



GARY R. HERBERT  
*Governor*

GREG BELL  
*Lieutenant Governor*

State of Utah  
Department of Commerce  
Division of Securities

FRANCINE A. GIANI  
*Executive Director*

THAD LEVAR  
*Deputy Director*

KEITH WOODWELL  
*Director, Division of Securities*

**The Utah Division of Securities  
Comments Regarding the Varying or Negotiating  
of Hourly Fees Charged by an Investment Adviser**

“Charging a client an unreasonable advisory fee” is considered a dishonest and unethical business practice under R164-6-1g(E)(10) of the Utah Administrative Code and may entail sanctions under §61-1-6(2)(g) of the Utah Uniform Securities Act. The Division may consider varying or negotiating an adviser’s hourly fee to be charging an unreasonable advisory fee unless the adviser can provide a reasonable basis for doing so.

Fixed fees or advisory fees based on assets under management may vary or be negotiated on an individual client basis depending on the complexity of a given client’s financial situation, needs, and, ultimately, the services rendered. However, hourly fees compensate the adviser for the time involved in rendering services, which inherently compensates an adviser for any additional time required for variations in the complexity of a client’s financial situation, needs, and services. As such, a reasonable basis for an adviser varying or negotiating hourly fees would not include the complexity of a client’s financial needs, the types of advisory services rendered, or the degree of difficulty involved in rendering services. If an adviser charges different hourly rates for different investment adviser representatives (“IARs”) or classes of IARs, the Division requires that those individuals or classes be disclosed on Schedule F with their corresponding rates.