

Senate Engrossed

**FILED**  
**KEN BENNETT**  
**SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-first Legislature  
Second Regular Session  
2014

CHAPTER 75

## **SENATE BILL 1218**

AN ACT

AMENDING SECTION 44-3159, ARIZONA REVISED STATUTES; RELATING TO LICENSURE OF INVESTMENT ADVISERS AND INVESTMENT ADVISER REPRESENTATIVES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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, licensed investment advisers and  
6 investment adviser representatives shall file the following with the  
7 commission through the IARD:

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

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

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

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

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

24 B. If the IARD does not provide for receipt of a filing, the filing  
25 may be made with the commission by mail or any other reasonable method that  
26 is acceptable to the commission.

27 C. The financial statements prescribed in subsection A shall be filed  
28 with the commission within ninety days after the end of the investment  
29 adviser's fiscal year.

30 D. Any licensed investment adviser that has its principal place of  
31 business in another state is exempt from the requirements prescribed in  
32 subsection A if all of the following apply:

33 1. The investment adviser is registered as an investment adviser with  
34 the state in which it maintains its principal place of business.

35 2. The investment adviser has complied with the financial reporting  
36 requirements, if any, of the state in which it maintains its principal place  
37 of business.

38 3. If prescribed by the commission, the investment adviser files with  
39 the commission a copy of the financial reports it files with the state in  
40 which it maintains its principal place of business.

41 Sec. 2. Emergency

42 This act is an emergency measure that is necessary to preserve the  
43 public peace, health or safety and is operative immediately as provided by  
44 law.

APPROVED BY THE GOVERNOR APRIL 17, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 18, 2014.

Passed the House April 16, 2014,

Passed the Senate February 27, 2014,

by the following vote: 54 Ayes,

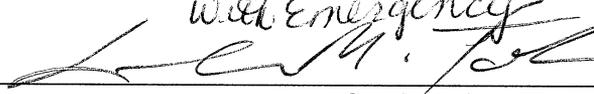
by the following vote: 30 Ayes,

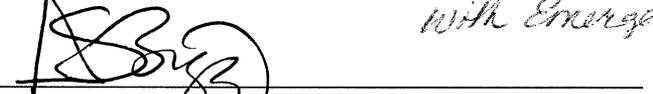
5 Nays, 1 Not Voting

0 Nays, 0 Not Voting

*with Emergency*

*with Emergency*





Speaker of the House

President of the Senate

  
Cheryl Laube  
Chief Clerk of the House

  
Susan Oakes  
Assistant Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

16<sup>th</sup> day of April, 2014,

at 4:15 o'clock P M.

  
Lindsay Scornavacca  
Secretary to the Governor

Approved this 17<sup>th</sup> day of

April, 2014,

at 11:59 o'clock A. M.

  
Janice J. Brewer  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 18<sup>th</sup> day of April, 2014,

at 8:10 o'clock a M.

  
Kela Blumeth  
Secretary of State

S.B. 1218