



GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS

MEMORANDUM

To: Investment Advisors
From: Securities Regulation Division
Subject: Registration Requirements

Puerto Rico follows the National De Minimis Standard established by the National Securities Markets Improvement Act of 1996 (NSMIA) which provides that an investment adviser is exempt from registration in a state if it (1) does not have a place of business located within the state and (2) during the preceding 12-month period, has had no more than 5 clients who are residents of that state. New investment adviser applicants with less than \$100 million under management are prohibited from registering with the SEC and must register with the appropriate state securities authorities. Advisers with more than \$100 million under management, will make a Notice Filing to each state they wish to make business.

Forms that should be filed with FINRA to initiate registration.

- 1- Filing of Form ADV in IARD System for the Firm that wishes to register in Puerto Rico and filing of Form U-4 in CRD System for each investment adviser representative (RA) that will be registered.

Fees that should be forwarded to FINRA (Applies also to Notice Filing)

- 2- Filing Fees
 - a. \$500 for investment adviser registration
 - b. \$150 for each investment adviser representative registration

Forms that must be forwarded to Puerto Rico (in original form, complete package)

- 3- Corporate Resolution on Form R-5, or Written Consent of Members for Limited Liability Companies, Sole Proprietorships or Partnerships. (Send only the one that applies to your type of organization)
- 4- Financial Statements, which should include a Balance Sheet, Income Statement and Cash Flow Statement. If said financial statements are not within three (3) months of the date filed, then you must also submit a balance sheet in compliance with said date. Investment advisers that maintains its principal place of business outside of Puerto Rico and that are registered in the state, shall file with the Commissioner a copy of the financial statements it files with the state.
- 5- Filing of Form R-4 for all Officers, Directors or Managing Members. Filing of Form U-4 in CRD system for every Investment Adviser Representative. Do not submit physical copy of Form U-4.



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- 6- Examination requirements for Investment Adviser Representatives
 - a. Puerto Rico requires Series 65 or Series 66
- 7- Certificate of Incorporation or Certificate of Organization from the Department of State of Puerto Rico for all firms that will be opening a branch in Puerto Rico.
- 8- The following legal documents will also be required:
 - a. If applicant is a Corporation, a copy of the Articles of Incorporation and By-laws and all amendments thereto.
 - b. If applicant is a Partnership, a copy of the Articles of Partnership, and Partnership Agreement.
 - c. If applicant is a Limited Liability Company, a copy of the Certificate of Formation and Limited Liability Agreement.
- 9- Certificate stating that the applicant has not rendered investment advice to residents of Puerto Rico. If any client has been solicited, please submit a list of the persons contacted and their addresses.
- 10- A surety Bond in the amount of \$10,000.00, from a company authorized and with an established presence in Puerto Rico, must be filed on Form R-7. If the capital or net worth as determined under Article 18 of our Regulation No. 6078 is lesser than \$0.00, the amount of the surety bond should be \$25,000.00.

Post Effective Requirements:

Annual Renewal

- a. Due date: Beginning in November of each year, you will be notified by FINRA of the beginning of renewal process and the due date.
- b. Fee: Same as initial fee (\$500.00 for the Firm and \$150.00 for each investment adviser representative).
- c. Forms: Submit a Balance Sheet as of September 30 to our attention on or before December 16.
- d. Submit a Good Standing Certificate from the Department of State of Puerto Rico on or before December 16.

Any questions concerning this matter should be addressed to:

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(REV. 05/2021)