

**2876.4115 BONDING REQUIREMENTS FOR CERTAIN INVESTMENT ADVISERS.**

Subpart 1. **Bond requirement.** Every investment adviser registered or required to be registered under the Minnesota Securities Act, Minnesota Statutes, chapter 80A, having custody of or discretionary authority over client funds or securities shall have first posted with the administrator a surety bond or an irrevocable letter of credit in the maximum amount authorized by Minnesota Statutes, section 80A.66, subsection (e). Any bond required by this subpart shall be issued by a company qualified to do business in this state. The bond must be in the form determined by the administrator and shall be subject to the claims of all clients of such investment adviser regardless of the client's state of residence.

Subp. 2. **Custody.** For purposes of this part, "custody" is defined in part 2876.4116, subpart 3, item A.

Subp. 3. **Exemptions.**

A. An investment adviser that has its principal place of business in a state other than this state shall be exempt from the requirements of subpart 1, provided that the investment adviser is registered as an investment adviser in the state where it has its principal place of business and is in compliance with such state's requirements relating to bonding.

B. An investment adviser that continuously maintains net capital of not less than \$100,000 shall be exempt from the requirements of subpart 1.

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

**History:** *34 SR 593*

**Published Electronically:** *November 23, 2009*