COMMISSIONER OF SECURITIES
STATE OF GEORGIA

UNIFORM ACT IMPLEMENTATION ORDER 2009-06

ORDER ESTABLISHING INVESTMENT ADVISER POSTREGISTRATION REQUIREMENTS
1973 Act Reference: Rules 590-4-8-.15, 590-4-8-.09, and 590-4-8-.11

The Commissioner of Securities for the State of Georgia (the "Commissioner") has determined that:

(1) On July 1, 2009, the Georgia Securities Act of 1973 (the "1973 Act") was repealed by act of the Georgia General Assembly and that the Georgia Uniform Securities Act of 2008 (the "2008 Act") became effective on this same date.

(2) Establishing post-registration requirements for investment advisers is in the public interest and is consistent with the purposes of the 2008 Act.

(3) Pursuant to Section 10-5-40 of the 2008 Act, the Commissioner has the authority to establish post-registration requirements for investment advisers.

In accordance with the above, the Commissioner ORDERS that:

(A) Financial Reports

(1) Every investment adviser, as defined in the 2008 Act, who has custody of client funds or securities for the purposes of acting as an investment adviser or who requires payment of advisory fees six (6) months or more in advance and in excess of five hundred dollars ($500) per client shall file with the Commissioner an audited balance sheet as of the end of the investment adviser's fiscal year. Each balance sheet filed pursuant to this Order must be:

(a) Examined in accordance with generally accepted auditing standards and prepared in conformity with generally accepted accounting principles;

(b) Audited by an independent public accountant or an independent certified public accountant; and

(c) Accompanied by an opinion letter of the accountant concerning the report of financial position (i.e., balance sheet) and a note stating the principles used to prepare it, the basis of included securities, and any other explanations required for clarity.

(2) Every investment adviser, as defined in the 2008 Act, may be required by the Commissioner, pursuant to Section 10-5-40 of the 2008 Act, to file a financial statement showing the investment

adviser's financial condition as of the most recent practicable date. Except as provided in Paragraph (1) of this Subsection, these financial statements need not be audited.

(3) Financial statements required by this Order shall be filed with the Commissioner as soon as possible, but no later than one hundred twenty (120) days after the end of the investment adviser's fiscal year.

(4) Financial statements required by this Order may be filed electronically provided the Commissioner has adopted a policy regarding such electronic filing system.

(B) Recordkeeping

(1) Every investment adviser, as defined in the 2008 Act, shall make and keep true, accurate, and current the following books, ledgers, and records relating to its investment advisory business:

(a) Those books and records required to be maintained and preserved in compliance with Rule 204-2 of the Investment Advisers Act of 1940 notwithstanding the fact that the investment adviser is not registered nor required to be registered under the Investment Advisers Act of 1940.

(b) All trial balances, financial statements prepared in accordance with generally accepted accounting principles, and internal audit working papers relating to the investment adviser's business as an investment adviser.

(c) A list, or other record, of all accounts with respect to the funds, securities, or transactions of any client.

(d) A copy, in writing, of each agreement entered into by the investment adviser with any client.

(e) A file containing a copy of each record required by Rule 204-2(a)(11) of the Investment Advisers Act of 1940 including any communication by electronic media that the investment adviser circulates or distributes, directly or indirectly, to ten (10) or more persons (other than persons connected with the investment adviser).

(f) A copy of each written statement and each amendment or revision given or sent to any client or prospective client of the investment adviser in accordance with the 2008 Act and a record of the dates that each written statement and each amendment or revision was given or offered to be given to any client or prospective client who subsequently becomes a client.

(g) For each client that was obtained by the investment adviser by means of a solicitor to whom a cash fee was paid by the investment adviser, records required by Rule 206(4)-3 of the Investment Advisers Act of 1940, notwithstanding the fact that the investment adviser is not registered nor required to be registered under the Investment Advisers Act of 1940.

(h) All records required by Rule 204-2(a)(16) of the Investment Advisers Act of 1940 including, but not limited to, electronic media that the investment adviser circulates or distributes, directly or indirectly, to two (2) or more persons (other than persons connected with the investment adviser).

(i) A file containing a copy of all written communications received or sent regarding any litigation involving the investment adviser or any investment adviser representative or employee, or regarding any written customer or client complaint.

(j) Written information about each investment advisory client that is the basis for making any recommendation or providing any investment advice to such client.

(k) Written procedures for supervising the activities of employees and investment adviser representatives that are reasonably designed to achieve compliance with applicable securities laws and regulations.

(l) A file containing a copy of each document (other than any notices of general dissemination) that was filed with, or received from, any state or federal agency or self-regulatory organization that pertains to the registrant or its investment adviser representatives. The file should contain, but is not limited to, all applications, amendments, renewal filings, and correspondence.

(m) For investment advisers that have custody of client funds or securities, all records and evidence of compliance required by Rule 206(4)-2 of the Investment Advisers Act of 1940.

(2) Every investment adviser subject to Paragraph (1) of this Subsection shall preserve the following records in the manner prescribed:

(a) Except as provided by Paragraphs (2)(b) and 2(c) of this Subsection, all books and records required to be made under the provisions of this Order shall be maintained and preserved in an easily accessible place for a period of not less than five (5) years from the end of the fiscal year during which the last entry was made on such record, of which the first two (2) years shall be in the principal office of the investment adviser.

(b) Except as provided in Paragraph (2)(c)(ii) of this Subsection, books and records required to be made under the provisions of Paragraphs (1)(e) and (1)(h) of this Subsection shall be maintained and preserved in an easily accessible place for a period of not less than five (5) years from the end of the fiscal year during which the investment adviser last published, or otherwise disseminated, directly or indirectly, the notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication.

(c) Notwithstanding other record preservation requirements of this Order, the following records or copies are required to be maintained at the business location of the investment adviser from which the customer or client is being provided, or has been provided, investment advisory services:

(i) Records required to be preserved under Paragraphs (a)(3), (a)(7)-(10), (a)(14)-(15), (b) and (c) inclusive, of S.E.C. Rule 204-2 of the Investment Advisers Act of 1940 and Paragraphs (1)(i)-(k) of this Subsection.

(ii) The records or copies required under the provisions of Paragraphs (1)(e), (1)(h), and (1)(l) of this Subsection that identify the name of the investment adviser representative providing investment advice from that business location or that identify the business location's physical

address, mailing address, electronic mailing address, or telephone number. These records shall be maintained for the period described in Paragraph (2)(b) of this Subsection.

(d) Partnership articles and any amendments thereto, articles of incorporation, charters, minute books, and stock certificate books of the investment adviser, and of any predecessor, shall be maintained in the principal office of the investment adviser and preserved until at least three (3) years after termination of the enterprise.

(e) An investment adviser subject to Paragraph (1) of this Subsection, before ceasing to conduct or discontinuing business as an investment adviser, shall arrange and be responsible for, the preservation of the books and records required to be maintained and preserved under this Order for the remainder of the period specified in this Order and shall notify the Commissioner in writing of the exact address where the books and records will be maintained during this period.

(3) To the extent that the U.S. Securities and Exchange Commission promulgates changes to the above-referenced rules of the Investment Advisers Act of 1940, investment advisers in compliance with those rules, as amended, shall not be subject to enforcement action by the Commissioner for violating this Order to the extent that the violation results solely from the investment adviser's compliance with the amended rule.

(4) Every investment adviser that maintains its principal place of business in a state other than Georgia shall be exempt from the requirements of this Order provided that the investment adviser is licensed in the state and is in compliance with that state's record keeping requirements.

(C) Investment Adviser Brochure

(1) An investment adviser, as defined in the 2008 Act, shall furnish each advisory client and prospective advisory client with a written disclosure statement that may be either a copy of Part 2 of its Form ADV or a written document containing at least the information required by Part 2 of Form ADV.

(2) An investment adviser, except as provided in Paragraphs (2)(b) or (2)(c) of this Subsection, shall deliver the statement required by this Order to an advisory client or prospective advisory client:

(a) not less than forty-eight (48) hours prior to entering into any written or oral investment advisory contract with a client or prospective client or at the time of entering into any contract if the advisory client has a right to terminate the contract without penalty within five (5) business days after entering into the contract.

(b) Delivery of the statement required by Paragraph (2)(a) of this Subsection need not be made in connection with entering into:

(i) an investment company contract, or

(ii) a contract for impersonal advisory services.

(c) Notwithstanding the provisions of Paragraph (2)(a) of this Subsection, an investment adviser shall not be required to grant an advisory client or prospective advisory client five (5) days to terminate a contract for the purchase or sale of securities, provided that:

(i) the investment adviser is also registered as a broker-dealer pursuant to Article 4 of the 2008 Act;

(ii) the contract relates to the purchase or sale of a security;

(iii) advisory services are only provided incidentally to the investment adviser's business as a broker-dealer and no special compensation is received for the advisory services; and

(iv) disclosure is provided to the client or prospective client at or before the time the client makes a purchase or sale of a security.

(3) An investment adviser, except as provided in Paragraph (3)(a) of this Subsection, shall, annually, and without charge, deliver or offer in writing to deliver upon request, the statement required by this Subsection to each of its advisory clients.

(a) The delivery or offer to deliver an annual statement need not be made to advisory clients receiving advisory services solely pursuant to:

(i) an investment company contract, or

(ii) a contract for impersonal advisory services requiring a payment of less than two hundred dollars ($200.00).

(b) With respect to an advisory client entering into a contract or receiving advisory services pursuant to a contract for impersonal advisory services that requires a payment of two hundred dollars ($200.00) or more, an offer of the type specified in Paragraph (3) of this Subsection shall also be made at the time of entering into an advisory contract.

(c) Any statement requested in writing by an advisory client pursuant to an offer required by this Subsection must be mailed or delivered within seven (7) days of the receipt of the request.

(4) If an investment adviser renders substantially different types of investment advisory services to different advisory clients, any information required by Part 2 of Form ADV may be omitted from the statement furnished to an advisory client or prospective advisory client if the information is applicable only to a type of investment advisory service or fee that is not rendered or charged, or proposed to be rendered or charged, to that client or prospective client.

(5) Nothing in this Order shall relieve any investment adviser of any obligation pursuant to any provision of the 2008 Act, the rules or orders promulgated thereunder, or any other federal or state law to disclose any information to its advisory clients or prospective advisory clients not specifically required by this Order.

(6) Except as provided by Paragraph (6)(a) of this Subsection, an investment adviser, registered or required to be registered pursuant to Article 4 of the 2008 Act, that is a sponsor of a wrap fee program, shall, in lieu of the written disclosure statement required by Paragraph (1) of this Subsection, and in accordance with the other provisions of this Order, furnish each client and prospective client of the wrap fee program with a written disclosure statement containing at least the information required by Schedule H of Form ADV. Any additional information included in the disclosure statement should be limited to information applicable to wrap fee programs that the investment adviser sponsors.

(a) An investment adviser need not furnish the written disclosure statement required by Paragraph (6) of this Subsection to clients and prospective clients of a wrap fee program if another sponsor of the wrap fee program provides the written disclosure statement to all such clients and prospective clients.

(b) If an investment adviser is required by Paragraph (6) of this Subsection to furnish disclosure statements to clients or prospective clients of more than one wrap fee program, the investment adviser may omit from the disclosure statement furnished to clients and prospective clients of a wrap fee program or programs any information required by Schedule H of Form ADV that is not applicable to clients or prospective clients of that wrap fee program or programs.

(c) An investment adviser that is required by Paragraph (6) of this Subsection to furnish a disclosure statement to clients of a wrap fee program shall furnish the disclosure statement to each client of the wrap fee program (including clients that have previously been furnished the disclosure statement required under Paragraph (1) of this Subsection) no later than the effective date of this Rule.

(7) For purposes of this Order:

(a) "Contract for impersonal advisory services" means any contract relating solely to the provision of investment advisory services:

(i) by means of written material or oral statements that do not purport to meet the objectives or needs of specific individuals or accounts;

(ii) through the issuance of statistical information containing no expression of opinion as to the investment merits of a particular security; or

(iii) by any combination of the services described in Paragraphs (7)(A)(i) and (ii) of this Subsection.

(b) "Entering into," in reference to an investment advisory contract, does not include an extension or renewal without material change of any such contract that is in effect immediately prior to such extension or renewal.

(c) "Investment company contract" means a contract with an investment company registered under the Investment Company Act of 1940 that meets the requirements of section 15(c) of that Act.

(d) "Sponsor" means an investment adviser that is compensated under a wrap fee program for administering, organizing or sponsoring the program, or for selecting or providing advice to clients regarding the selection of other investment advisers in the program.

(e) "Wrap fee program" means a program under which a client is charged a specified fee or fees not based directly on transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.

This Order shall be effective as of July 1, 2009 and shall remain effective until modified or vacated, or superseded by Rule.

KAREN C. HANDEL
COMMISSIONER OF SECURITIES
STATE OF GEORGIA

By: _____

Robert D. Terry
Assistant Commissioner of Securities