

MEMO# 5532

January 31, 1994

FLORIDA AMENDS INVESTMENT ADVISER REGULATIONS RELATING TO NET CAPITAL AND FINANCIAL STATEMENTS

January 31, 1994 TO: INVESTMENT ADVISERS COMMITTEE NO. 9-94 FLORIDA INVESTMENT ADVISER ASSOCIATE MEMBERS RE: FLORIDA AMENDS INVESTMENT ADVISER REGULATIONS RELATING TO NET CAPITAL AND FINANCIAL STATEMENTS

Florida recently amended its regulations relating to the net capital and financial reporting requirements for investment advisers. Prior to these amendments, all investment advisers were required to have a net worth, computed as assets minus liabilities, of \$2500. Under the amendment to Rule 3E-600.016(3), Florida Administrative Code, investment advisers who have custody of client funds or securities or who receive prepayment of advisory fees must maintain net capital of \$25,000 calculated as prescribed by Rule 15c3-1 promulgated under the Securities Exchange Act of 1934. All other investment advisers must either maintain a net worth of \$2500 or net capital of \$5000 calculated in accordance with Rule 15c3-1 of the Securities Exchange Act of 1934. As a result of amendments to Rule 3E-300.002(4), Florida Administrative Code, governing financial statements and reports, the annual financial statement required of an investment adviser registrant must be audited if the registrant is required by Rule 3E-600.016 to maintain net capital of \$25,000. Also, a written statement from an independent certified public accountant verifying compliance with the net capital rule (i.e., Rule 3E-600.016) must accompany the annual financial statement. The annual financial statement required of all other advisers may be unaudited. Such financial statements must be filed within ninety days after the registrant's fiscal year end. A copy of the amendments to Rules 3E-300.002 and 3E-600.016 is attached. Tamara K. Cain Assistant Counsel Attachments