

292.330 Registration of broker-dealers, agents, investment advisers, and investment adviser representatives.

- (1) It is unlawful for any person to transact business in this state as a broker-dealer unless the person is registered under this chapter as a broker-dealer or is exempt from registration under subsection (2) of this section.
- (2) The following persons are exempt from the registration requirement of subsection (1) of this section:
 - (a) A broker-dealer that effects transactions in this state exclusively in securities exempted by KRS 292.400(15);
 - (b) A broker-dealer that has no place of business in this state and that effects transactions in this state exclusively with or through the issuers of the securities involved in the transactions, other broker-dealers, or banks, savings institutions, trust companies, insurance companies, or investment companies as defined in the Investment Company Act of 1940, 15 U.S.C. secs. 80a-1 et seq., pension or profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees;
 - (c) A broker-dealer with no place of business in this state that during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or to buy into this state in any manner to persons other than those specified in paragraph (b) of this subsection; and
 - (d) Any other person exempted from registration by administrative regulation or order under this chapter.
- (3) It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent or is exempt from registration under subsection (4) of this section.
- (4) The following agents are exempt from the registration requirement of subsection (3) of this section:
 - (a) An agent who represents a broker-dealer that is exempt from registration under this chapter;
 - (b) An agent who represents a broker-dealer in effecting transactions described in Section 15(h)(2) of the Securities Exchange Act of 1934, 15 U.S.C. sec. 78o(h)(2); and
 - (c) An agent who represents an issuer in:
 1. Effecting a transaction in a security that is exempted by KRS 292.400(1), (2), (3), (10), or (11);
 2. Effecting a transaction in a security that is exempted by KRS 292.400(5), (9), or (12) if the agent does not receive a commission or other remuneration based, directly or indirectly, on the transaction;
 3. Effecting a transaction in a security that is exempted by KRS 292.400(15), provided that the agent offers or sells no other securities exempted by KRS 292.400(15);
 4. Effecting a transaction in a security that is exempted by KRS 292.410

unless registration as an agent is required elsewhere in this chapter or by administrative regulation or order under this chapter;

5. Effecting a transaction in a security that is a covered security, except that an agent who represents an issuer in effecting a transaction in a security that is a covered security under Section 18(b)(3) or 18(b)(4)(d) of the Securities Exchange Act of 1933, 15 U.S.C. sec. 77r(b)(3) or 77r(b)(f)(D), is not exempt if the agent receives a commission or other remuneration based, directly or indirectly, on the transaction;
 6. Effecting a transaction with existing employees, partners, or directors of the issuer if the agent does not receive a commission or other remuneration based, directly or indirectly, on the transaction;
 7. Effecting other transactions if the agent primarily performs, or is intended to primarily perform upon completion of an offering of the issuer's own securities, substantial duties for or on behalf of the issuer otherwise than in connection with transactions in the issuer's own securities and the agent's compensation is not based, directly or indirectly, on the transactions; and
 8. Any other person exempted from registration by administrative regulation or order under this chapter.
- (5) The registration of an agent is effective only while the agent is employed by or associated with a broker-dealer registered under this chapter or an issuer offering, selling, or purchasing its securities in this state.
 - (6) An individual may not act as an agent for more than one (1) broker-dealer or one (1) issuer at a time unless authorized by rule or order under this chapter.
 - (7) It is unlawful for a broker-dealer or an issuer to employ or associate with an agent unless the agent is registered under this chapter or exempt from registration.
 - (8) It is unlawful for any person to transact business in this state as an investment adviser unless the person is registered under this chapter as an investment adviser or is exempt from registration under subsection (9) of this section.
 - (9) The following investment advisers are exempt from the registration requirement of subsection (8) of this section:
 - (a) An investment adviser who has no place of business in this state if his only clients in this state are other investment advisers, covered advisers, broker-dealers, banks, savings institutions, trust companies, insurance companies, pension or profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees;
 - (b) An investment adviser who has no place of business in this state if, during any period of twelve (12) consecutive months, he or she does not have more than five (5) clients other than those specified in paragraph (a) of this subsection;
 - (c) An investment adviser who is approved, and remains approved, by the Kentucky Economic Development Finance Authority as an investment fund manager pursuant to KRS 154.20-256; and
 - (d) Any other investment adviser exempted from registration by administrative

regulation or order under this chapter.

- (10) It is unlawful for an investment adviser to employ or associate with an investment adviser representative unless the representative is registered under this chapter or exempt from registration.
- (11) It is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this chapter as an investment adviser representative or is exempt from registration under subsection (12) of this section.
- (12) The following investment adviser representatives are exempt from the registration requirement of subsection (11) of this section:
 - (a) An investment adviser representative who is employed by or associated with an investment adviser that is exempt from registration under this chapter or a federal covered adviser that is excluded from the notice filing requirements under this chapter; and
 - (b) Any other investment adviser representative exempted from registration by rule or order under this chapter.
- (13) The registration of an investment adviser representative is effective only while the investment adviser representative is employed by or associated with an investment adviser registered under this chapter or with a covered adviser that has made a notice filing under this chapter.
- (14) An individual may not act as an investment adviser representative for more than one (1) investment adviser or covered adviser at a time unless authorized by administrative regulation or order under this chapter.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 862, effective July 15, 2010; and repealed and reenacted ch. 82, sec. 2, effective July 15, 2010. -- Amended 2002 Ky. Acts ch. 230, sec. 37, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 157, sec. 14, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 20, sec. 5, effective July 15, 1998. -- Amended 1994 Ky. Acts ch. 165, sec. 5, effective July 15, 1994. -- Amended 1982 Ky. Acts ch. 141, sec. 85, effective July 1, 1982; ch. 266, sec. 7, effective July 15, 1982; and ch. 346, sec. 2, effective July 15, 1982. -- Amended 1972 Ky. Acts ch. 265, sec. 3. -- Created 1960 Ky. Acts ch. 110, sec. 2, effective January 1, 1961.

Legislative Research Commission Note (7/15/2010). A manifest clerical or typographical error in subsection (14) of 2010 Ky. Acts ch. 82, sec. 2 (this section) has been corrected in codification by the Reviser of Statutes under KRS 7.136.

Legislative Research Commission Note (7/15/2010). This section was repealed and reenacted by 2010 Ky. Acts ch. 82, sec. 2, after amendments were made to this section by 2010 Ky. Acts ch. 24, sec. 862. Pursuant to KRS 446.260, the repeal and reenactment in 2010 Ky. Acts ch. 82, sec. 2, prevails.

Legislative Research Commission Note. This section was amended by three 1982 Acts. The amendments in two of the Acts were not in conflict and have been compiled together. The amendment in ch. 346, sec. 2 and in ch. 266, sec. 7 are partially in conflict in subsection (10) in regard to the amount of fees. The amendment in ch. 346, sec. 2, prevails as the later enactment.