**Section 130.845 Records Required of Investment Advisers**

a) Except as provided in subsection (d) of this Section, every investment adviser registered by the Secretary of State shall keep the books and records set out in this Section unless otherwise designated by the Secretary of State:

1) ledgers (or other records) reflecting all assets and liabilities, income and expense, and capital accounts;

2) a record showing all payments received, including date of receipt, purpose and from whom received, and all disbursements, including date paid, purpose and to whom made;

3) a record showing all receivables and payables;

4) records showing separately for each client the securities purchased or sold, and, to the extent it has been made available to the investment adviser, the date and amount of and price at which such purchases or sales were executed. If available to the investment adviser, this record should also show the name of the security dealer who handled the transaction;

5) records showing separately all securities acquired by the clients of the investment adviser and indicating thereon the proper identification of this individual account, the date, amount and price at which such securities were purchased or sold by or for each client; or, in the alternative, a record showing all securities (other than securities enumerated in Section 3.A of the Act) bought or sold by or for the accounts of all clients of the investment adviser in each month, the total number of shares or principal amount of each security bought or sold and the lowest and highest price at which purchases or sales were made during the month;

6) copies of dealer's confirmations of all transactions placed by the investment adviser for any account, and the other dealer's confirmations as may be supplied to the investment adviser by a client or dealer;

7) a list showing all accounts in which the investment adviser is vested with discretionary power, unless the records required by subsections (a)(4) and (5) of this Section are maintained in such manner as to disclose which are discretionary accounts, provided that the provisions of subsections (a)(4) and (5) of this Section shall not apply:

A) to any securities with respect to which the investment adviser renders no services of a supervisory or other nature; or

B) to any securities or transactions which a client declines to disclose to the investment adviser;

and provided further that the provisions of subsections (a)(4), (5), (6) and (7) above shall not apply to the accounts of any investment adviser where the services consist solely of the distribution of written or printed publications on a subscription basis.

b) Additional Records

1) Every investment adviser registered by the Secretary of State shall preserve for a period of not less than 3 years, the first 2 years in an easily accessible place, all records required by subsection (a) of this Section and the following additional records:

A) all check books, bank statements, cancelled checks and cash reconciliations;

B) all bills or statements (or copies thereof), paid or unpaid, relating to the business of such investment adviser;

C) originals of all communications received and copies of all communications sent by such investment adviser relating to the business of the investment adviser;

D) all power of attorneys and other evidence of the granting of any discretionary authority in any account, and copies of resolutions empowering an agent to act on behalf of any client;

E) all written agreements (or copies thereof), entered into by an investment adviser relating to the business of the investment adviser, including agreements with respect to any account, which agreements shall set forth the fees to be charged and the manner of computation and method of payment thereof.

2) For a period of not less than 3 years after the closing of any client's account, all required records relating to such account shall be preserved by every registered investment adviser.

3) Every registered investment adviser shall preserve, during the life of the enterprise and of any successor enterprise, all partnership agreements, certificates or articles, or, in the case of a corporation, all articles of incorporation or charter, minute books and stock certificate books.

4) After a record or other document has been preserved for 2 years, a photograph thereof on film may be substituted for the balance of the required time.

c) Any records required by this Section may be maintained:

1) in such manner that the identity of any client or clients to whom a registered investment adviser renders investment supervisory service is indicated by numerical, alphabetical, code or similar designations, or

2) in duplicate with one set of the records having the identity of any client or clients to whom a registered investment adviser renders investment supervisory service deleted or indicated by numerical, alphabetical, code or similar designation, as may be appropriate to the record required.

d) This Section shall not apply to any investment adviser that is registered or licensed as such in the state in which it maintains its principal place of business and is in compliance with the applicable books and records requirements of the state in which it maintains its principal place of business.

(Source: Amended at 21 Ill. Reg. 15892, effective December 1, 1997)