

MEMO# 9118

August 4, 1997

MISSISSIPPI ADOPTS EMERGENCY RULES

[9118] August 4, 1997 TO: INVESTMENT ADVISERS COMMITTEE No. 25-97 STATE LIAISON COMMITTEE No. 21-97 UNIT INVESTMENT TRUST COMMITTEE No. 48-97 RE: MISSISSIPPI ADOPTS EMERGENCY RULES

Effective July 1, 1997, the Mississippi Secretary of States office adopted emergency rules, including rules relating to notice filings for federal covered securities and federal covered advisers. A copy of the relevant provisions of the emergency rules, which are summarized below, is attached. Notice Filings for Federal Covered Securities Prior to the offer or sale of securities in Mississippi, an issuer must submit the following: Form NF (or a copy of the federal registration statement); Form U-2, unless one has already been filed with a previous notice; and A fee. No other documents are required to be filed unless requested by the Securities Division. All securities included in a prospectus may be included in a single notice filing. A notice filing is effective for one year from the date of receipt by the Division, unless another effectiveness date is requested by the issuer. Notice filings may be renewed by filing Form NF and a fee, and may be amended by filing a revised Form NF without a fee. If an issuer has changed its fiscal year, however, a new notice filing instead of an amendment is required. (Rule 233) Notice filings for unit investment trusts are effective for an indefinite period from the date filed with the Division. Within 30 days of the close of the offer or when the sponsor ceases to rely upon the notice, unit investment trusts must file a closing report. Rule 237 defines "promptly remedied" as ten business days from the receipt of notification from the Division for purposes of the need to remedy the non-payment or underpayment of fees in connection with a notice filing. Broker-Dealer Requirements The rules set forth revised minimum financial requirements (Rule 503) and financial reporting requirements (Rule 509) for broker-dealers, which limit the requirements to those under the Securities Exchange Act of 1934. Rule 533 reflects that Mississippi will accept the Uniform Combined State Law Examination (Series 66) for broker-dealers and broker-dealer agents. Investment Advisers and Federal Covered Advisers The rules revise the bonding, minimum financial and financial reporting requirements for state registered advisers (Rules 605, 607, and 609, respectively). The bonding and minimum financial reporting requirements are limited to those in the state of the advisers principal place of business. The recordkeeping requirements of investment advisers are similarly limited to those in the state of the advisers principal place of business. (Rule 617) The rule relating to standards of conduct for investment advisers and investment adviser representatives (Rule 623) has been expanded to apply to federal covered advisers, which would exceed the authority of Mississippi under the National Markets bill except where such conduct is fraudulent or unethical. Rule 629 expands the registration, renewal and withdrawal provisions relating to investment adviser representatives. These provisions distinguish between the responsibilities of representatives employed by registered advisers and those employed by federal covered advisers. Rule 631 sets forth the notice filing requirements for federal covered advisers.

Initial filings should include the Form ADV and a fee of \$200. Pursuant to the rule, a renewal filing must be filed before December 31 and should include Form ADV-S and a fee of \$200. (As use of the Form ADV-S was discontinued by the Securities and Exchange Commission in December 1996, the Institute will recommend that this provision be amended.) The rules also provide that 10 business days constitutes "promptly remedied" for purposes of the non-payment or underpayment of fees in connection with a notice filing. (Rule 633) The Securities Division has advised the Institute that it will accept comments on the emergency rules for a period of 60 days, then the rules will be adopted as permanent rules. Accordingly, if you have comments that you would like included in the Institutes comment letter, please provide them to me no later than Friday, August 15. Marguerite C. Bateman Associate Counsel Attachment (in .pdf format)

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