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**INFORMATION FOR APPLICANTS FOR REGISTRATION AS SECURITIES DEALERS**

**§16-39-403** **Application.** (a) An application for registration of a broker-dealer shall be filed on Form BD, which may be filed with the commissioner directly or through the CRD. If Form BD is filed with the commissioner directly, it shall be originally executed.

- (b) The application shall be filed together with the following:
  - (1) The application fee specified in section 16-39-103;
  - (2) Evidence of compliance with all applicable requirements of section 16-39-402;
  - (3) Financial statements consisting of either:
    - (A) A balance sheet as of a date within thirty days of filing, verified by a duly authorized officer, or the equivalent, of the applicant and notarized, or if the applicant has been engaged in business one year or more preceding, an audited financial statement as of the last fiscal year, together with a balance sheet as of a date within thirty calendar days of filing, verified by a duly authorized officer, or the equivalent, of the applicant and notarized;
    - or
    - (B) If the applicant is registered under the Securities Exchange Act, the applicant shall include with its application a copy of its most recent annual financial statement.

**§16-39-404** **Financial requirements.** (a) Every registered broker-dealer shall file an annual report of condition within ninety calendar days following the end of the calendar or fiscal year adopted as follows:

- (1) Broker-dealers registered under the Securities Exchange Act shall file a copy of the annual financial report filed with the SEC; and
  - (2) All other broker-dealers shall file audited financial statements that evidences the broker-dealer's compliance with the requirements of subsection (b).
- (b) A broker-dealer that is subject to subsection (a)(2) shall have at all times a minimum net capital of not less than \$5,000. As used in this section, "net capital" shall mean net worth, or the difference between total assets and total liabilities or indebtedness, after adjustment to eliminate or

revise assets of doubtful or uncertain value and to reflect true liabilities, in accordance with the following schedule:

- (1) Asset items not allowable:
  - (A) Furniture, fixtures, and equipment; and
  - (B) Intangible items, such as goodwill, prepaid pre incorporation, or organizational expenses, etc.;
- (2) Asset items to be adjusted or substantiated:
  - (A) Securities owned shall be adjusted to market value;
  - (B) Value of real estate shall be attested to by qualified and disinterested persons;
  - (C) Property in joint ownership shall be limited to applicant's interest therein; and
  - (D) Value of unsecured notes, accounts receivable, or advanced commissions due from an agent, officer, director, partner, or affiliate may be required by the commissioner to be substantiated by an opinion of a bank, finance company, or other lending institution satisfactory to the commissioner.
- (c) Broker-dealers registered in this State, who are registered with the SEC and are members of FINRA, may satisfy the annual report requirements of this section by complying with the following:
  - (1) The broker-dealer files its annual audited financial report with FINRA;
  - (2) The broker-dealer's annual audited financial reports filed with FINRA are current;
  - (3) The broker-dealer notifies the commissioner in writing within twenty-four hours if the broker-dealer's net capital fails to meet the minimum amount required under this section;
  - (4) The broker-dealer shall provide the commissioner with financial information within one business day following a request for such information from the commissioner; and
  - (5) The broker-dealer shall complete the "Waiver Eligibility Certification" form.

For complete registration requirements, refer to the [Hawaii Administrative Rules \(HAR\) for Securities](#).