

**TITLE 660. DEPARTMENT OF SECURITIES
CHAPTER 11. OKLAHOMA UNIFORM SECURITIES ACT OF 2004**

**SUBCHAPTER 7. INVESTMENT ADVISERS AND INVESTMENT ADVISER
REPRESENTATIVES
PART 7. RECORD KEEPING AND ETHICAL STANDARDS**

660: 11-7-43. Disclosure requirements [AMENDED]

(a) **Disclosure delivery requirement.** In furtherance of compliance with the standards of ethical practices specified in 660:11-7-42, every investment adviser, registered or required to be registered under the Securities Act shall, in accordance with the provisions of this section, furnish each advisory client and prospective advisory client with: ~~a written disclosure statement. The disclosure statement must include Part 2A of its Form ADV (also known as a brochure) and, if applicable, any Part 2B of its Form ADV (also known as a brochure supplement) and Appendix 1 if offering a wrap fee program; provided however, delivery of the required statement need not be made in connection with entering into a contract with a client:~~

- ~~(1) that is an investment company;~~
- ~~(2) for impersonal advisory services; or~~
- ~~(3) who is an officer, employee or other person related to the adviser that would be a qualified client of the adviser under 17 CFR § 275.205-3(d)(1)(iii).~~

(1) a brochure that may be a copy of Part 2A of its Form ADV or written documents containing the information required by Part 2A of Form ADV;

(2) a copy of its Part 2B brochure supplement for each individual

- (A) providing investment advice and having direct contact with clients in this state; or
- (B) exercising discretion over assets of clients in this state, even if no direct contact is involved;

(3) a copy of its Part 2A Appendix 1 wrap fee brochure if the investment adviser sponsors or participates in a wrap fee account;

(4) a summary of material changes, if any, which may be included in Form ADV Part 2 or given as a separate document; and

(5) such other information as the Administrator may require.

~~(b) The brochure must comply with the language, organizational format, and filing requirements specified in the Instructions to Form ADV, Part 2, except that a change in an advisory fee constitutes a material change that triggers the need to file an amendment to the Form ADV Part 2A.~~

~~(b)(c)~~ **Delivery**

~~(1) Time of Initial delivery.~~ An investment adviser shall deliver the statement required by (a) of this section to an advisory client or prospective advisory client:

- ~~(1)(A)~~ not less than 48 hours prior to entering into any written investment advisory contract with such client or prospective client, or
- ~~(2)(B)~~ at the time of entering into any such contract, if the advisory client has a right to terminate the contract without penalty within five business days after entering into the contract.

~~(2) Annual delivery.~~ An investment adviser, except as provided in subsection (c)(3), must:

- ~~(A) Deliver within 120 days of the end of its fiscal year a free, updated brochure and any related brochure supplements that include or are accompanied by a summary of material changes; or~~

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(B) Deliver a summary of material changes that includes an offer to provide a copy of the updated brochure and any supplements and information on how the client may obtain a copy of the brochure and any supplements. Should a client request a copy of the updated brochure or any supplements under this subsection, the brochure and any supplements must be mailed or delivered within seven (7) days of the receipt of the request.

(3) **Exceptions.** Delivery of the brochure and any related brochure supplements required by subsections (b)(1) and (b)(2) need not be made to:

(A) a client who is an officer, employee or other person related to the adviser that would be a qualified client of the adviser under 17 CFR § 275.205-3(d)(1)(iii);

(B) clients who receive only impersonal advice and who pay less than \$500 in fees per year;

(C) an investment company registered under the Investment Company Act of 1940; or

(D) a business development company as defined in the Investment Company Act of 1940 and whose advisory contract meets the requirements of section 15(c) of that Act.

(4) **Electronic Delivery.** Delivery of the brochure and any related supplements may be made electronically if the investment adviser:

(A) in the case of an initial delivery to a potential client, obtains a verification that a readable copy of the brochure and any supplements were received by the client;

(B) in the case of other than initial deliveries, obtains each client's prior consent to provide the brochure and any supplements electronically;

(C) prepares the electronically delivered brochure and any supplements in the format prescribed in subsection (a) and instructions to Form ADV Part 2;

(D) delivers the brochures and any supplements in a format that can be retained by the client in either electronic or paper form; and

(E) establishes procedures to supervise personnel transmitting the brochure and any supplements and prevents violations of this rule.

(d) **Other disclosures.** Nothing in this rule shall relieve any investment adviser from any obligation pursuant to any provision of the Securities Act or the rules and regulations thereunder or other federal or state law to disclose any information to its advisory clients or prospective advisory clients not specifically required by this rule.

~~(e)~~(e) For purposes of this section, "entering into" does not include an extension or renewal without material change of any investment advisory contract which is in effect immediately prior to such extension or renewal.

~~(d) **Annual delivery requirement.** Unless exempted as provided in (a) of this section, an investment adviser annually shall, without charge, deliver or offer in writing to deliver upon written request to each of its advisory clients the statement required by this section. Any statement requested in writing by an advisory client pursuant to an offer required by this subsection must be mailed or delivered within seven (7) days of the receipt of the request.~~

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