



The Securities Division (the "Division") of the Mississippi Secretary of State's Office is providing guidance to state-licensed investment advisers ("Advisers") who received or are considering applying for a forgivable loan under the Paycheck Protection Program ("PPP").

Issue: Advisers have contacted the Division asking whether they need to disclose PPP loans in their Form ADV filings.

Response: Pursuant to the terms of the PPP loan program, anyone receiving funds must certify that the loan is necessary to support the ongoing operations of the loan applicant. If you are certifying that you are experiencing conditions that are reasonably likely to impair your ability to meet contractual commitments to clients, it is the Division's view that you would need to make a disclosure.

Where to Disclose: If disclosure is warranted, Advisers must update Item 2 (Material Changes) of Part 2A of Form ADV as a material change and disclose the PPP loan at Item 18 (Financial Condition). The PPP loan assistance must be disclosed until the loan is repaid or forgiven and the underlying condition that impaired the Adviser's financial stability has been resolved. Further, the Adviser must report the loan as a liability on firm financial statements and ensure the firm still meets all applicable net worth requirements. Advisers who receive PPP loans should notify the Division when the Form ADV is updated.

The PPP loan does not need to be reported on the Form U4 because forgiveness of the loan is contemplated in the original loan terms and does not involve a new agreement by the creditor.

For additional guidance, please contact the Securities Division at 601-359-1334. For additional information, please see SEC and FINRA FAQ documents on COVID-19: [Click here for SEC information](#) and [here for FINRA information](#).

For Mississippians, the State has COVID-19 resources [here](#).