



Secretary of State State of Indiana

Holli Sullivan
Indiana Secretary of State

John Cochran
Securities Commissioner

COMPLIANCE ALERT

TO: Investment Adviser and Investment Adviser Representative Licensees
FROM: John Cochran, Securities Commissioner
DATE: July 1, 2022
RE: Amendments to the Indiana Code Regarding the Investment Adviser Industry

The Indiana Secretary of State, Securities Division (“Division”) and Securities Commissioner (“Commissioner”) are issuing this compliance alert regarding upcoming changes to the Indiana Code which effect multiple industries regulated by the Division.

P.L. 158-2022, which takes effect on July 1, 2022, will amend laws impacting the state-regulated investment adviser industry. Specifically, P.L. 158-2022 changes requirements relating to third-party solicitors. A summary of these amendments is provided below, the Division recommends that constituents consult the full text of the new laws, which may be found at this link: [Indiana General Assembly](#).

2022 Changes to the Indiana Uniform Securities Act

1. The term “third party solicitor” is now defined in Indiana Code as an individual who is compensated to refer potential clients to a licensed investment adviser (IA) but is not an employee of that IA or a company under common control with the IA. [I.C. § 23-19-1-2\(31\) \(2022\)](#).
2. Third party solicitors will no longer be required to have an active investment adviser representative (IAR) license with the Division. [I.C. § 23-19-1-2\(16\) \(2022\)](#). However, third party solicitors will be required to provide a written disclosure document to each potential investment adviser client they solicit that must include the following information:
 - The names of the solicitor and the IA who are party to the solicitor services agreement.
 - A statement about the nature of the relationship between the solicitor and the IA, including any affiliation.
 - A statement that the solicitor is being compensated to solicit potential clients for the IA.
 - A statement that the IA will charge the customer for both the advisory services as well as the third party solicitor’s fee.
 - A statement to confirm how much more the customer is paying in adviser fees because of the solicitation agreement, if at all.[I.C. § 23-19-4-13 \(c\) \(2022\)](#).
3. Likewise, IAs are prohibited from paying a third party solicitor for referring potential clients unless certain requirements are met, including (but not limited to) the existence of a written agreement between the third party solicitor and the IA as well as the receipt of a written acknowledgement from the client that the client has received a copy of the adviser’s Form ADV Part II and a copy of the third party solicitor’s written disclosure statement. For a complete listing of circumstances that must exist before an adviser may compensate a solicitor, please refer to I.C. § 23-19-4-13 (e) (2022).



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Questions regarding this alert should be directed to securities@sos.in.gov.