

18 NCAC 06A .1708 FINANCIAL REPORTING REQUIREMENTS FOR INVESTMENT ADVISERS

(a) Every registered investment adviser who has custody of client funds or securities or who requires payment of advisory fees six months or more in advance and in excess of five hundred dollars (\$500.00) per client shall file with the administrator an audited balance sheet as of the end of the investment adviser's fiscal year.

- (1) Each balance sheet filed pursuant to this Rule must be:
 - (A) examined in accordance with generally accepted auditing standards and prepared in conformity with generally accepted accounting principles;
 - (B) audited by an independent public accountant or an independent certified public accountant; and
 - (C) accompanied by an opinion of the accountant as to the report of financial position, and by a note stating the principles used to prepare it, the basis of included securities, and any other explanations required for clarity.

(b) Every registered investment adviser who has discretionary authority over client funds or securities, but not custody, shall file with the administrator a balance sheet, which need not be audited, but which must be prepared in accordance with generally accepted accounting principles and represented by the investment adviser or the person who prepared the statement as true and accurate, as of the end of the investment adviser's fiscal year.

(c) The financial statements required by this Rule shall be filed with the administrator within 90 days following the end of the investment adviser's fiscal year.

*History Note: Authority G.S. 78C-18(c); 78C-30(a); 78C-30(c);
Temporary Rule Eff. January 2, 1989, for a Period of 180 Days to Expire on June 30, 1989;
Eff. February 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 6, 2016.*