

NASAA Brochure Rule Requirements for Investment Advisers
Model Rule 203(b)-1

Adopted 9/3/87

Rule 203(b)-1 Investment Adviser Brochure Rule

- (a) **GENERAL REQUIREMENTS.** Unless otherwise provided in this rule, an investment adviser, registered or required to be registered pursuant to Section 201 of the Act shall, in accordance with the provisions of this section, furnish each advisory client and prospective advisory client with a written disclosure statement which may be a copy of Part II of its Form ADV or written documents containing at least the information then so required by Part II of Form ADV, or such other information as the [Administrator] may require.

- (b) **DELIVERY.**
 - (1) An investment adviser, except as provided in paragraph (2), shall deliver the statement required by this section to an advisory client or prospective advisory client:
 - (A) Not less than 48 hours prior to entering into any investment advisory contract with such client or prospective client; or
 - (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) The delivery of the statement required by paragraph (1) need not be made in connection with entering into:
 - (A) An investment company contract; or
 - (B) A contract for impersonal advisory services.

- (c) **OFFER TO DELIVER.**
 - (1) An investment adviser, except as provided in subdivision (2), 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.
 - (2) The delivery or offer required by subdivision (1) need not be made to advisory clients receiving advisory services solely pursuant to:
 - (A) An investment company contract; or
 - (B) A contract for impersonal advisory services requiring a payment of less than \$200.00.
 - (3) With respect to an advisory client entering into a contract or receiving advisory services pursuant to a contract for impersonal advisory services which requires a payment of \$200.00 or more, an offer of the type specified in subdivision (1) shall also be made at the time of entering into an advisory contract.

- (4) Any statement requested in writing by an advisory client pursuant to an offer required by this subsection must be mailed or delivered within seven days of the receipt of the request.
- (d) **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 II of Form ADV may be omitted from the statement furnished to an advisory client or prospective advisory client if such information is applicable only to a type of investment advisory service or fee which is not rendered or charged, or proposed to be rendered or charged, to that client or prospective client.
- (e) **OTHER DISCLOSURES.** Nothing in this rule shall relieve any investment adviser from any obligation pursuant to any provision of the 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.
- (f) **DEFINITIONS.** For the purpose of this rule:
- (1) “contract for impersonal advisory services” means any contract relating solely to the provision of investment advisory services:
 - (A) by means of written material or oral statements which do not purport to meet the objectives or needs of specific individuals or accounts;
 - (B) through the issuance of statistical information containing no expression of opinion as to the investment merits of a particular security; or
 - (C) any combination of the foregoing services.
 - (2) “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 such extension or renewal.
 - (3) “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.