

2876.4117 INVESTMENT ADVISER BROCHURE RULE.

Subpart 1. **General requirements.** Unless otherwise provided in this part, an investment adviser, registered or required to be registered pursuant to Minnesota Statutes, section 80A.58, shall, in accordance with the provisions of this part, furnish each advisory client and prospective advisory client with a written disclosure statement which may be a copy of Part 2 of its Form ADV or written documents containing at least the information required by Part 2 of Form ADV, or such other information the administrator may require to carry out the public interest according to Minnesota Statutes, section 80A.85 (b).

Subp. 2. Delivery.

A. An investment adviser, except as provided in item B, shall deliver the statement required by this part to an advisory client or prospective advisory client:

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

B. The delivery of the statement required by item A need not be made in connection with entering into:

- (1) an investment company contract; or
- (2) a contract for impersonal advisory services requiring a payment of less than \$200.

Subp. 3. Offer to deliver.

A. An investment adviser, except as provided in item B, 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 part.

B. The delivery or offer required by item A need not be made to advisory clients receiving advisory services solely pursuant to:

- (1) an investment company contract; or
- (2) a contract for impersonal advisory services requiring a payment of less than \$200.

C. With respect to an advisory client entering into a contract or receiving advisory services pursuant to a contract for impersonal advisory services that requires a payment of \$200 or more, an offer of the type specified in item A shall also be made at the time of entering into an advisory contract.

D. Any statement requested in writing by an advisory client pursuant to an offer required by this subpart must be mailed or delivered within seven days of the receipt of the request.

Subp. 4. **Omission of inapplicable information.** If an investment adviser renders substantially different types of investment advisory services to different advisory clients, any information required

by Part 2 of Form ADV may be omitted from the statement furnished to an advisory client or prospective advisory client if the information is applicable only to a type of investment advisory service or fee that is not rendered or charged, or proposed to be rendered or charged, to that client or prospective client.

Subp. 5. **Other disclosures.** Nothing in this part shall relieve any investment adviser from any obligation pursuant to any provision of the Minnesota Securities Act, Minnesota Statutes, chapter 80A, or the rules thereunder or other federal or state law to disclose any information to its advisory clients or prospective advisory clients not specifically required by this part.

Subp. 6. **Definitions.** For purposes of this part the following terms have the meanings given.

A. "Contract for impersonal advisory services" means any contract relating solely to the provision of investment advisory services:

(1) by means of written material or oral statements which do not purport to meet the objectives or needs of specific individuals or accounts;

(2) through the issuance of statistical information containing no expression of opinion as to the investment merits of a particular security; or

(3) any combination of the foregoing services.

B. "Entering into," in reference to an investment advisory contract, does not include an extension or renewal without material change of any such contract which is in effect immediately prior to the extension or renewal.

C. "Investment company contract" means a contract with an investment company registered under the Investment Company Act of 1940 which meets the requirements of Section 15(c) of that act.

Statutory Authority: *MS s 45.023; 80A.82; 80C.18*

History: *34 SR 593; 48 SR 1127*

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