

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

In the Matter of:)	Docket No. 2024-7-03
)	
Investment Advisers with Custody)	ORDER: Exemption From Independent
Solely in connection with a)	Verification
Standing Letter of Instruction)	
_____)	

The Director of the Idaho Department of Finance, pursuant to Section 30-14-411(f) of the Idaho Uniform Securities Act (2004) (“IUSA”), hereby issues the following Order to impose conditions on Idaho registered investment advisers who custody securities or funds of a client.

DEFINITIONS

For purposes of this Order, the following definitions apply:

1. **“Custody”** means the definition of “custody” set forth in 17 CFR § 275.206(4)-2(d)(2) of the Investment Advisers Act of 1940, as follows:

Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. You have custody if a related person holds, directly or indirectly, client funds or securities, or has any authority to obtain possession of them, in connection with advisory services you provide to clients.

Custody includes:

- (i) Possession of client funds or securities (but not of checks drawn by clients and made payable to third parties) unless you receive them inadvertently and you return them to the sender promptly but in any case within three business days of receiving them;
- (ii) Any arrangement (including a general power of attorney) under which you are authorized or permitted to withdraw client funds or securities maintained with a custodian upon your instruction to the custodian; and
- (iii) Any capacity (such as general partner of a limited partnership, managing member of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives you or your supervised person legal ownership of or access to client funds or securities.

2. “**Related person**” means any person directly or indirectly, controlling or controlled by the investment adviser, and any person that is under common control with the investment adviser as defined in 17 CFR § 275.206(4)-2(d)(7) of the Investment Advisers Act of 1940.

ORDER

The Director hereby Orders that an investment adviser is exempt from the independent verification requirement set forth in 17 CFR § 275.206(4)-2(a)(4) of the Investment Advisers Act of 1940 if the investment adviser has custody solely because of a third-party Standing Letters of Authorization (SLOA) transfer arrangement established by a client with a qualified custodian and acts pursuant to the third-party SLOA transfer arrangement under the following conditions:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client’s qualified custodian.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
7. The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

IT IS SO ORDERED this 29th day of April, 2024.



PATRICIA R. PERKINS

Director

Idaho Department of Finance

