

securities activities in this state are limited to trading in securities comprised of notes, bonds, or other evidences of indebtedness secured by mortgages or deeds of trust upon real estate shall be excused from any examination requirement under subsection (1) of this section.

(3) In the case of a license as an investment adviser representative, the securities commissioner may by rule require the successful completion of one or more standardized written examinations. Examinations may differ among classes of applicants. Any examination may be administered by the securities commissioner or any person the securities commissioner may designate.

(4) The securities commissioner may by rule designate other qualifications and credentials that will be accepted in lieu of meeting the examination requirement set forth in subsection (3) of this section.

**Source:** L. 90: Entire article R&RE, p. 723, § 1, effective July 1. L. 98: (3) and (4) added, p. 553, § 8, effective January 1, 1999. L. 2003: (2) amended, p. 1989, § 24, effective May 22.

**Editor's note:** This section is similar to former § 11-51-106 (2.1) as it existed prior to 1990.

**Cross references:** For the "Securities Exchange Act of 1934", see Pub.L. 73-291, codified at 15 U.S.C. sec. 78a et seq.

**11-51-406. General provisions.** (1) (a) Unless a proceeding under section 11-51-410 is instituted, the license of a broker-dealer, sales representative, or investment adviser representative becomes effective upon the last to occur of the following:

(I) The passage of thirty days after the filing of the application or, in the event any amendment is filed before the license becomes effective, the passage of thirty days after the filing of the latest amendment, if the application, including all amendments, if any, was complete at the commencement of the thirty-day period;

(II) The examination requirement under section 11-51-405 is satisfied;

(III) In the case of a broker-dealer, the requirements of section 11-51-407 are satisfied;

and

(IV) The required fee has been paid.

(b) The securities commissioner may authorize an earlier effective date of licensing.

(c) A notice filing by a federal covered adviser becomes effective upon receipt by the securities commissioner of the documents and fee required to be filed pursuant to sections 11-51-403 and 11-51-404.

(2) The securities commissioner may by rule or order, waive or reduce any of the requirements of this section and sections 11-51-405 and 11-51-407 with respect to any person or class of persons and, in connection with the waiver or reduction of any requirement, may limit or impose conditions on the securities activities that such person or class of persons may conduct in this state.

(3) (a) The license of a sales representative is effective only with respect to actions taken for a broker-dealer or issuer for whom the sales representative is licensed.

(b) The license of an investment adviser representative is effective only with respect to actions taken for an investment adviser or federal covered adviser with whom such investment adviser representative is employed or otherwise associated with as shown in the most current information filed by or on behalf of such representative pursuant to section 11-51-403 or 11-51-407 (3).

(4) (a) A person may act as a sales representative for more than one broker-dealer or issuer.

(b) A person may act as an investment adviser representative for more than one investment adviser or federal covered adviser and may also act as an investment adviser representative and a sales representative.

(5) (a) If a licensed sales representative ceases to be employed or otherwise engaged by a broker-dealer or issuer or ceases to act as a sales representative, the broker-dealer or, in the case of a sales representative licensed to act for an issuer, the sales representative shall promptly notify the securities commissioner. A notification required by this subsection (5) may be given by a broker-dealer who is registered as a broker-dealer under the federal "Securities Exchange Act of 1934" by filing the information through the central registration depository.

(b) If a licensed investment adviser representative ceases to be employed or otherwise engaged by an investment adviser or federal covered adviser or ceases to act as an investment adviser representative, the investment adviser or federal covered adviser shall promptly notify the securities commissioner.

(6) The license of a broker-dealer, sales representative, or investment adviser representative is effective until terminated by revocation or withdrawal.

**Source:** L. 90: Entire article R&RE, p. 723, § 1, effective July 1. L. 98: IP(1)(a), (3), (4), (5), and (6) amended and (1)(c) added, p. 554, § 9, effective January 1, 1999.

**Cross references:** For the "Securities Exchange Act of 1934", see Pub.L. 73-291, codified at 15 U.S.C. sec. 78a et seq.

**11-51-407. Operating requirements.** (1) (a) The securities commissioner may by rule require licensed broker-dealers who are not registered under the federal "Securities Exchange Act of 1934":

- (I) To satisfy specified minimum financial responsibility requirements;
- (II) To file with the securities commissioner specified financial and other information;
- (III) To make and maintain specified records and to preserve such records for five years or such other period as may be specified;
- (IV) To establish written supervisory procedures and a system for applying such procedures that is reasonably expected to prevent and detect violations of this article; and
- (V) To acquire and keep in force a fidelity bond in such minimum amount and covering such risks as may be specified.