is required for such an individual to effect transactions with respect to the employee benefit plans or the securities underlying the employee benefit plans described in (a) and (b) above.

Amended by R.2003 d.154, effective April 7, 2003.
See: 34 N.J.R. 3691(a), 35 N.J.R. 1563(b).
Rewrote (a); deleted (c) and recodified former (d) and (e) as (c) and (d).
Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), inserted "(26 U.S.C. §401)" and "(29 U.S.C. §§1001 et seq.)"; and in (b), inserted "(17 CFR 230.701)".

13:47A-12.3 Accredited investors

Pursuant to the last paragraph of N.J.S.A. 49:3-49(p), in addition to the persons described in N.J.S.A. 49:3-49(p)(1) through (7), any person who is an "accredited investor" within the meaning of Securities Act of 1933, section 2(15) and SEC Rules 215 and 501, thereunder (15 U.S.C. §77b(15) and 17 CFR 230.215 and 230.501), promulgated by the Securities and Exchange Commission, or as thereafter amended or superseded, shall be deemed an "accredited investor" within the meaning of N.J.S.A. 49:3-49(p).

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Inserted ", thereunder (15 U.S.C. §77b(15) and 17 CFR 230.215 and 230.501)" and deleted "effective as of (the effective date of this rule)" following "Commission,".

13:47A-12.4 Manual exemptions

The manuals issued by Mergent's and by Standard and Poor's are recognized for the "manual" exemption under N.J.S.A. 49:3-50(b)(2)(i)(B). This exemption encompasses both the printed manuals and the electronic data services of Mergent's and Standard and Poor's.

New Rule, R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).

SUBCHAPTER 13. GENERAL RULES OF PRACTICE

13:47A-13.1 Scope of Rules of Practice

These Rules of Practice are generally applicable to administrative proceedings before the Bureau under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., as amended, prior to a matter having been determined to be a contested case pursuant to N.J.A.C. 1:1-3.1, and transmitted by the Bureau to the Office of Administrative Law pursuant to N.J.A.C. 1:1-3.2. In connection with such contested cases, reference should be made to any procedural requirements that may be contained in the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., or the regulations and forms adopted thereunder, which requirements are controlling. These Rules of Practice do not apply to routine filings to perfect exemptions, register broker-dealers, agents, and investment advisers, register securities, or seek no-action or interpretive opinions from the Bureau. Nor do these Rules of Practice apply to private investigations conducted by the Bureau pursuant to N.J.S.A. 49:3-68, except where specifically made applicable by N.J.A.C. 13:47A-14, Rules of Practice Relating to Investigations.

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "(1997)" for "(1967)" and "advisers" for "advisors".

13:47A-13.2 Bureau address and business hours

The office of the Bureau, at 153 Halsey Street, Newark, New Jersey 07102; mailing address, P.O. Box 47029, Newark, New Jersey 07101, is open each day, except Saturdays, Sundays and legal holidays, from 9:00 A.M. to 5:00 P.M., Eastern Standard Time or Eastern Daylight Time, whichever is currently in effect in New Jersey. Legal holidays consist of any day appointed as a holiday or day off in New Jersey by the Governor or Legislature of New Jersey.

13:47A-13.3 Appearance and practice before the Bureau by non-lawyers

Except as required by the New Jersey Court Rules, an individual may appear in his or her own behalf and, where authorized by law and with the consent of the Attorney General, an officer or employee of a department, agency or political subdivision of the State may appear on behalf of the department, agency or political subdivision of the State. A business entity other than a sole proprietor must be represented by an attorney. No representation of a third party before the Bureau shall be undertaken by any suspended or disbarred attorney.

13:47A-13.4 Appearance and practice before the Bureau; by lawyers

A person may be represented in any proceeding by an attorney at law admitted to practice before the Supreme Court of the State of New Jersey or by an attorney in good standing in any other jurisdiction within the United States. The Bureau Chief may prohibit multiple representations by counsel where the Bureau Chief determines, in the reasonable exercise of his or her discretion, that such representation may result in a conflict of interest or otherwise threaten the integrity of an investigation.

13:47A-13.5 (Reserved)

13:47A-13.6 Notice of appearance; designation for service; power of attorney

(a) An applicant or registrant appearing on his or her own behalf before the Bureau shall file with the Bureau or otherwise state on the record an address at which any notice or other written communication required to be served upon or furnished to the applicant or registrant may be sent, and a telephone number at which the applicant or registrant can be reached during the business day. If the individual's address or telephone number changes before the conclusion of the matter in which the individual appeared, the individual shall notify the Bureau in writing no later than 10 days following the change.

(b) When an attorney appears before the Bureau or a hearing officer in a representative capacity in a particular proceeding which involves a hearing or an opportunity for a hearing, the attorney shall enter a written appearance with the Bureau which shall state the attorney's name, firm, address

and telephone number and the name and address of the person or persons on whose behalf the attorney appears. If the address or telephone number of the attorney or the person represented changes during the course of representation before the Bureau, the attorney shall notify the Bureau in writing no later than 10 days following the change(s). If an attorney withdraws, or is otherwise relieved, from representing a person in a matter in which the attorney has entered an appearance, the attorney shall notify the Bureau in writing immediately. If an attorney is substituted for, or otherwise relieves, another attorney who has entered an appearance, the new attorney shall immediately enter a written appearance with the Bureau as prescribed in this subsection.

(c) Any person, other than an attorney, appearing or practicing before the Bureau in a representative capacity shall file a written appearance with the Bureau including authority to act in such capacity.

13:47A-13.7 Service upon the Bureau

Service upon the Bureau shall be made in accordance with New Jersey Court Rule 4:4-4(a)(7).

13:47A-13.8 Service upon persons not represented by counsel

Service of subpoenas, complaints, summonses, orders, notices or other written communications upon persons not represented by counsel in matters before the Bureau shall be made in accordance with N.J.A.C. 1:1-7.1(a). Service by mail shall be complete upon mailing.

13:47A-13.9 Service upon persons represented by counsel

In any proceeding or matter where an attorney has filed an appearance pursuant to N.J.A.C. 13:47A-13.6, any subpoena, complaint, summons, order, notice or other written communication to be served upon or furnished to the person represented by the attorney shall be served upon the attorney (or one of such attorneys, if the client is represented by more than one attorney). Such service shall be made in the same manner as set forth in N.J.A.C. 13:47A-13.8 for the person represented, and shall be deemed sufficient service regardless of whether such communication is furnished directly to the person represented.

13:47A-13.10 Service upon registered persons

Any person registered with the Bureau in any capacity, or required to register with the Bureau in any capacity, whether or not actually registered, shall be subject to personal service inside or outside of New Jersey in any manner described in N.J.A.C. 13:47A-13.8 and 13.9. If a registered person, as defined in N.J.S.A. 49:3-49, conducts business in New Jersey through one or more branch offices in New Jersey, service upon a responsible party at any such branch office shall be considered effective service upon the registered person. Officers, directors, principals, partners and supervisory personnel of a registered person, as well as any employees of a registered person with apparent authority to receive communications from the public, shall be deemed responsible parties for purposes of this section.

13:47A-13.11 Answers; when required

When a complaint or an order containing allegations is issued by the Bureau, each party respondent shall file an answer to the complaint or the allegations in the order.

13:47A-13.12 Time to file answer

Except where a different period is provided by statute, regulation or order, a party respondent shall file an answer within 20 days after service of the complaint or order.

13:47A-13.13 Requirements of answer; effect of failure to deny

Unless otherwise directed by the Bureau, an answer filed pursuant to statute or this subchapter shall specifically admit, deny, or state that the party does not have and is unable to obtain sufficient information to admit or deny, each and every paragraph in the complaint or each and every allegation in the order filed by the Bureau. A statement of a lack of information shall have the effect of a denial. Any paragraph or allegation not denied shall be deemed admitted. When a party intends in good faith to deny only a part of a paragraph or allegation, the party shall specify so much of it as is true and shall deny only the remainder. An answer filed pursuant to this statute or this subchapter shall set forth specifically and separately a statement of facts constituting any affirmative defense or defenses.

13:47A-13.14 Effect of failure to file answer

If a party fails to file an answer required by statute or this subchapter within the time provided, such party shall be deemed in default and the proceeding may be determined against that party by the Bureau upon consideration of the complaint or order, the contents of which may be deemed to be true.

13:47A-13.15 Signature on answer; requirement and effect

Every answer shall be signed by the party filing it or by at least one attorney, in his or her individual name and, where applicable, the name of the firm, who represents such party. The signature constitutes a verification by the signer that the signer has read the answer; that to the best of the signer's knowledge, information and belief there is good ground to support it; and that it is not interposed for delay.

13:47A-13.16 Offers of settlement

Parties may, at any time, make written settlement proposal to, or may request settlement conferences with, the Bureau

Chief or the Chief's designee where time, the nature of the proceeding, and the public interest permit.

13:47A-13.17 Agreement of parties to participation of Bureau Chief in settlement discussions

By making a written settlement proposal or requesting a settlement conference, the parties agree that the Bureau Chief or the Chief's designee may express the Chief's views regarding the appropriateness of any offer of settlement, and may otherwise participate in settlement negotiations, without such views or participation giving rise to claims of prejudgment on the part of the Bureau Chief or the Chief's designee. In any event, the Bureau Chief or the Chief's designee, in his or her discretion, may decline to express any view on an offer. Neither a settlement offer nor any documents relating to any settlement offer shall constitute a part of the record. Nothing in this section shall be deemed to authorize ex parte communications otherwise prohibited by the Rules of Professional Conduct.

SUBCHAPTER 14. RULES OF PRACTICE RELATING TO INVESTIGATIONS

13:47A-14.1 Scope of rules relating to investigations

N.J.A.C. 13:47A-14.1 through 14.16, inclusive, apply only to private investigations conducted by the Bureau pursuant to N.J.S.A. 49:3-68.

13:47A-14.2 Information obtained during the course of private investigations

Information or documents obtained by the Bureau in the course of any private investigation, unless such information or documents are published by the Bureau pursuant to its authority under N.J.S.A. 49:3-68(a), shall be deemed nonpublic. Such information and documents may be disclosed to representatives of domestic or foreign governmental authorities, self-regulatory agencies, state or federal law enforcement officers, state securities law administrators, special counsels, court appointed receivers and trustees in bankruptcy. The Bureau may also, to the extent necessary, disclose such information and documents in court proceedings; when ordered to do so by a court of competent jurisdiction; or, when appropriate, in furtherance of any ongoing investigation or proceeding.

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Inserted "court appointed receivers".

13:47A-14.3 Applicability of N.J.A.C. 13:47A-14.3 through 14.10

N.J.A.C. 13:47A-14.3 through 14.10 shall be applicable to a person who appears either voluntarily, pursuant to an administrative investigative subpoena or administrative order, or at the request of, or with the permission of, the Bureau. Such person, being sworn in an investigation or examination, shall be referred to as a "witness." Such investigation or examination, hereinafter referred to as an "investigative proceeding," shall be conducted by the Bureau before one or more of its employees, or one or more Deputy Attorneys General, or before any other person designated by the Bureau for the purpose of taking testimony of witnesses and receiving other evidence.

13:47A-14.4 Official transcript

Transcripts, if any, of investigative proceedings shall be recorded solely by the official reporter or by any other person or means designated by the officer conducting the investigation. There shall be one official transcript of a witness' testimony, which shall be the property of the Bureau. Except as provided by N.J.A.C. 13:47A-14.5, any other contemporaneous, verbatim transcription by writing or recording, in any form and in any media, shall be prohibited.

13:47A-14.5 Access to transcripts

Any witness, and counsel, upon proper identification and after giving reasonable prior notice, shall have the right to inspect the official transcript of the witness' own testimony at the Bureau's offices during normal business hours; but neither the witness, nor counsel for the witness, shall have the right to remove, copy or order a copy of the official transcript without authorization by the Bureau Chief.

13:47A-14.6 Access to documentary evidence

A person complying with any request, order, or subpoena issued by the Bureau for the production of documentary evidence, shall retain the originals and shall provide the Bureau with clearly legible, true and complete copies of the documents requested, which shall be Bates stamped, along with a signed cover letter, which shall identify those documents with a reasonable degree of specificity.

13:47A-14.7 Witnesses; representation by counsel

A witness may be accompanied, represented and advised by counsel, as defined in N.J.A.C. 13:47A-13.4. In order to protect the integrity of any investigation, the Bureau Chief may, in the reasonable exercise of his or her discretion, prohibit multiple representations by counsel, and may prohibit representation by counsel who is likely to become a witness during the course of either the investigation itself or of any legal proceedings expected to ensue upon the investigation's conclusion.

13:47A-14.8 Witnesses; representation of counsel defined

Counsel may advise witnesses before, during and after the conclusion of testimony given in the course of an investigative proceeding, and may make summary notes during such testimony solely for use in the representation of the

witness. The witness is responsible for having counsel present at the time and place designated by the officer conducting the investigation. Where no timely prior request for adjournment was made, or where such request was denied for good cause, neither the substitution of counsel nor the failure of counsel to appear at the designated time and place for the witness' testimony shall constitute an acceptable ground for the witness's failure to appear at the designated time and place or to answer the questions of the officer conducting the examination.

13:47A-14.9 Sequestration of witnesses

Unless permitted in the discretion of the Bureau employee, Deputy Attorney General or other person designated by the Bureau conducting the investigation, no witness shall be present during the examination of any other witness called in such proceeding. Where counsel represents more than one witness as set forth in N.J.A.C. 13:47A-14.7 through 14.10, inclusive, counsel shall not inform one witness of the nature and contents of another witness' examination.

13:47A-14.10 Compelling incriminating testimony of witnesses

A witness who has claimed privilege against self-incrimination may be compelled to give testimony pursuant to N.J.S.A 49:3-68(d) only by an order signed by the Bureau Chief with the approval of the Attorney General or the Attorney General's designee. Except as provided in this section, no employee of the Bureau has the authority to compel, orally or in writing, the testimony of a witness or otherwise exempt a witness from prosecution pursuant to N.J.S.A. 49:3-68(d).

13:47A-14.11 Service of subpoenas

Service of subpoenas issued in investigative proceedings shall be effected in the manner prescribed by N.J.A.C. 13:47A-13.7 through 13.10, inclusive, including service upon an attorney who has filed an appearance pursuant to N.J.A.C. 13:47A-13.3 through 13.6. Investigatory subpoenas may be issued to persons within or without the State of New Jersey.

13:47A-14.12 Access to premises by Bureau; generally

All broker-dealers and investment advisers registered with the Bureau shall, upon request, provide members of the Bureau's staff prompt access, during regular business hours, to that part of the premises at the broker-dealer's or investment adviser's place of business where documents are stored or where trading or investor solicitation is conducted.

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "advisers" for "advisors" and "adviser's" for "advisor's".

13:47A-14.13 Observation of conduct of business by Bureau

A broker-dealer or investment adviser registered with the Bureau shall accord members of the Bureau staff the opportunity to observe the conduct of business at the broker-dealer's or investment adviser's place of business.

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
Substituted "adviser" for "advisor" and "adviser's" for "advisor's".

13:47A-14.14 Access to documents by Bureau

(a) The Bureau, without notice, may examine in a manner reasonable under the circumstances the records, within or without this State, of a registered broker-dealer, agent, or investment adviser in order to determine compliance with the Uniform Securities Law. Broker-dealers, agents, and investment advisers shall make their records available to the Bureau in legible form.

(b) The Bureau may copy records or require a registered person to copy records and provide the copies to the Bureau to the extent and in a manner reasonable under the circumstances.

(c) The Bureau may impose a reasonable fee for the expense of making any copies under (b) above.

Amended by R.2008 d.301, effective October 6, 2008.
See: 40 N.J.R. 2061(a), 40 N.J.R. 5820(a).
In (a), substituted "adviser" for "advisor" and "advisers" for "advisors".

13:47A-14.15 Access to persons by Bureau

Members of the Bureau staff may interview individuals included within the scope of N.J.A.C. 13:47A-13.10 who may be present on the registered person's premises and who voluntarily consent to be interviewed. If such interview is conducted on the registered person's premises, Bureau staff shall be given access to a private, enclosed area where the interview can go forward without monitoring, surveillance or interference by any kind of device or by persons who are not members of the Bureau staff.

13:47A-14.16 Failure to cooperate

(a) A registered person shall cooperate in any inquiry, investigation or inspection conducted by, or on behalf of, the Bureau, for the purposes of determining whether or not any person has violated or is about to violate any provision of the Uniform Securities Law or any regulation or order promulgated thereunder. A registered person's willful failure to cooperate, absent good cause or bona fide claim of privilege, may be deemed by the Bureau a violation of the Uniform Securities Law within the meaning of N.J.S.A. 49:3-58(a)(2)(ii) and thus subject the registered person to denial, suspension, or revocation of registration.

(b) The following are examples of conduct by a registered person that may be deemed a failure to cooperate:

1. The failure to timely respond by way of appearance or production of documents to a subpoena or order issued by the Bureau pursuant to N.J.S.A. 49:3-68 or as may otherwise be provided by law;

2. The failure to answer any question pertinent to inquiry made pursuant to N.J.S.A. 49:3-68 or other applicable law unless the response to said question is subject to a bona fide claim of privilege.

3. The failure to grant Bureau personnel access to the business premises of a registered person or to the records and documents the registered person is required, by statute or rule, to make available for inspection;

4. The failure to attend any scheduled proceeding at which the registered person's appearance is directed. In the event a registered person elects to retain counsel for the purpose of representation in any such proceeding, it shall be the registered person's responsibility to do so in a timely fashion. The failure of a registered person to retain counsel, absent a showing of good cause therefor, shall not require an adjournment of the proceeding;

5. The failure to timely respond or to provide information requested pursuant to a demand under N.J.S.A. 49:3-68 or any other applicable law; or

6. Aiding or abetting another registered person's failure to cooperate.