

191—50.36(502) Investment adviser disclosure statement.

50.36(1) Unless otherwise provided by order, an investment adviser, registered or required to be registered pursuant to Iowa Code section 502.403, shall furnish each advisory client and prospective advisory client with a written disclosure statement. The disclosure statement may be a copy of Part II of the investment adviser's Form ADV, written documents containing no less than the information contained in Part II of Form ADV, or any other form permitted by order of the administrator.

50.36(2) The written disclosure document shall be provided as follows:

a. An investment adviser shall deliver the written disclosure statement required by subrule 50.36(1) to an advisory client or prospective advisory client as follows:

(1) For all investment advisory services other than impersonal investment advisory services, not less than 48 hours prior to entering into an investment advisory contract with the client or prospective client or, alternatively, at the time of entering into the investment advisory contract, provided the advisory client has the right to terminate the contract without penalty within five business days after entering into the contract; and

(2) Without charge, on an annual basis thereafter or, alternatively, within seven days of a written request by the client, if the offer to provide the written disclosure statement upon request is provided to the advisory client in writing.

b. An advisory client receiving impersonal advisory services pursuant to a contract requiring a payment of \$200 or more must be given the written offer to provide the written disclosure statement at the time of entering into the contract. An investment adviser is not required to provide the written disclosure statement to an advisory client receiving impersonal advisory services pursuant to a contract requiring a payment of less than \$200.

50.36(3) An investment adviser rendering substantially different types of advisory services to different advisory clients may omit information required by Part II of Form ADV from the statement furnished to an advisory client or prospective advisory client if the omitted information applies only to a type of investment advisory service or fee which is not rendered or charged, or is proposed to be rendered or charged, to that client or prospective client.

50.36(4) Nothing in this rule shall relieve any investment adviser from any obligation under any other provision of the Act, its implementing rules, or other state or federal law to disclose any information to the investment adviser's advisory clients or prospective advisory clients.

50.36(5) For purposes of this rule:

a. "Contract for impersonal advisory services" includes any contract relating solely to the provision of investment advisory services:

(1) Through providing written material or making oral statements not purporting to meet the objectives or needs of specific individuals or accounts;

(2) Through issuing statistical information in which no opinion is expressed as to the investment merits of a particular security; or

(3) Any combination of (1) and (2).

b. The act of "entering into an investment advisory contract" does not include an extension or renewal of an investment advisory contract if there is no material change in the terms of the contract to be extended or renewed.

This rule is intended to implement Iowa Code section 502.411(7).