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RULE ADOPTION
LAW AND PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
BUREAU OF SECURITIES
BUREAU OF SECURITIES RULES

Readoption with Amendments: N.J.A.C. 13:47A

Adopted Repeals: N.J.A.C. 13:47A-1.4 and 11.10

Adopted Repeals and New Rules: N.J.A.C. 13:47A-11.1 through 11.9

Proposed: November 4, 2002 at 34 N.J.R. 3691(a).

Adopted: March 17, 2003 by Franklin L. Widman, Chief, Bureau of Securities.

Filed: March 17, 2003 as R.2003 d.154, with substantive and technical changes not requiring additional public notice and comment (see N.J.A.C. 1:30-6.3) and with amendment proposed to N.J.A.C. 13:47A-3.3 not adopted.

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

Effective Dates: March 17, 2003, Readoption;

dApril 7, 2003, Amendments and Repeal.

Expiration Date: March 17, 2008.

Summary of Agency-Initiated Changes:

Upon adoption, the Bureau has decided to change the names of the forms referred to in the rule to the names the forms are commonly referred to in practice and to delete the forms from the rules. Instead, the Bureau has provided website addresses so that these forms can be downloaded. In addition, the Bureau is repealing N.J.A.C. 13:47A-11.10, the Form for Declaring Eligibility for SEC Registration After Effective Date of Amendments to Investment Advisors Act of 1940 (ADV-T), as this form is no longer in use.

Federal Standards Statement

A Federal standards analysis is not required because the readopted rules and the adopted amendments and new rules do not exceed Federal standards. The rules are consistent with the applicable Federal standards in the National Securities Markets Improvement Act of 1996 (NSMIA) (P.L. 104-290)(1996), The Securities Act of 1933 (15 U.S.C. § 77a et seq.), the Securities Exchange Act of 1934 (15 U.S.C. §§ 78a et seq.), the Investment Advisers Act of 1940 (15 U.S.C. §§ 80b-1 et seq.), the Investment Company Act of 1940 (15 U.S.C. § 80a-1 et seq.) and in the applicable regulations, the Securities Act of 1933 Rules (17 C.F.R. 230 et seq.), the Securities Exchange Act of 1934 Rules (17 C.F.R. 240 et seq.), the Investment Advisers Act of 1940 Rules (17 C.F.R. 270 et seq.), and the Investment Company Act of 1940 Rules (17 C.F.R. 275 et seq.).

Full text of the readoption can be found in the New Jersey Administrative Code at N.J.A.C. 13:47A.

Full text of the adopted amendments and new rules follows:

(Office of Administrative Law Note: The text of N.J.A.C. 13:47A-11.1 through 11.10 repealed upon adoption is not reproduced below, but may be reviewed in the New Jersey Administrative Code pending its deletion in the 3/17/03

Code update.)

<< NJ ADC 13:47A-1.1 >>

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

(a) Any person who is a member of the National Association of Securities Dealers, Incorporated (NASD), desiring to transact business in the State of New Jersey as a broker-dealer shall file an application with the Bureau of Securities by filing the application with the NASAA/NASD 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 \$250.00 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 of Securities any additional information which 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 required to be filed with the Bureau of Securities 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 U-4, Uniform Application for Securities Industry Registration or Transfer, or a successor form, shall satisfy this requirement;

3. (No change.)

4. (No change in text.)

(b) (No change.)

(c) If the applicant is a natural person and is not a member of the NASD, the New York Stock Exchange or the American Stock Exchange, he or she shall submit to the Bureau of Securities as part of the application, one (noncriminal) fingerprint card with impressions taken by a recognized law enforcement agency.

(d) If the applicant is a corporation or partnership and is not a member of the NASD, the New York Stock Exchange or the American Stock Exchange, it shall submit to the Bureau of Securities as part of the application, one applicant (noncriminal) fingerprint card for each officer, director, controlling person or partner with all of the impressions taken by a recognized law enforcement agency.

(e) (No change.)

<< NJ ADC 13:47A-1.9 >>

13:47A-1.4 (Reserved)

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

(a) A registered broker-dealer who is registered with New Jersey via the NASAA/NASD CRD shall file an amendment with the CRD on the amendment form prescribed by the NASAA/NASD CRD whenever any of the

following events occur:

1.-6. (No change.)

7. The registered broker-dealer terminates the employment of an agent. This amendment shall be filed within 30 days of the termination. No filing fee is required for this type of amendment, unless the NASAA/NASD CRD prescribes otherwise;

8.-9. (No change.)

(b)-(d) (No change.)

(e) A registered broker-dealer, if a corporation or partnership, shall file with the Bureau of Securities or the CRD, whichever is applicable, one applicant (noncriminal) fingerprint card with all of the impressions taken by a recognized law enforcement agency, for each officer, director, controlling person 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. 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 or its successor rule shall be exempt from filing fingerprint cards with the Bureau pursuant to this subsection.

<< NJ ADC 13:47A-1.11 >>

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

(a) (No change.)

(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 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.

<< NJ ADC 13:47A-3.1 >>

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-NASD member broker-dealer registered in New Jersey directly with the Bureau of Securities or as an agent of an issuer shall file an application with the Bureau of Securities on a form designated U-4, 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 U-4, Uniform Application for Securities Industry Registration or Transfer, will satisfy this requirement;

2. One applicant noncriminal fingerprint card with impressions taken by a recognized law enforcement agency; and

3. (No change.)

(b) (No change.)

(c) Agents affiliated in a securities related position with more than one employer (for example, with broker-dealers or investment advisors) may be registered in the State of New Jersey provided a letter is submitted with the agent's application on each affiliated firm's letterhead stating that:

1. The employer is aware of the agent's multiple affiliations;

2. The employer accepts the agent's multiple affiliations; and

3. The employer accepts full responsibility for the agent's securities related activities.

0 (d) Agents whose multiple affiliations are with firms that have an ownership interest of one in the other are not required to submit the letters required by (c) above, provided that the relationships between the firms in question are disclosed on the Form BD.

(e) 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.

<< NJ ADC 13:47A-3.2 >>

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 U-4 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 based on fraud, or to any other information contained in answers to Item 23 and the Disclosure Reporting Page of the Form U-4. The amendment(s) must be filed within 20 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-NASD member broker-dealers, the amendments shall be filed directly with the Bureau of Securities.

(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 U-5 Uniform Termination Notice for Securities Industries Registration within 30 days of the termination. For agents of non-NASD member broker-dealers, the Form U-5, Uniform Termination Notice for Securities Industries Registration, shall be filed directly with the Bureau of Securities.

<< NJ ADC 13:47A-3.3 >>

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 <<-an exemption or exclusion->> <<+exempted or excluded+>> from agent registration <<-is available under the Act->> <<+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); <<-and->> all of the transactional exemptions under N.J.S.A. 49:3-50(b) <<-provided no commission or other remuneration is paid or given directly or indirectly for soliciting any person in this State->> <<+; 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) (No change.)

<< NJ ADC 13:47A-3A.1 >>

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

(a) (No change.)

(b) Agents affiliated in a securities related position with more than one employer (for example, with broker-dealers or investment advisors) may be registered in the State of New Jersey, provided a letter is submitted with the agent's application on each affiliated firm's letterhead stating that:

1. The employer is aware of the agent's multiple affiliations;
2. The employer accepts the agent's multiple affiliations; and
3. The employer accepts full responsibility for the agent's securities related activities.

(c) Individuals whose multiple affiliations are with firms that have an ownership interest of one in the other are not required to submit the letters required by (b) above provided that the relationships between the firms in question are disclosed on the Form BD.

(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.

(e) (No change in text.)

<< NJ ADC 13:47A-4.3 >>

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)-(c) (No change.)

<< NJ ADC 13:47A-4.4 >>

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 Chartered 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)-(c) (No change.)

<< NJ ADC 13:47A-7.1 >>

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 by (a)1ii below.

1. The Bureau of Securities 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 U-4, Uniform Application for Securities Industry Registration or Transfer;

ii. (No change.)

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

iv. For investment advisor representatives, a fully executed page 1 of Form U-4, Uniform Application for Securities Industry Registration or Transfer.

<< NJ ADC 13:47A-7.5 >>

13:47A-7.5 Effective date of applications

Pursuant to Section 49:3-57(a) of the Uniform Securities Law (1967), complete applications become effective on noon on the 30th day after filing with the Bureau of Securities. 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 of Securities 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. 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 application become effective in less than five full business days after having been filed with the Bureau of Securities. The effective date of an applicant's registration may be deferred until the applicant has received an approved status from his or her home state.

<< NJ ADC 13:47A-7.7 >>

13:47A-7.7 New registrations

(a) (No change.)

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

<< NJ ADC 13:47A-11.1 >>

<<+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.+>>

<< NJ ADC 13:47A-11.2 >>

<<+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/fadvpaper.pdf>.+>>

<< NJ ADC 13:47A-11.3 >>

<<+13:47A-11.3 Uniform Application for Securities Industry Registration or Transfer (Form U-4)+>>

<<+The Uniform Application for Securities Industry Registration or Transfer (Form U-4) is promulgated by the SEC and is available on-line at http://www.nasdr.com/pdf-text/form_u4_revised.pdf.+>>

<< NJ ADC 13:47A-11.4 >>

<<+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%20U-2.doc>.+>>

<< NJ ADC 13:47A-11.5 >>

<<+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%20U-SB.doc>.+>>

<< NJ ADC 13:47A-11.6 >>

<<+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.+>>

<< NJ ADC 13:47A-11.7 >>

<<+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>.+>>

<< NJ ADC 13:47A-11.8 >>

<<+13:47A-11.8 Investment Advisor Renewal for Calendar Year 20XX (Form IAR- year)+>>

<<+The Investment Advisor Renewal for Calendar Year 20XX (Form IAR-year) is authored by the Bureau and is available on-line at <http://www.state.nj.us/lps/ca/bos/regforms.htm>.+>>

<< NJ ADC 13:47A-11.9 >>

<<+13:47A-11.9 Notice of Withdrawal from Registration as Investment Advisor (Form ADV-W)+>>

<<+The Notice of Withdrawal from Registration as Investment Advisor (Form ADV-W) is promulgated by the SEC and is available on-line at [http:// www.sec.gov/pdf/fadvw.pdf](http://www.sec.gov/pdf/fadvw.pdf).+>>

<< NJ ADC 13:47A-12.2 >>

13:47A-12.2 Employee benefit plans

(a) N.J.S.A. 49:3-50(a)(11) provides an exemption from registration for "ny 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, subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, 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) (No change.)

Recodify existing (d) and (e) as (c) and (d) (No change in text.)