Investment Adviser Workshop:

the New Form ADV Part 2, New Rules, and the IA Switch

The IA Switch…So Far

Richard Jaramillo

Examiner

The IA Switch…so far

- History of AUM threshold
  - National Securities Markets Improvement Act of 1996 (NSMIA)
- Why the Switch?
- Challenges
  - Staffing
  - Streamlining the Review Process

The IA Switch…so far

Implementing Dodd-Frank

TIME FRAME	OVERSITE OF INVESTMENT ADVISERS
November 2010	Propose rules implementing the exemptions from registration for advisers to venture capital firms and for certain advisers to private funds. (Division adopted its own rule earlier this year)
November 2010	Propose rules and changes to forms to implement the transition of mid-sized investment advisers ($25 to $100 million in assets under management) from SEC to State regulation.
Jan – Mar 2011	Propose (with CFTC) rules to implement reporting obligations on advisers related to the assessment of systemic risk.
Jan – Mar 2011	Propose rules to adjust the threshold of "qualified client"
Apr – July 2011	Adopt rules

The IA Switch…so far

- Coordination between NASAA and the SEC ongoing
- Submit Questions on *NASAA.org*
    - IA Switch Resources
- Guidance Coming Soon

The IA Switch…so far

NASAA.org

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION

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QUICKLINKS

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- What's New
- Member Login
- E-mail Updates

FEATURES

IA Switch Resources
Information for IAs switching to state registrati

NASAA SPOTLIGHT

New Form ADV Part 2
The new Form ADV Part 2 for investment advisers is now available.

Dodd-Frank Implementation

- **NASAA Representative Named to Financial Stability Oversight Council**
- **Survey Shows Near Unanimous Investor Support for Fiduciary Duty Standard of Care**
- **NASAA Urges SEC to Put Investors First in Dodd-Frank Fiduciary Study**

Best Practices
NASAA Identifies Top Broker-Dealer Compliance Deficiencies; Offers Series of

The IA Switch…so far

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NASAA

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NASAA IA Switch Resource Center

By signing the Dodd-Frank Wall Street Reform and Consumer Protection Act into law, President Obama set in motion a change for many mid-sized investment adviser firms.

Under the law, approximately 4,000 IAs with assets under management of less than $100 million will switch from federal to state regulation by July 21, 2011.

State securities regulators are not waiting until next summer to prepare for the added responsibilities of registering, examining and regulating more advisers and their representatives.

RESOURCES

- Calendar of Events
- Directory of State BD/IA Registration & Examination Contacts (pdf)
- FAQ
- Archived Webcast, October 26, 2010

The IA Switch…so far

NASAA.org

States conduct a thorough review of adviser applications. State reviews will not change with the migration of advisers with up to $100 million in assets under management. Firms switching to state regulation for the first time can expect thorough inspections generally on a more frequent basis than they may have had experienced before. Most advisers should find that thorough inspections and strong internal compliance benefit customer and firm alike.

Investment adviser clients will benefit by knowing who is examining a firm's documents and having an accessible regulator to contact should problems arise.

We want to hear from you!

In order to help us prepare materials responsive to your concerns, we invite your questions and comments. Your questions will help our IA Switch FAQ to be even more responsive and informative.

Enter your question below:

Submit Clear

Utah Department of Commerce

Division of Securities

securities.utah.gov

Protecting Investors. Regulating Industry. Promoting Commerce.

For more information, please call

(801) 530-6600