



STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
FINANCIAL REGULATION

OFFICE OF SECURITIES
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LICENSING RENEWAL INSTRUCTIONS FOR CALENDAR YEAR 2011

Renewal Program. The 2011 FINRA (Web CRD/IARD) Renewal Program is an annual process that enables firms and individuals to continue their active registration, or licensing status into the coming year with FINRA, other regulators, and the states in which they conduct business. For complete and detailed information regarding the renewal process, firms should review the 2011 Annual Renewal Program Bulletin available on FINRA or IARD websites.

Automatic Daily-to-Renewal Account Transfer

*To facilitate payment of renewal fees, FINRA will automatically transfer funds from a firm's Daily Account to its Renewal Account on December 13, 2010, the Preliminary Renewal Statement payment deadline. FINRA will transfer funds only if a firm has sufficient funds available in its Daily Account on December 13 to cover the amount. **Please Note:** If a firm does not want funds automatically transferred, the firm should ensure that its payment is received and reflected in its Renewal Account by the December 13 deadline. Separately, if a firm wishes to transfer funds between affiliated firms, the firm should contact the Gateway Call Center at (301) 869-6699 for further instructions prior to the renewal deadline.*

Failure to Renew. All firms preliminary Renewal Statement Payments must be posted to renewal accounts by December 13, 2010. It is recommended that firms submit payment no later than December 09, 2010, to ensure that payment is processed by the deadline. **Failure to submit renewal payments will result in the termination of licenses for the firm and its sales representatives and investment adviser representatives. If this happens, the firm or individual will be required to reapply for Maine licensure via Web CRD/IARD before transacting any further business in Maine.**

License Termination. Termination requests must be filed with Web CRD/IARD in accordance with the instructions and deadlines as outlined in the 2011 Annual Renewal Program Calendar. Failure to file termination requests with Web CRD/IARD by the deadline will result in the assessment of renewal fees. Renewal fees are non-refundable.



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MASS TRANSFER MORATORIUM. There will be a moratorium on processing mass transfers from December 10, 2010, through January 17, 2011, due to the 2011 Renewal Program processing. The last day firms will be able to request a mass transfer to occur in 2010, is November 20, 2010. A mass transfer is used to programmatically transfer individuals/branches and their registrations from one firm to another firm when firms are involved in mergers, acquisitions, successions and consolidations.

Active Duty Renewal Fee Waiver. Pursuant to 32 M.R.S.A. §16410(3), the administrator may waive the renewal fee for a licensed agent or investment adviser representative who is a member of the National Guard or the Reserves of the United States Armed Forces under an order to active duty for a period of more than 30 days. Firms requesting a waiver under this section must send written notice to the Office of Securities and provide the name and CRD number of each individual who qualifies for a waiver and their respective dates of deployment. FINRA will be sending each firm a list with the names of individuals whom the firm previously indicated are on active duty, with instructions for the firm to update the list by adding and deleting names as appropriate. Please visit: <http://www.finra.org/Industry/Compliance/Registration/CRD/FilingGuidance/index.htm> for further guidance. Please call the Office of Securities if you have any questions.

Financial Statements. Firms are **NOT** required to submit annual audited financial statements or Focus Reports unless specifically requested to do so by this office.

Series 79 (Investment Banking) Advisory Ruling. The Maine Office of Securities has received inquiries whether the State of Maine accepts FINRA's new Series 79 Exam "in lieu of" the Series 7. While the State of Maine accepts FINRA's new implemented Series 79 Exam for investment banking licensing, that test is not viewed as a substitute for the Series 7 because the investment banking license is more limited than a Series 7 license. It is more accurate to view the Series 79 as a new "Limited Representative" license for Investment Bankers.

Any person whose activities go beyond investment banking must separately qualify for exams specific to that activity. For instance, an investment banker who occasionally affects trades in non-exempt securities for retail customers would have to be Series 7 licensed in addition to the Series 79.

Of course, every individual applicant for a license (including Series 79 applicants) must have already taken and passed the NASAA Series 63 Uniform Securities Agent State Law Examination or the NASAA Series 66 Uniform Combined State Law Examination as noted in our State of Maine Rules, Chapter 504, Section 6.



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NEW FORM ADV PART 2:

On July 28, 2010, the Securities and Exchange Commission (SEC) released a revised Form ADV [SEC Release No. IA-3060; File No. S7-10-00]. The release primarily adopted amendments to Part 2 of Form ADV (also referred to as brochure or new Part 2). The new Part 2, with the instructions, can be found on the SEC's web site at <http://www.sec.gov/rules/final/2010/ia-3060.pdf>.

The format of the new Part 2 has been changed from a check-the-box form to a narrative brochure written in plain English. This change is designed to provide prospective clients and current clients with clearly written, meaningful, current disclosure of the business practices, conflicts of interest, and background of the investment adviser and its advisory representatives. The brochure is required to be prepared in plain English and be filed electronically through the Investment Adviser Registration Depository (IARD).

The new Form ADV Part 2 consists of three parts: Part 2A, Firm Brochure; Part 2A Appendix 1, Wrap Fee Program Brochure; and Part 2B, Brochure Supplement. Every investment adviser's new Part 2 will consist of at least Part 2A, Firm Brochure, and Part 2B, Brochure Supplement. Only investment advisers who provide wrap fee programs are required to submit the Part 2A Appendix 1, Wrap Fee Program Brochure.

The new Form ADV Part 2 will become effective October 12, 2010. The Office will begin using the new Form ADV Part 2 in accordance with the following schedule:

- Between October 12, 2010, and January 1, 2011, all investment adviser applicants filing an initial Form ADV and licensed investment advisers filing amendments to their Form ADV Part II may use either the current Part II or the new Part 2. The Office strongly encourages all applicants to use the new Part 2 when filing their initial Form ADV application and all licensed investment advisers to amend their Form ADV using the new Part 2 as soon as possible.
- As of January 1, 2011, all new investment adviser applicants will be required to file, through the IARD, the new Form ADV Part 2 as part of their application.



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- As of January 1, 2011, all licensed investment advisers will need to incorporate the new Form ADV Part 2 with their next filing of an amendment to Form ADV or with their annual updating amendment to Form ADV. Please note that all investment advisers are required to file their annual updating amendment to Form ADV (Parts 1 and 2) within 90 days after their fiscal year-end. For those advisers with a December 31, 2010, year-end, the deadline for the annual updating amendment will be March 31, 2011.

New Part 2 Templates

Blank templates for the new Form ADV Part 2 will be available on the NASAA Form ADV webpage at www.nasaa.org on October 12, 2010, for free download and use by investment advisers.

Annual Delivery Requirement

Item 2 of the Instructions to Part 2A of Form ADV “Preparing Your Firm *Brochure*” provides that each year a registered investment adviser must (i) deliver, within 120 days of the end of the investment adviser’s fiscal year, to each client a free updated *brochure* that either includes a summary of material changes or is accompanied by a summary of material changes, or (ii) deliver to each client a summary of material changes that includes an offer to provide a copy of the updated brochure and information on how a *client* may obtain the *brochure*. The Office strongly encourages all investment advisers to follow the distribution and delivery schedule of the new Brochure and Brochure supplement as provided in the instructions of the new Form ADV Part 2. The Office will be proposing a rule change to adopt similar distribution and delivery requirements.

Should you have any questions, please call (207) 624-8551. Investment advisers are encouraged to become familiar with the new Part 2 and to periodically review the Office’s Web site, www.Investors.Maine.gov, for further developments.