



Kansas Department of Insurance

Commissioner Vicki Schmidt

INVESTMENT ADVISER AND INVESTMENT ADVISER REPRESENTATIVE RENEWALS FOR 2025

Renewal Program Bulletin: The 2025 IARD Renewal Program Bulletin is now available at <https://iard.com/renewal-program>. This bulletin provides renewal information and step-by-step instructions on how to renew your investment adviser firm and representatives electronically via the CRD/IARD system.

Key Dates:

- **November 1, 2024**– Firms may begin initiating Form BDW and ADV-W filings with a termination date of December 31st.
- **November 11, 2024** – Preliminary Renewal Statements are available in E-Bill.
- **December 9, 2024** – Deadline for payment of renewal fees per the Preliminary Renewal Statements.
Note: The Office of the Kansas Securities Commissioner (KSC) has ceased the moratorium on securities act fees. As a result, firms and individuals registering or renewing their registration in Kansas will be charged a fee of \$50 and \$30, respectively. For more information about the securities fees visit:
<https://insurance.kansas.gov/securities/industry-professionals>
- **December 26, 2024 (6:00 p.m. ET)** – Deadline for form filings with the CRD/IARD system. After this date and time, only queries can be made to the system until full functionality begins in January 2025. Firms can create draft form filings in FINRA Gateway during the CRD/IARD shutdown; however, these draft form filings can only be submitted when CRD/IARD is available.
- **January 2, 2025 (5:00 a.m. ET)** – CRD and IARD are available with complete functionality. Final Statements are available in E-Bill.

What's New:

Reporting Financial Exploitation: The Protect Vulnerable Adults from Financial Exploitation Act, enacted by the Kansas Legislature through House Bill No. 2562 and effective as of July 1, 2024, requires investment advisers (and broker-dealers) registered under the Kansas Uniform Securities Act ("KUSA") to report potential financial exploitation of adults aged 60 and older and other vulnerable adults to the Securities Commissioner of Kansas and the Kansas Department for Children and Families. KSC recommends reviewing and revising the firm's written supervisory procedures to address the firm's reporting obligation imposed by House Bill No. 2562. Reports are submitted at: <https://insurance.kansas.gov/securities/report-financial-exploitation/>. For additional questions, please contact the Department's Compliance, Enforcement, and Anti-Fraud Division at (785) 296-5203.

Investment Adviser Training: KSC hosted two training events in 2024, one in Wichita in February and another in Kansas City in October. Our office enjoyed getting to meet with each of our attendees and are looking forward to providing annual training. Please be on the lookout for 2025's training events.

Military Spouses: HB 2745 went into effect on July 1, 2024, and provides that military spouses of active military servicemembers shall be exempted from all occupational licensing, registration and certification fees. As such, all new IAR applicants, as well as those renewing, will be able to request a refund of your state of Kansas filing fees by sending an email to kdoi.securities@ks.gov.

Reminders:

IAR CE, EVEP and MQP: KSC has not adopted the NASAA IAR CE, EVEP or MQP Model Rules. However, 2024 marked the first year an IAR may have failed to renew in IAR CE states and that could impact your registration status in other states. Visit www.nasaa.org/iarce for more information. As for your enrollment in EVEP and MQP, KSC will recognize if you have extended your exam validity using these programs and may issue an Order that will waive applicable exam requirements.

Testimonials, Social Media and Solicitors: The SEC's revised Rule 206(4)-1, also known as the SEC Marketing Rule, has made it possible for federal covered IAs, and some state registered IAs that have adopted the rule, to begin the use of testimonials and endorsements, and has increased the use of solicitor or referral arrangements. KSC has not adopted this revised rule. Rule 206(4)-1 as it was in effect on May 12, 2015, remains applicable for all Kansas-registered investment advisers. KSC continues to require that solicitors who are residents of Kansas obtain IAR registration, including all KUSA requirements for maintaining registration in the state of Kansas.

Preparing for the future? If you are planning to hang up your securities hat or are worried about what happens to your clients should something happen to you, putting a Business Continuity or Succession Plan in place can help protect your clients. NASAA has put together a resource here: <https://www.nasaa.org/industry-resources/investment-advisers/resources/compliance-matters-business-continuity/>

Filing an ADV-W: If you will be withdrawing your firm's registration in the state of Kansas, there are certain steps you should take to ensure it is a smooth process. Please reach out to KSC staff to obtain a copy of KSC's recommendations.

Recordkeeping Requirements: With the rise of online platforms and AI powered advising, KSC staff would like to remind advisers that they are required to provide copies of executed agreements relating to the adviser's business as an investment adviser. This includes agreements executed between the firm and third-party managers, and **all** agreements the firm's clients have executed with or through the firm and any third-party advisers or held away asset managers, including, but not limited to, any co-adviser, tri-party, robo-advisor, including those utilizing AI. Many of the requirements for recordkeeping can be found in K.A.R. 81-14-4.

Financial Reporting Requirements: K.A.R. 81-14-9 states that each registered investment adviser shall prepare and maintain a balance sheet in accordance with K.A.R. 81-14-4(b)(6) each month. The balance sheet shall be dated the last day of the month and shall be prepared within 10 business days after the end of the month. If the adviser has a negative net worth, KSC must be notified by the close of business on the next day. A policy addressing this regulation and the requirements should be included in the firm's written policies and procedures.

Cybersecurity: Kansas law requires that advisers maintain procedures to protect and preserve electronically stored records to reasonably safeguard them from loss, alteration, or destruction, and to protect personal information from unauthorized access, use, modification, or disclosure. K.A.R. 81-14-4(h); K.S.A 50-7a02, 50-6,139b. KSC recommends that investment advisers establish a cybersecurity program, that includes identification/evaluation of the firm's cybersecurity risks by implementing policies and procedures designed to protect clients' personal information, an annual risk assessment of the adequacy of the firm's cybersecurity practices, and an incident response plan in the event of a security breach.

Questions? You can contact the Office of the Kansas Securities Commissioner at kdoi.securities@ks.gov. For any issues with your FINRA/Gateway accounts, contact their Call Center at 240-386-4848. You may also contact one of the KSC staff listed below:

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For regulatory changes and other pertinent industry information, please visit our website at <https://securities.kansas.gov/>. We will also be working on revamping our website in 2025 and would appreciate your feedback on how we can make it more user friendly. Please send your ideas to kdoi.securities@ks.gov.