



SPENCER J. COX  
Governor

DEIDRE M. HENDERSON  
Lieutenant Governor



MARGARET W. BUSSE  
Executive Director

ROBERT B. CUMMINGS  
Division Director

## MEMORANDUM

**TO:** All Utah State Covered Registered Investment Adviser Firms and Licensed Representatives

**FROM:** Utah Division of Securities

**DATE:** August 7, 2025

**RE:** Guideline for Reasonable Fee Analysis

### **Background**

Pursuant to the Utah Uniform Securities Act (the “Act”), Registered Investment Adviser (“RIA”) firms may be sanctioned for charging unreasonable fees. *See* Utah Code Ann. § 61-1-6 (2)(a)(ii)(G); Utah Admin. Code R164-6-1g (E)(10). The Act, however, does not define what constitutes an “unreasonable fee.” Historically, to provide clarity and to protect investors from predatory pricing, when an RIA firm applied for an initial Utah State Covered Investment Adviser license, the Utah Division of Securities (“Division”) informed the applicant of the standard hourly rate permitted to be charged in Utah. RIA firms were encouraged to charge fees below the standard rate. If RIA firms wanted to exceed the standard rate, the Division requested additional justification for charging a rate above the standard before approving the use of a higher hourly rate.

### **Procedure Modification**

The Division will continue to provide RIA firms with guidance regarding hourly fee rates. ***RIA firms, however, are not bound by the guidance and may set an hourly fee rate above the Division’s guidance.*** As of August 1, 2025, the Division’s guidance is that an hourly fee rate above \$275/hour would be above the standard hourly fee. Firms are reminded that fiduciary duty principles apply to all fees, including hourly rates charged to clients, and therefore when setting rates, RIA firms must take into consideration the nature, complexity, and quality of services provided.

### **Why is the Division making this change?**

The Division has received industry feedback that the Utah hourly fee rate guidance is inflexible compared to the setting of hourly fees for investment adviser firms registered with the Securities and Exchange Commission as federally covered investment adviser firms. The Division received similar feedback from state-covered investment adviser firms that have sought licenses in other states besides Utah.

The Division does not want to discourage RIA firms from having the flexibility to use hourly fee contracts when doing so will assist in providing more affordable investment advisory services to clients. The Division remains focused on RIA firms charging reasonable hourly and ultimately total advisory fees to clients and will pursue enforcement actions against RIA firms charging unreasonable fees.

### **Who is impacted by this change?**

Any firm seeking or currently holding a Utah-covered investment adviser license, whether through an initial license application or for existing firms wishing to make changes to fee pricing through the ADV Parts 1 and 2A amendment process.

### **What is the impact of this change?**

Firms have more control over setting their pricing policies for investment advisory services. The Division will place even greater emphasis on fees in post-licensing exams to confirm compliance with regulations and bring enforcement actions for violations.

### **What is not impacted by this change?**

1. Investment adviser firms have the same fiduciary duties to act in their clients' best interest, including evaluating the costs associated with advisory services.<sup>1</sup>
2. Under Section 61-1-6 (2)(a)(ii)(G) of the Act, both registered investment adviser firms and investment adviser representatives are subject to sanctions when it is found they have engaged in dishonest and unethical practices in the securities business.
3. Under Utah Administrative Code R164-6-1g (E)(10), charging a client an unreasonable advisory fee is a dishonest or unethical business practice, subjecting the firm and its representatives to disciplinary action.

---

<sup>1</sup> See <https://www.sec.gov/about/divisions-offices/division-trading-markets/broker-dealers/staff-bulletin-standards-conduct-broker-dealers-investment-advisers-account-recommendations-retail>. SEC Staff Bulletin: Question 3, "Considerations of Costs in Account Recommendations."

4. The Division will continue to review the reasonableness of advisory fees in any type of post-licensing examination. That process includes, but is not limited to, the following:

- a. An evaluation of the advisory services provided compared to the total fees charged for those advisory services.
- b. Adequacy of documentation of work product in firm books and records to justify the fees charged.
- c. Are all fees, regardless of type, fully disclosed to clients?
- d. Fees charged to clients are consistent with fees and fee calculations described in disclosure documents and advisory contracts.
- e. Fees calculated, invoiced/charged, and collected are regularly reviewed for accuracy.
- f. Stacking any transaction-based compensation (commissions) on top of fees for providing investment advice.
- g. Total advisory fees of more than 2% of account assets are generally considered above industry standards and draw additional scrutiny.
- h. Are there instances where an adviser charges higher or lower fees to similar clients for essentially the same service? If so, have all clients been informed that other clients pay less and that fees are negotiable? What is the reason for the higher or lower fees? Does the adviser consistently apply the reason(s) across their client base?<sup>2</sup>
- i. If financial planning and other service fees are bundled into a comprehensive fee, does the adviser clearly itemize and allocate portions of the comprehensive fee to the stated specific service?
- j. I. Has the adviser failed to refund asset management fees to any client who is entitled to a refund?

5. The Division's no retainer fee policy remains unchanged.

---

<sup>2</sup> See link to Division Open Letter titled "Comments regarding the varying or negotiating of hourly fees charged by an investment adviser." [https://securities.utah.gov/wp-content/uploads/2021/09/papers\\_hourly-fees.pdf](https://securities.utah.gov/wp-content/uploads/2021/09/papers_hourly-fees.pdf).

### **Contact the Division**

While the Division cannot provide business or legal advice, and nothing herein should be construed as such, Division staff can assist in providing guidance for investors and companies seeking to remain compliant with securities laws and regulations. For additional information, please feel free to contact the Division at (801) 530-6600.

UTAH DIVISION OF SECURITIES



---

Robert B. Cummings  
Director