

(2) [His] THE PERSON'S only clients in this State are investment companies as defined in the Investment Company Act of 1940, or insurance companies; or

(3) [He] THE PERSON has no place of business in this State; and

(i) [His] THE PERSON'S only clients in this State are investment companies as defined in the Investment Company Act of 1940, other investment advisers, FEDERAL COVERED ADVISERS, broker-dealers, banks, trust companies, savings and loan associations, insurance companies, employee benefit plans with assets of not less than \$1,000,000, and governmental agencies or instrumentalities, whether acting for themselves or as trustees or fiduciaries with investment control, or other institutional investors as are designated by rule or order of the Commissioner; or

(ii) [During any period of 12 consecutive months he does not direct business communications in this State in any manner to more than 5 clients, other than those specified in subparagraph (i) of this paragraph, whether or not he or any of the persons to whom the communications are directed is then present in this State.] DURING THE PRECEDING 12-MONTH PERIOD, THE PERSON HAS HAD NO MORE THAN FIVE CLIENTS WHO:

1. ARE RESIDENTS OF THE STATE; AND
2. ARE NOT THE TYPES OF CLIENTS DESCRIBED IN ITEM (1) OF THIS PARAGRAPH.

(C) A FEDERAL COVERED ADVISER MAY NOT CONDUCT ADVISORY BUSINESS IN THIS STATE UNLESS THE FEDERAL COVERED ADVISER CONDUCTS THE ADVISORY BUSINESS IN ACCORDANCE WITH § 11-405(B) OF THIS SUBTITLE OR SUBSECTION (B)(2) OR (3) OF THIS SECTION.

(D) BY RULE OR ORDER, THE COMMISSIONER MAY MODIFY THE REQUIREMENTS OF THIS SECTION OR EXEMPT ANY BROKER-DEALER, INVESTMENT ADVISER, OR FEDERAL COVERED ADVISER FROM THE REQUIREMENTS OF THIS SECTION IF THE COMMISSIONER DETERMINES THAT:

(1) COMPLIANCE WITH THIS SECTION IS NOT NECESSARY OR APPROPRIATE FOR THE PROTECTION OF INVESTORS; AND

(2) THE EXEMPTION IS CONSISTENT WITH THE PUBLIC INTEREST AND WITHIN THE PURPOSES FAIRLY INTENDED BY THE POLICY AND PROVISIONS OF THIS TITLE.

11-402.

(a) (1) [It is unlawful for any] A broker-dealer or issuer [to] MAY NOT employ OR ASSOCIATE WITH an agent unless the agent is registered.

(2) When an agent terminates a connection with a broker-dealer or issuer or terminates those activities which make him THE INDIVIDUAL an agent, the agent and the broker-dealer or issuer shall promptly notify the Commissioner.