

**FILED**

State of Arizona  
House of Representatives  
Forty-second Legislature  
Second Regular Session  
1996

**Jane Dee Hull**  
**Secretary of State**

CHAPTER 109

**HOUSE BILL 2319**

AN ACT

AMENDING SECTION 44-3159, ARIZONA REVISED STATUTES; RELATING TO REPORTING REQUIREMENTS FOR INVESTMENT ADVISERS AND INVESTMENT ADVISER REPRESENTATIVES.

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 44-3159, Arizona Revised Statutes, is amended to  
3 read:

4 44-3159. Reporting requirements

5 A. In order to retain licensure, investment advisers and investment  
6 adviser representatives shall file the following with the commission:

7 1. A supplemental statement showing any material changes in the facts  
8 contained in the original application for licensure as supplemented or  
9 amended as the changes occur or within thirty days after the change.

10 2. If a licensed investment adviser has custody of client monies or  
11 securities or requires payment of advisory fees six months or more in advance  
12 and in excess of five hundred dollars for each client, an audited balance  
13 sheet as of the end of the investment adviser's fiscal year. Each balance  
14 sheet shall be:

15 (a) Prepared in conformity with generally accepted accounting  
16 principles and examined in accordance with generally accepted auditing  
17 standards.

18 (b) Audited by an independent certified public accountant.

19 (c) Accompanied by an opinion of the independent certified public  
20 accountant as to the report of financial position, and by a note stating the  
21 principles used to prepare the report, the basis of included securities and  
22 any other explanations required for clarity.

1           ~~3. If a licensed investment adviser has discretionary authority over~~  
2 ~~client monies or securities, but not custody of client monies or securities,~~  
3 ~~a balance sheet as of the end of the investment adviser's fiscal year. The~~  
4 ~~balance sheet need not be audited but shall be prepared in accordance with~~  
5 ~~generally accepted accounting principles and represented as true and accurate~~  
6 ~~by the investment adviser or the person who prepared the statement.~~

7           B. The financial statements prescribed in subsection A shall be filed  
8 with the commission within ninety days after the end of the investment  
9 adviser's fiscal year.

APPROVED BY THE GOVERNOR APRIL 9, 1996.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 9, 1996